

**Minutes of the Review Meeting on Performance of GRIDCO for
the FY 2011-12 held on 21.05.2012**

Date of review : 21.05.2012 at 11.00 AM

Period of Review : From April-11 to Mar-12 i.e for the FY 2011-12

Persons present : Shri H. Sharma, CMD, GRIDCO
Shri B.P. Mohapatra, Director (Finance)
Shri P.K. Padhan, Director (Com.)
& other officials of GRIDCO.

1. The Director (Finance), GRIDCO at the outset made a presentation on the performance of GRIDCO for FY 2011-12. He stated that GRIDCO has purchased 22924.70 MU of energy at a cost of Rs. 4945.01 Cr. at an average rate of 215.71 P/Kwh as against OERC approval of 23489.18 MU with a cost of Rs. 4940.31 Cr. at an average rate of 210.32 P/Kwh for the year 2011-12. During the year 2011-12 the power purchase cost of GRIDCO has been exceeded by an amount of Rs.4.70 Cr. from the approved amount by OERC, where as there is a less purchase of 564.48 MU than the approved quantum of energy. Out of the total power purchase cost of Rs. 4945.01 Cr. GRIDCO has made payment of Rs. 4651.04 Cr. to the generators. The outstanding amount comes to Rs. 293.97 Cr for 2011-12.
2. He further stated that, during FY 2011-12, net underdrawal by the DISCOMs (after factoring the over drawal of SOUTHCO) was 1216.49 MU as compared to OERC approval for the period under review. The details of energy drawl by the DISCOMs are given in the table below.

Energy Drawl by DISCOMs (MU)

	OERC's Estimate for FY 2011-12	Actual for FY 2011-12	Over (+) / Under (-) Drawal by DISCOMs
CESU	7791.00	7230.66	(-) 560.34
NESCO	5323.00	5026.63	(-) 296.37
WESCO	6630.00	6176.81	(-) 453.19
SOUTHCO	2733.00	2826.41	93.41
TOTAL	22477.00	21260.51	(-) 1216.49

3. The CMD, GRIDCO stated that due to poor hydrology, there was a drastic reduction in hydro generation. Hence, GRIDCO had purchased costlier power from different sources such as from CGPs and also through UI, Power Exchange and Power Banking to meet the state demand. The power purchase cost of Central Generating Stations has been increased due to increase in Coal & Oil prices. The per unit pooled power purchase cost for GRIDCO has increased to 215.71 P/U for the FY 2011-12 as against OERC approval of 210.32 P/U. The details of power purchase and sale for the period under review are shown at **Annexure-A**.
4. The CMD, GRIDCO stated that all the DISCOMs have not paid the Bulk Supply Bills to GRIDCO in full for the period from April, 2011 to March, 2012. The total outstanding of current BSP charges on DISCOMs is of the order of Rs. 549.60 Cr. (CESU-Rs.75.13 Cr., NESCO- Rs. 85.83 Cr., and WESCO- Rs. 357.60 Cr. & SOUTHCO- Rs. 31.04 Cr). The DISCOMs have also not paid any amount towards their arrear BSP dues. In this connection he specifically drew the attention of the Commission that there was a huge amount outstanding with DISCOMs and the Commission may direct the DISCOMs to make endeavor for collection of revenue from the consumers and pay the outstanding dues to GRIDCO. The details of BSP dues and payment receipt by GRIDCO from DISCOMs are given in below:

Receipt and Payment of BSP dues (Rs. in crore)

	Total BSP Bill	Total payment receipt (including Rebate)	Excess(+)/Less (-) Payment over BSP
	A	B	C (B-A)
CESU	1583.52	1508.39	(-) 75.13
NESCO	1316.98	1231.15	(-) 85.83
WESCO	1618.32	1260.72	(-) 357.60
SOUTHCO	381.57	350.53	(-) 31.04
TOTAL	4900.39	4350.79	(-) 549.60

Commission's Observations: -

5. The Commission observe that there is less drawal of power from the IPP- M/s Sterlite Energy Ltd. GRIDCO is advised to look into the matter that SLDC to make the scheduling of power from M/s Sterlite Energy Limited so that the state can avail its full share from the IPP. The Commission's order that the scheduling of Sterlite-IPP (single state IPP) should be done by SLDC and after scheduling of at least 30%

of the total power availability from the project, the IPP be allowed to export the balance power under open access to the outside state. In no case the IPP be allowed to be scheduled by RLDC as it is not having any long term agreement with any state other than Odisha nor it also contemplating to have any in future, as confirmed by the representative of the IPP in the hearing process.

