

Minutes of Review Meeting on Performance of GRIDCO

Date of review : 29.05.2009

Period of Review : FY- 2008-09

Persons present : Shri C J. Veenugopal., CMD, GRIDCO
Shri U K Panda, Director (Fin)
Shri A.C. Mallick, Director (Com.), GRIDCO,
& other officials of GRIDCO.

The CMD GRIDCO at the outset made a presentation on the performance of the GRIDCO for the period from April 2008 to March, 2009. The details of energy drawl by the DISCOMs are given in the table below.

Energy Drawl by DISCOMS (MU)

	OERC's Estimate for 2008-09	Actual for 2008-09	% Over drawl by Discom's (%)
CESU	5300.00	5679.04	7.2%
NESCO	4660.00	4545.07	-2.5%
WESCO	5680.00	6387.47	12.5%
SOUTHCO	1980.00	2175.93	9.9%
TOTAL	17,620.00	18787.51	6.6%

It is observed that during FY 2008-09, all the DISCOMs except NESCO have in total over drawn energy by 6.6% (1167.51 MU) as compared to OERC approval in the tariff order for FY 2008-09. The CMD, GRIDCO stated that if the DISCOMs had not over drawn the said quantum of energy, could then have traded and GRIDCO would have earned revenue from outside state. This could have helped in bridging the revenue gap of Rs 410.05 cr left for in the ARR of the year 2008-09.

2. CMD, GRIDCO submitted that the average cost of power sold to DISCOMs, as approved by the Commission, is less than the cost of power purchased from the Generators. In the event of over drawl by the DISCOMs, GRIDCO is further burdened with the difference between the average cost of sale and purchase. In order to meet the increasing demand of the DISCOMs, GRIDCO is to procure costly power which is causing huge dent in their finances.

3. Commission in this regard observed that GRIDCO should have a contingency plan to wriggle out of such situation. GRIDCO should plan ahead in anticipation of such emergent events and build a sinking (Contingency) Fund to meet this kind of eventualities.

GRIDCO in association with DISCOMs shall also pursue Demand side management to optimize the growing demand.

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

	Total BSP Bill (Including Year end Charge)	Year End Charges	Current BSP	Total payment receipt (including Rebate)	Excess/Less Payment over BSP
	A	B	C (A-B)	D	E (D-C)
CESU	634.56	58.14	576.42	608.89	32.47
NESCO	568.13		568.13	648.85	80.72
WESCO	1079.93	69.08	1010.85	1010.85	0.00
SOUTHCO	189.03	36.71	152.32	158.19	5.87
TOTAL	2471.65	163.93	2307.72	2426.78	119.06

5. Commission's Observations: -

- (i) GRIDCO submitted that all the DISCOMs had paid the Bulk Supply Bills to GRIDCO in full for the FY 2008-09 during the year. However, GRIDCO has raised Year End charges in the month of May 2009 in respect of CESU(Rs 58.14 cr), WESCO(Rs 69.08 cr) and SOUTHCO (Rs.36.71 cr) amounting to Rs 163.93 crore. Excluding the year end charges the three DISCOMs, CESU, NESCO and SOUTHCO have paid Rs 32.47 cr, Rs. 80.72 cr and 5.87 cr respectively over and above the current BSP during the year 2008-09.
- (ii) On a query from the Commission regarding bridging the gap of Rs. 410.05 cr during 2008-09 out of earning from export and UI charges, GRIDCO replied that it had earned revenue of Rs. 396.57 cr from trading, UI charges and sale to CGPs during FY 2008-09. CMD, GRIDCO stated that due to poor hydrology and also increase in internal demand there was very little scope for trading and GRIDCO could not able to earn a substantial amount on account of UI. Due to such situation GRIDCO had to purchase costly power to meet the demand in the State. Consequently the Gap of Rs 410.05 crs, as approved by the Commission in the tariff order for FY 2008-09, has increased to Rs 635.60 crore. The details is given in the table

(Rs in Crore)

	Commission's approval	Actual
Power purchase cost	2,351.76	2,905.22
Other costs including interest & financial charges (Rs. in Cr.)	134.78	213.38
Rev. Requirement (Rs. in Cr.)	2,486.54	3,118.60
Revenue realised from sale of power to DISCOMs	2,152.23	2,307.72
Revenue from Emergency sale to CGPs	3.30	48.73
Received from Distcos (Arrear dues)	219.83	119.05
Received from Outside States	16.24	16.24
Revenue from UI & Trading		313.80
Mis. Receipt		51.70
TOTAL REVENUE	2,391.60	2,857.24
Gap	94.94	261.36
Principal Repayment	315.12	374.26
TOTAL GAP	410.06	635.62

The Commission directed GRIDCO to negotiate with CGPs to maximize the drawal from them and trade the extra power available after meeting the state demand. During period under review GRIDCO has made full payment to the Generators towards power purchase dues.

