

Minutes of the Review Meeting held on 01.06.2019 on the Performance of GRIDCO for the FY 2018-19

- Date of Review : 01.06.2019 at 11.30 AM
- Period of Review : For the FY 2018-19 (i.e. from April, 2018 to March, 2019)
- Officials present : Shri H. Sharma, CMD, GRIDCO
Shri B. P. Mahapatra, Director (Finance), GRIDCO
Shri M. K. Das, Director (Commercial)
and other Officials of GRIDCO.

1. At the outset, CMD, GRIDCO made a presentation on the performance of GRIDCO for FY 2018-19 i.e. from April, 2018 to March, 2019. He stated that GRIDCO has purchased 27446.40 MU of energy (inclusive of the import of 575.91 MU through Power Banking and 697.72 MU through power Trading) at a cost of Rs.7317.40 Cr. at an average rate of 266.61 P/Kwh. This is against OERC approval of 26803.81 MU with a cost of Rs.6951.38 Cr. at an average rate of 259.34 P/Kwh for the FY 2018-19. However, out of the total purchase of 27446.40 MU, GRIDCO has supplied 244.63 MU towards return obligation of power availed earlier through banking. Further, GRIDCO has sold 731.09 MU through trading, 130.32 MU towards Unscheduled Interchange (deviation) and 109.15 MU to CGPs and others and earned an amount of Rs.496.36 Cr. in total. Out of the total power purchase cost of Rs.7317.40 Cr. GRIDCO has made payment of Rs.7279.09 Cr. to the generators during the FY 2018-19. The balance outstanding amount of Rs.38.31 Cr. is to be paid to OHPC.
2. He further stated that, during FY 2018-19 WESCO Utility has overdrawn a quantum of 335.77 MU beyond the OERC approval for the year, whereas there is a net underdrawal of 521.69 MU of energy by all the DISCOMs against the energy approved by OERC. The details of energy drawal by the DISCOMs are given in the table below.

Energy Drawal (in MU) by DISCOMs during the FY 2018-19

DISCOMs	OERC Approval	Actual Drawal	Over (+)/Under (-) Drawal against OERC Approval
CESU	9070.00	8781.82	(-) 288.18
NESCO	6140.00	5576.63	(-) 563.37
WESCO	7120.00	7455.77	(+) 335.77
SOUTHCO	3660.00	3654.09	(-) 5.91
TOTAL	25990.00	25468.31	(-) 521.69

3. GRIDCO has shown a revenue shortfall of Rs.338.08 Crore during the FY 2018-19 against the gap of of Rs.184.32 Crore as was approved by OERC and during presentation CMD, GRIDCO stated that considering the payment of Rs.1056.42 Cr. towards past losses (principal loan repayment), GRIDCO has a revenue shortfall of Rs.1394.50 Crore during the FY 2018-19 as shown in the table below:

Revenue Approval Vis-à-vis Actual (Prov.) during FY 2018-19

(Rs. Crore)

Sl No	Description	Approval		Actual (prov.)	
		MU	Amounts	MU	Amounts
1.	Power Purchase Cost	26803.81	6951.38	27421.43	7317.40
2	Pass through Cost	-	201.38	-	-
3	Establishment & Interest Cost	-	228.85	-	558.42
4.	Total Revenue requirement (1+2+3)	26803.81	7381.61	27421.43	7875.82
5.	Revenue realized from sale of power to DISCOMs	25990.00	7190.34	25468.31	7041.38
6.	Revenue from Trading	-	-	731.09	379.21
7.	Revenue from UI	-	-	130.32	41.55
8.	Revenue from CGPs & Others	10.00	6.95	109.15	75.60
9.	Total Revenue Realization (5+6+7+8)	26000.00	7197.29	26438.87	7537.74
10.	Surplus / (Gap) (9-4)	-	(184.32)	-	(338.08)
11	Previous Losses (Principal Repayment)	-	-	-	(1056.42)
12	Surplus / (Gap) (including Previous Losses) (10+11)				(1394.50)