6. GRIDCO has submitted that all the DISCOMs have not paid any amount towards their past arrear dues and even they have not paid the current BSP dues in full. As reported by GRIDCO upto 31st March, 2012 the following amounts are still outstanding from different DISCOMs as depicted in table below.

Outstanding against Distribution Companies as on 31-03-2012 (Provisional)

Rs. Crore

Particulars	WESCO	NESCO	SOUTHCO	Total RELANCE	CESU	Total DISCOMs
(A) Bulk Supply Price dues (both current & arrear)	637.09	414.92	198.59	1250.60	542.80	1793.40
(B) Securitized dues as per OERC Order dated 01-12-2008	299.52	316.96	266.67	883.15	1510.07	2393.22
(C) Total(A+B)	939.61	731.88	465.26	2133.75	2052.87	4186.62
(D) 12.5% Power Bond-Rs.400 Crore	0.00	91.21	167.24	258.46	-	258.46
(E) Other dues including Transfer Scheme Receivables	12.10	7.17	29.91	49.18	118.85	163.03
(F) Deferred Credit	-	-	-	-	174.00	174.00
GRIDCO Total (C+D+E+F)	948.71	830.27	662.41	2441.39	2345.72	4787.11

7. The Commission expressed concern over the mounting up of arrear BSP and asked GRIDCO to give year wise break-up of arrear BSP dues outstanding against different DISCOMs to the Commission. Regarding arrears of securitized dues as per the order dated 1.12.2008 (as indicated at Item-B in the above table), the Commission desired to have a separate meeting with GRIDCO & DISCOMs, to take a final view in the matter.
8. GRIDCO stated that, during the financial year 2011-12 they had released an amount of Rs. 786.07 Cr. from the Escrow Account, towards employees cost and R&M expenses. Out of which an amount of Rs. 726.68 Crore is relaxed towards employees cost and balance Rs. 59.39 Crore towards R&M cost. As stated by

GRIDCO, DISCOMs are not able to avail the escrow relaxation benefit towards R&M because of poor cash flow. As per the Commission's order, all DISCOMs including CESU should furnish the details for release of funds from the escrow account. The DISCOMs- wise details of employees cost and R&M expenses as per the approval and escrow relaxed by GRIDCO are given below.

Approved Employees and R & M Expenses of DISCOMs for 2011-12 (Rs. in crore)

	Approved Employee Cost	Escrow Relaxed towards Employee Cost	Approved R & M	Escrow Relaxed towards R & M Expenses	Total Approved	Total Escrow Relaxed by GRIDCO
CESU	294.08	245.00	56.77	14.19	350.85	259.19
NESCO	157.29	157.32	47.46	15.80	204.75	173.12
WESCO	170.83	170.26	36.81	19.92	207.64	190.68
SOUTHCO	153.59	153.60	28.47	9.48	182.06	163.08
Total	775.29	726.68	169.51	59.39	945.30	786.07

9. The Commission advised that, as Chairman of the Board of DISCOMs, the CMD, GRIDCO should influence the DISCOMs to enhance their billing and collection efficiency for earning more revenue and pay the power purchase dues to GRIDCO.
10. GRIDCO has completed the Audit of Annual Accounts for the FY 2010-11 & the same has been adopted in their AGM on 19.04.2012. Regarding compilation of Annual Account for the FY 2011-12, the Director (F), GRIDCO stated that, the Audited Accounts and Reports shall be approved by the Board on September, 2012.
11. GRIDCO is directed to inform the Commission about the steps taken with the Govt. of Odisha to recover the subsidy from state Govt. as agreed to.
12. GRIDCO & DISCOMs shall jointly meet in the Commission's office for a discussion on the liquidation of Arrear BSP dues pertaining to the FY 2011-12.

ORISSA ELECTRICITY REGULATORY COMMISSION

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No. DIR (T)-373/09/

Dated 26 .06.2012

From

K.L. Panda,
Secretary I/c

To

The Chairman-Cum-Managing Director,
GRIDCO, Janpath,
Bhubaneswar

Sub: Review of Performance of GRIDCO for FY 2011-12, taken up on 21.05.2012.

Sir,

In inviting a reference to the subject cited above, I am directed to send herewith the minutes of the review meeting on performance of GRIDCO for the FY 2011-12 for your information and necessary action.

Yours faithfully,

Encl: As above.

SECRETARY I/c

Copy to :

The Commissioner-cum-Secretary, Department of Energy, Govt. of Odisha along with copy of the enclosure for favour of information.