- (iii) The details of power purchase and sale for the period under review are shown at **Annexure-A**.
- (iv) Regarding UI management performance GRIDCO stated that it had spent Rs 120.87 Cr, while earning Rs 289.37 Cr. The Commission enquired about the total energy impact for 'UI' expense and for energy export during 'UI' earnings of the year. The Commission directed GRIDCO to follow prudent commercial practice and draw more power during off-peak and relatively high frequency hours and also under draw during Peak hours / low frequency hours to maximize the UI revenue.
- (v) CEO, CESU expressed concern for unavailability of required power to its HT customer due to lack of substation capability & shortage of power for which DISCOMS are loosing revenue. Commission directed to hold regular meeting between different utilities to short out differences. CMD, GRIDCO submitted that the GM(O&M),OPTCL has been asked to prepare a schedule for feeder-wise sequence in load shedding. To meet the precarious situation in the state, the Commission insisted upon GRIDCO to have a relook into the Generation capacity of the CGPs estimated to be about 3000 MW and available surplus capacity to be harnessed.

- (vi) As on 31.03.2009, GRIDCO has a liability on account of loan of Rs.1829.99 cr. towards principal and Rs.195.44 cr towards interest totaling to an outstanding amount of Rs.2025.43 cr. This includes govt. loans, institutional loans and GRIDCO Bonds.
- (vii) The Reliance managed Companies availed total escrow relaxation to the tune of Rs.338.35 cr. during the period April, 08 to March, 09 which included Rs.73.72 cr. towards O&M and Rs 264.62 towards Employee Cost. Similarly, CESU availed total escrow relaxation of Rs.202.76 crore which includes Rs. 32.76 crore towards O & M works and Rs. 170.00 cr. towards Employee Cost. In this connection the Director (Finance), Sri U.K. Panda, GRIDCO stated that the directions issued by the Commission for escrow relaxation vide their letter No.995 dtd.06.05.2009 needs to be reviewed, specially with respect to release of fund for A&G expenses because the miscellaneous receipt collected by the distribution companies were being used to meet A&G expenses. To this, the Commission made it clear and directed that the priority fixed in the letter No.995 dtd.06.05.2009 shall be strictly followed until any modification is made. It was further emphasized by the Commission that in no case the operation and maintenance of the distribution work should be affected due to non-release or late release of funds by GRIDCO from the escrow account. It was further directed that GRIDCO should release the balance O&M expenditure for the year 2008-09 based on the submission of bills and vouchers. Compliance should be reported by 30.06.2009.
- (viii) GRIDCO reported total receivables of Rs.264.73 cr. from Govt. of Orissa as against a payable of Rs.354.09 cr. The net payable to State Govt. is to the tune of Rs.89.36 cr.
- (ix) In respect of outstanding BST dues (excluding DPS), GRIDCO reported a provisional figure of Rs.1673.94 cr. against REL managed companies as on 31.03.2009. This includes an amount of Rs.400 cr. of DISTCO Power Bond and interest of Rs.280.55 cr. thereon; which is now under sub-judice in Supreme Court vide CA No.759/2007. The Director (Finance) also stated that GRIDCO had moved the matter to Company Law Board under Sec.117(c)(4) of the Companies Act, 1956, with a prayer to direct the three DISTCOs (WESCO, NESCO & SOUTHCO) to make repayment of the above said

debentures along with interest due thereon in accordance with terms and conditions of debenture.

In case of CESU, GRIDCO reported a provisional figure of Rs.1756.61 cr. as on 31.03.2009.

- (x) The Annual Accounts of GRIDCO for 2007-08 has been submitted to Govt. as well as to the Commission. For the year 2008-09, the Annual Accounts has been compiled and the process of the authentication by the Board and adoption of Accounts shall be completed by 15.09.2009.

