

Minutes of Review Meeting on Performance of GRIDCO for the FY 2009-10 held on 22.05.2010

Date of review : 22.05.2010 at 11.00 AM

Period of Review : From Oct, 09 to Mar, 10 and FY 2009-10

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

1. The Director (Commercial), GRIDCO at the outset made a presentation on the performance of GRIDCO for FY 2009-10 i.e. from April 2009 to March, 2010. The details of energy drawl by the DISCOMs are given in the table below.

Energy Drawl by DISCOMs (MU)

	OERC's Estimate for FY 2009-10	Actual for FY 2009-10	Over Drawal by DISCOMs (MU)	Percentage of Over Drawal (%)
CESU	6045.00	6226.78	181.78	3.01
NESCO	4285.00	4705.46	420.46	9.81
WESCO	6430.00	6261.77	(-)168.23	(-) 2.62
SOUTHCO	2161.00	2286.87	125.87	5.82
TOTAL	18921.00	19480.88	559.88	2.96

It is observed that during FY 2009-10, net over drawal by the DISCOMs (after factoring the under drawal of WESCO) was 559.88 MU (i.e. 2.96%) as compared to OERC approval for the period under review. Director (Com.), GRIDCO stated that due to poor hydrology, there was a drastical 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 situation was further aggravated due to over drawal by the DISCOMs. The per unit power purchase cost for GRIDCO has increased to 201.72 P/U for the FY 2009-10 as against OERC approval of 148.27 P/U. He stated that if the DISCOMs had not over drawn the said quantum of energy, GRIDCO could be financially less burdened. Further, he stated that the overdrawal by the DISCOMs would have been further increased if the load regulation was not there.

2. Director (Com.), GRIDCO stated that the Commission had approved the average BSP of 122.22 P/U for the power sold to DISCOMs whereas the cost of power purchased from the Generators was approved at 148.27 P/U, leaving a gap of 26 P/U

between cost of power purchase and BSP which amounted to Rs.882.85 cr. Now, in the event of purchase of high cost power due to poor hydro generation and overdrawal by the DISCOMs, the actual power purchase cost for the FY 2009-10 comes to Rs.4244.27 crore as against the OERC approval of Rs.2923.79 crore. Taking it into account, the per unit power purchase cost comes to 201.72 P/U against the approved BSP of 122.22 P/U which amounts to a difference of 79.5 P/U. The details of power purchase and sale for the period under review are shown at **Annexure-A**.

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. Director (Finance), GRIDCO stated that all the DISCOMs have paid the Bulk Supply Bills to GRIDCO in full for the period from April, 2009 to March, 2010. However, three DISCOMs, WESCO, SOUTHCO and CESU have paid Rs.2.00 cr., Rs.9.69 cr. and Rs.80.50 cr., respectively towards outstanding BSP dues over and above the current BSP during the FY 2009-10. Though NESCO had surplus fund after meeting BSP and other dues, it was not paying any extra amount towards earlier outstanding 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 endeavour for collection of revenue from the consumers and pay the outstanding dues to GRIDCO.
5. **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	632.02	712.52	80.50
NESCO	611.71	611.71	0.00
WESCO	964.31	966.31	2.00
SOUTHCO	160.08	169.77	9.69
TOTAL	2368.12	2460.31	92.19

Commission's Observations: -

6. GRIDCO submitted that all the DISCOMs had paid the Bulk Supply Bills to GRIDCO in full for the FY 2009-10. However, GRIDCO has raised that DISCOMs were not paying their earlier outstanding dues. The Commission vide order dtd.20.10.2009 in Case No.104/2009 and 105/2009 have directed WESCO, NESCO, SOUTHCO and CESU to pay the default amount approved during 2008-09 and approved amount from 2009-10 during FY 2009-10. But as reported by GRIDCO upto 31st March, 2010 the following amounts are still outstanding from different DISCOMs as depicted in table below.

Sl. No.	Particulars	WESCO	NESCO	SOUTHCO	CESU	Total
1	Amount approved for FY 2009-10	-	-	19.00	151.00	170.00
2	Amount to be paid by SOUTHCO to WESCO through GRIDCO	-	-	9.00	-	9.00
3	Arrear amount for FY 2008-09 payable during 2009-10	36.83	-	-	85.53	122.36
4	Total payable	36.83	-	28.00	236.53	301.36
5	As per submission of GRIDCO, amount paid upto March, 2010	2.00	-	9.69	80.50	92.19
6	Balance Payable as on 31.03.2010 (4-5)	34.83	-	18.31	156.03	209.17

7. Regarding bridging the gap of Rs.882.85 cr during 2009-10 out of earning from export and UI charges, GRIDCO replied that it had earned revenue of Rs.0.79 cr from trading, Rs.147.13 Cr. from UI charges and Rs.127.79 crore from sale to CGPs during FY 2009-10. Due to poor hydrology and also increase in internal demand there was very little scope for trading and GRIDCO could not 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.882.85 crore, as approved by the Commission in the tariff order for FY 2009-10, has increased to Rs.1979.42 crore. The details is given in the table

(Rs. in Cr.)

	Commission's approval	Actual for FY 2009-10	Excess over OERC approval
Power purchase cost	2923.80	4244.27	1320.47
Other costs including interest & financial charges (Rs. in Cr.)	199.30	224.58	25.28
Rev. Requirement (Rs. in Cr.)	3123.10	4468.85	1345.75
Revenue realised from sale of power to DISCOMs	2312.11	2368.12	56.01
Revenue from Emergency sale to CGPs	3.30	127.79	124.49
Received from DISCOMs (Arrear dues)	170.00	92.19	-77.81
Revenue from UI & Trading		147.92	147.92
Misc. Receipt (NTPC Refund)		113.17	113.17
TOTAL REVENUE	2485.41	2849.19	363.78
Gap	637.69	1619.66	981.97
Principal Repayment	245.16	359.76	114.6
TOTAL GAP	882.85	1979.42	1096.57

The Commission advised GRIDCO to submit a proposal in the next review meeting on the issue of bridging this huge gap so that the Commission can take a realistic view on this.

8. The Commission further advised GRIDCO to develop a mechanism to ensure that all the collected revenue of DISCOMs are deposited in the escrow account. Violation of escrow agreement by the DISCOMs shall be viewed seriously by the Commission and if so warranted, proceedings under Section 142 may be initiated.
9. In replying to a query by the Commission GRIDCO stated that out of Rs.361.57 crore outstanding on power purchase cost, Rs.281.46 crore is on account of CGPs and Rs.73.90 crore on account of cogeneration plant and balance Rs.6.21 crore is on account of small Hydro Projects. The Commission advised GRIDCO to take a decision on CGP status at the earliest so that their payment could be materialized and GRIDCO should extract more power from CGPs and take the benefit of UI and trading in power exchanges.
10. The Annual Accounts of GRIDCO for 2008-09 have been submitted to Govt. on the 12.11.2009. For the year 2009-10, the Annual Accounts have been compiled and the process of the authentication by the Board and adoption of Accounts shall be completed by 30.9.2010.