4. The CMD, GRIDCO stated that due to non-payment of monthly Bulk Supply dues to GRIDCO in time, DISCOMs have not availed any rebate during the FY 2018-19. The details of BSP bills raised, amount received, adjustment against previous year BSP dues, adjustment against current year BSP dues and outstanding amount as on 31.03.2019 are given in the table below:

(Rs. Crore)

DISCOMs	BSP Bills raised by GRIDCO for FY 2018-19	Amount Received by GRIDCO during FY 2018-19	Adjustment against outstanding BSP dues of FY 2017-18	Adjustment against Current BSP dues of FY 2018-19	Outstanding of current BSP dues of FY 2018-19 as on 31.03.2019
1	2	3	4	5=3-4	6=2-5
WESCO	2236.73	2516.28	732.91	1783.37	453.36
NESCO	1678.57	1707.15	294.36	1412.79	265.78
SOUTHCO	719.86	617.08	343.81	273.27	446.59
CESU	2406.22	2397.07	526.05	1871.02	535.20
TOTAL	7041.38	7237.58	1897.13	5340.45	1700.93

5. However, he stated that the due date of the bills of the month of March falls in the 1st week of May. GRIDCO has received an amount of Rs. 972.87 Crore during the period from 01.04.2019 to 10.05.2019 from DISCOMs (WESCO – Rs.463.81 Cr. + NESCO – Rs.272.58 Cr. + SOUTHCO – Rs.73.19 Cr. + CESU – Rs.163.29 Cr.) which has been adjusted against the above outstanding BSP dues of DISCOMs for the FY 2018-19. Considering the receipt of the dues from DISCOMs upto 10.05.2019, WESCO and NESCO have no outstanding of current BSP dues as on 31.03.2019, whereas CESU has an outstanding of Rs.371.91 Cr. (average BSP bill of 2 months) and SOUTHCO has an outstanding of Rs.373.40 Cr. (average BSP bill of 6 and half a month).
6. GRIDCO has submitted that the DISCOM Utilities have not paid any amount towards their past arrear dues. As on 31st March, 2019 the following amounts are still outstanding from different DISCOM Utilities as depicted in table below:

Outstanding against Distribution Companies as on 31-03-2019 (Provisional)

(Rs. Crore)

Particulars	WESCO	NESCO	SOUTHCO	CESU	Total
(A) Bulk Supply Price arrear dues as on 31.03.2019	1118.92	833.15	714.13	1075.92	3742.12
(B) Securitised dues and DPS	285.41	294.87	259.98	1277.19	2117.45
(C) 12.5% Power Bond-Rs.400 Crore	-	48.91	146.45	-	195.36
(D) Other dues including Transfer Scheme Receivables	12.10	6.74	29.91	118.85	167.60
(E) Deferred Credit	-	-	-	174.00	174.00
Total	1416.43	1183.67	1150.47	2645.95	6396.53

7. GRIDCO stated that, during the financial year 2018-19, they had released an amount of Rs.1289.68 Crore to DISCOMs (WESCO - Rs.283.94 Cr., NESCO - Rs.262.08 Cr., SOUTHCO - Rs.264.88 Cr. & CESU – Rs.478.78 Cr.) from the Escrow Account towards employees cost, R&M expenses and others. Out of this an amount of Rs.1165.68 Crore is relaxed towards employees cost, Rs.30.60 Crore towards R&M expenses and balance Rs.93.40 Crore towards other purposes. As stated by GRIDCO, DISCOMs have not paid current BSP dues within due date, causing cash deficit in escrow accounts. Therefore, DISCOMs were not able to avail the escrow relaxation benefit towards R&M as approved by the Commission for the period under review.