REVIEW OF PERFORMANCE OF GRIDCO FOR THE YEAR 2008-09									
									ANNEXUR E- A
A. POWER PURCHASE									
Source	ESTIMATE BY OERC FOR 2008-09			ACTUAL FOR 2008-09					
	Drawal (MU)	Rate P/U	Cost (Rs Cr)	Drawal (MU)	Rate P/U	Cost as per Generator (Rs Cr)	Bill Passed by GRIDCO (Rs Cr)	Payment/Adjustment made to Generator (Rs. Cr.)	Balance to be paid (Rs in Cr.)
Hirakud	1,162.26	52.11	60.56	894.08	64.36	57.54			
Balimela	1,171.17	52.61	61.62	906.31	74.99	67.96			
Rengali	519.75	49.40	25.68	858.70	45.57	39.13			
U. Kolab	823.68	25.82	21.26	570.51	37.25	21.25			
Total OHPC (O)	3,676.86	46.00	169.12	3,229.60	57.56	185.88			
MACHAKUND	265.00	25.09	6.65	242.97	25.11	6.10			
INDRAVATI	1,942.38	67.28	130.68	2,220.80	66.39	147.44			
TOTAL OHPC	5,884.24	52.08	306.45	5,693.37	59.62	339.42	330.46	330.46	0.00
IB TPS	2,946.52	153.55	452.44	2,856.01	142.91	408.16	369.44	369.44	0.00
CPPs & Renewable	727.00	165.13	120.05	1,214.03	223.33	271.13	271.13	271.13	0.00
TOTAL STATE	9,557.76	91.96	878.94	9,763.41	104.34	1,018.71	971.03	971.03	0.00
TTPS	3,162.17	142.93	451.96	3,339.19	163.47	545.87			0.00
FSTPS	1,361.94	210.19	286.26	1,307.32	244.54	319.69			
KHSTPS-I	131.95	222.51	29.36	646.31	237.69	153.62			
KHSTPS-II	543.68	169.84	92.34	17.05	258.06	4.40			
TSTPS -I	1,987.24	158.08	314.15	2,197.27	175.91	386.52			
TSTPS -II	1,249.83	167.88	209.82	1,345.62	183.83	247.37			
Total NTPC	8,436.80	164.03	1,383.89	8,852.76	187.23	1,657.47	1,657.47	1,657.47	0.00
CHUKKA (PGCIL)	270.26	178.31	48.19	272.36	184.72	50.31	50.31	50.31	0.00
TALA	195.44	208.40	40.73	155.86	209.80	32.70	32.70	32.70	0.00
TEESTA				366.23	198.89	72.84	72.84	72.84	
U I Overdrawal incl. TTPS				417.43	289.56	120.87	120.87	120.87	
TOTAL C.S.	8,902.50	165.44	1,472.81	10,064.64	192.18	1,934.19	1,934.19	1,934.19	0.00
GRAND TOTAL	18,460.26	127.40	2,351.75	19,828.05	148.93	2,952.90	2,905.22	2,905.22	0.00
B. SALE OF POWER									
Source	ESTIMATE BY OERC FOR 2008-09			ACTUAL FOR 2008-09					
	Sale (MU)	Rate P/U	Amount Billed (Rs Cr)	SMD (MVA)	Sale (MU)	Rate P/U	Amount Billed (Rs Cr)(*)	Payment Received incl. rebate (Rs. In Cr.)	Balance to be Received (Rs in Cr.)
CESU	5,300.00	101.50	537.95	912.22	5,679.04	111.74	634.56	608.89	25.67
NESCO	4,660.00	125.00	582.50	672.70	4,545.07	125.00	568.13	648.85	-80.72
WESCO	5,680.00	157.25	893.18	962.96	6,387.47	169.07	1,079.93	1,010.85	69.08
SOUTHCO	1,980.00	70.00	138.60	359.04	2,175.93	86.87	189.03	158.19	30.84

TOTAL DISTCOs	17,620.00	122.15	2,152.23	2,906.9	18,787.51	131.56	2,471.65	2,426.78	44.87
TRADING					34.88	700.40	24.43	24.43	0.00
Sold to CPPs	10.00	330.00	3.30		144.42	337.42	48.73	48.73	0.00
U I					393.46	735.45	289.37	289.37	0.00
SUB TOTAL	10.00		3.30		572.76	632.95	362.53	362.53	0.00
GRAND TOTAL	17,630.00	122.26	2,155.53		19,360.27	146.39	2,834.18	2,789.31	44.87

(* NB:- Amount billed includes year -end charge bill.