

Minutes of the Review Meeting held on 17.06.2022 on the Performance of GRIDCO for the FY 2021-22

Date of Review : 17.06.2022 at 11.00 AM

Period of Review : For the FY 2021-22 i.e. from April, 2021 to March, 2022

1. The Managing Director, GRIDCO made a power point presentation on the performance of GRIDCO for the FY 2021-22 i.e. from April'21 to March'22. He stated that GRIDCO has purchased 33131.80 MU of energy during the period under review at a cost of Rs.10021.30 Crore with an average rate of 302.47 P/U as against OERC approval of 28791.96 MU with a cost of Rs. 8005.77 Crore at an average rate of 278.06 P/U for the entire FY 2021-22. The total purchase of 33131.80 MU includes purchase of 482.37 MU through trading, UI overdrawal of 101.28 MU and drawal of 324.61 MU (335.63 MU including central sector loss) through power banking which has been returned with a premium of 5% i.e. 339.15 MU. The details of Power purchase is enclosed at **Annexure-I**. Out of the total purchase of 33131.80 MU, GRIDCO has sold 5036.19 MU through trading, 176.34 MU to CGPs & Others, and 49.88 MU towards Unscheduled Interchange (deviation), from which it has earned an amount of Rs.2232.25 Crore in total during the period under review. Out of the total power purchase cost of Rs. 10021.30 crore, GRIDCO has made payment of Rs. 9947 Cr. to the generators during the period from April, 2021 to March, 2022 and balance amount of Rs.74 crore is to be paid.
2. GRIDCO further stated that during the period from April, 2021 to March, 2022, the DISCOMs have under drawn a quantum of 820.12 MU than the energy approved by OERC for the FY 2021-22. The details of energy drawl by the DISCOMs are given in the table below.

**Energy Drawal by DISCOMs (in MU) during the FY 2021-22
(i.e. from April, 21 to March, 22)**

DISCOMs	OERC Approval for the FY 2021-22	Actual Drawal during FY 2021-22	Over (+) / Under (-) Drawal than the approved quantum
TPCODL	9290.00	8814.32	(-) 475.68
TPNODL	5880.00	5327.04	(-) 552.96
TPWODL	8600.00	8965.98	365.98
TPSODL	4100.00	3942.54	(-) 157.46
TOTAL	27870.00	27049.88	(-) 820.12

3. For the FY 2021-22 (i.e. from April, 2021 to March, 2022), GRIDCO has shown a revenue shortfall of Rs.479.26 crore against the estimated surplus of Rs.12.10 crore as given in the table below:

**Revenue Approval Vis-à-vis Actual (Prov.) during the FY 2021-22
(Rs. Crore)**

Sl No	Description	OERC Approval for FY 2021-22		Actual (prov.) for FY 2021-22	
		MU	Amount	MU	Amount
1.	Power Purchase Cost	28791.96	8005.77	33131.80	10021.30
2.	Establishment & Interest Cost	-	94.07	-	621.28
3	Pass Through Dues	-	190.15	-	166.15
4.	Rebate Availed	-	-	-	(-) 146.94
5.	Total Revenue requirement (1+2+3+4)	28791.96	8289.99	33131.80	10661.79
6.	Revenue realized from sale of power to DISCOMs	27870.00	8257.57	27049.88	7940.10 (excluding the rebate of Rs.99.67 Cr.)
7.	Revenue from Trading	-	-	5036.19	2058.84
8.	Revenue from UI	-	-	49.88	45.14
9.	Revenue from CGPs & Others	60.00	44.52	176.34	138.45
10.	Total Revenue Realization (6+7+8+9)	27930.00	8302.09	32312.29	10182.53
11.	Surplus / (Gap) (10-5)	-	12.10	-	(479.26)

4. GRIDCO stated that it has earned revenue of Rs.2058.84 crore through trading of 5036.19 MU during the period under review at an average rate of 408.81 P/U. All the DISCOMs are now paying their current BSP dues regularly and availing rebate. GRIDCO further stated that during the 1st half of the FY 2021-22, the escrow relaxation to the DISCOMs was Rs.463.22 Crore. Since all the DISCOMs have now opened LC in accordance with the vesting order, there is no necessity of escrow relaxation to the DISCOMs.
5. For the FY 2021-22, GRIDCO has shown the closing cash surplus of Rs.11.34 Crore as against the opening cash surplus of Rs.46.47 Crore. During this period total cash inflow was Rs.11970.70 Crore which includes Rs.7520.64 Crore from DISCOMs towards current BSP and Rs.785.51 Crore towards BSP of pre-vesting period, Rs.2332.30 Crore from the revenue earning through trading and emergency power supply to CGPs & others, Rs.732.25 Crore from OERC towards sale proceeds of DISCOMs and Rs.600 Crore from loan. Total cash outflow was Rs.12005.83 Crore which includes Rs.10254.16 Crore towards payment of power purchase dues, Rs.1202.32 Crore towards loan repayment, Rs.466.85 Crore towards interest and financial charges, Rs.32.94 Crore towards Govt. Guarantee Commission, Rs.1.27 Crore towards security deposit refund, Rs.29.02 Crore towards GENCOs TDS deposit and Rs.19.18 Crore towards employee cost and A&G expenses.

6. GRIDCO stated that its outstanding loan from Banks as on 1st April, 2021 was Rs.6291 Crore. During the FY 2021-22 they have borrowed Rs.1879 Crore and paid an amount of Rs.2313 Crore towards principal repayment and Rs.446 Crore towards interest. Now, the closing balance of Bank loan as on 31.03.2022 is Rs.5858 Crore.
7. The Managing Director, GRIDCO stated that the Annual Accounts of GRIDCO for the FY 2021-22 is scheduled to be adopted in the AGM on 16.08.2022.
8. **Commission's Observation:**
 - i. The Commission observed that GRIDCO has purchased high cost power from central generating stations which was not approved in the ARR and BSP order of GRIDCO for the FY 2021-22. The representative of GRIDCO stated that GRIDCO is forced to draw power from the central sector generating stations in respect of state share with generation at technical minimum level. Further, GRIDCO also draws power from those central sector generating stations to meet the state demand when availability of generation from approved generating stations is less than the projected/approved generation due to forced outage/other reasons. GRIDCO is directed to strictly adhere to the merit order principle while scheduling power from the costly sources.
 - ii. The Commission observed that during the FY 2021-22, GRIDCO has received a good amount through trading of surplus power. The revenue earned through trading margin compensates the fixed cost of the Central generating stations which was not allowed by the Commission in the ARR of GRIDCO for FY 2021-22. GRIDCO is directed to furnish the calculation of loss/gain made by such trading of power considering the purchase cost (both fixed and variable cost) of the traded power. However, GRIDCO is advised to be more vigilant during trading of available surplus power and make endeavor to get maximum possible return through trading.
 - iii. The Commission further observed that the primary objective of GRIDCO is to purchase least cost power from different sources for the State consumption so that the Tariff for the State consumers will be on lower side. Therefore, the power purchase wing of GRIDCO needs to be strengthened.
 - iv. GRIDCO is advised to plan their power procurement from various generation sources judiciously considering the projected demand of the State as well as for meeting Renewable Purchase Obligation (RPO).
 - v. GRIDCO is advised to collect the BSP dues from the DISCOMs in time and avoid further borrowing of loans towards payment of power purchase dues of the generators.
 - vi. The Commission directs GRIDCO to complete the audit of its Annual Accounts as per the schedule.