8. At the end of the FY 2018-19, GRIDCO has shown the closing cash deficit of Rs.180.08 crore as against opening cash deficit of Rs.325.33 crore. During the year total cash inflow was Rs.8644.90 crore which includes Rs.7237.56 crore towards realisation from DISCOMs, Rs.935.00 crore from loan and Rs.472.34 crore from other sources. Total cash outflow was Rs.8499.65 crore which includes Rs.6979.92 crore towards payment of power purchase cost, Rs.918.29 crore towards loan repayment, Rs.453.65 crore towards interest on loan, Rs.16.23 crore towards establishment expenses and Rs.131.56 crore towards other expenditures.
9. GRIDCO has stated that the annual accounts for the FY 2017-18 has been adopted in the AGM on 27.12.2018 and the Annual Report will be submitted to the Government by 31.07.2019. GRIDCO further submitted that the annual accounts of FY 2018-19 is to be authenticated in the Board Meeting on 20.06.2019 and is expected to be adopted in the AGM by 30th September, 2019.
10. **Commission's Observation:**

- i. During the FY 2018-19, GRIDCO has purchased high cost power of 2109.35 MU from FSTPS- I, II & III at an average rate of 414.97 p/u and 1263.05 MU from Barh STPS-II @ 464.06 p/u, which was not approved in the ARR of GRIDCO for that year. However, the fixed cost of FSTPS-I, II&III was allowed in the ARR of GRIDCO for the FY 2018-19. In the tariff order, it was advised to trade the available power of these NTPC stations to bridge the revenue gap subject to commercial viability. GRIDCO should strictly adhere to merit order principle while scheduling power from the above costly sources with due weightage to the State requirement.
- ii. It is observed that GRIDCO has purchased very less quantum of low cost power from the IPPs of the State. Replying to the queries of the Commission, CMD, GRIDCO stated that out of the three IPPs now operating in our State, M/s. GMR Kamalanga Energy Ltd. is supplying the quantum of power to the extent of State entitlement whereas M/s. Vedanta Ltd. and M/s. Jindal India Thermal Power Ltd. (M/s. JITPL) are not supplying the State share of power. M/s. JITPL is not operating its generating units due to their internal problems and generation of M/s. Vedanta Ltd. was less due to short supply of coal. However, GRIDCO has taken up the matter with the management of M/s. Vedanta Ltd. for supply of

State entitlement power. The Chairman, OERC advised GRIDCO to take up the matter with the State Government and make endeavour to resolve the problems at the earliest so that the State can avail more low cost power from the IPPs.

- iii. It is observed that GRIDCO has not achieved the RPO target fixed by the Commission for FY 2018-19. GRIDCO Ltd. has purchased 392.49 MU (1.54%) from non-solar renewable sources against the requirement of 1276.54 MU (5.00%) to meet the RPO. Similarly, GRIDCO has purchased 321.27 MU (1.26%) of solar energy against the requirement of 1148.88 MU (4.50%). The Commission advised GRIDCO to take up the matter with the State Government proactively for development of pending small hydro projects in the State and setting up of other renewable power plants in the State for availability of required quantum of renewable energy. Further, GRIDCO has also to take immediate steps to purchase renewable energy (both solar and non-solar) from other available sources to meet the RPO target as fixed by the Commission.
- iv. Considering the BSP payment by the DISCOM Utilities as on 10.05.2019, it is observed that there are outstanding current BSP dues of Rs. 373.40 Cr. against SOUTHCO (average BSP bills of about six and half months) and Rs. 371.91 Cr. against CESU (average BSP bills of about two months), for which GRIDCO had to avail loan from different sources to make payment to the generators. Ultimately, the burden is passed on to the consumers of the State. Therefore, the Commission advised GRIDCO to convene meetings with the DISCOM Utilities at regular intervals to enhance the collection of electricity dues from the consumers and payment of current as well as arrear dues of GRIDCO in time. GRIDCO should give special attention on SOUTHCO in this regard.
- v. It is observed that GRIDCO has delayed in finalizing its Annual Accounts for the FY 2017-18 for which publication of Annual Report has been delayed. GRIDCO is advised to complete the Annual Accounts of FY 2018-19 as per schedule.
