

## Minutes of Review Meeting on Performance of GRIDCO

Date of review : 27.11.2008 at 4.00 PM

Period of Review : 1<sup>st</sup> half of the 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 1<sup>st</sup> half of 2008-09 i.e. April 2008 to Sept, 2008. The details of energy drawl by the DISTCOs are given in the table below.

### Energy Drawl by DISTCOs (MU)

|                | <b>OERC's<br/>Estimate for<br/>2008-09</b> | <b>OERC's<br/>Estimate for<br/>2008-09<br/>prorating for 6<br/>months</b> | <b>Actual for 2008-<br/>09 (From<br/>Apr,08 to<br/>Sept,08)</b> | <b>% Over<br/>drawl by<br/>Distcos ( % )</b> |
|----------------|--|---|---|--|
| <b>CESU</b>    | 5300.00                                    | 2650.00   | 2828.15   | 6.72   |
| <b>NESCO</b>   | 4660.00                                    | 2330.00   | 2272.80   | - 2.45                                       |
| <b>WESCO</b>   | 5680.00                                    | 2840.00   | 3085.00   | 8.63   |
| <b>SOUTHCO</b> | 1980.00                                    | 990.00  | 1074.07   | 8.49   |
| <b>TOTAL</b>   | <b>17,620.00</b>                           | <b>8,810.00</b>   | <b>9,260.02</b>   | <b>5.11</b>                                  |

It is observed that during the 1<sup>st</sup> half of the FY 2008-09 , all the Distcos except NESCO have over drawn by 5.11% (450.02 MU) as compared to OERC estimates for the period under review. The CMD, GRIDCO stated that if the Distcos had not over drawn the said quantum of energy then the same would have been traded and the revenue earned. This could have helped in bridging the revenue gap of Rs 410.05 cr left for the year 2008-09. Further, GRIDCO had purchased the costlier power to supply to the Distcos to meet the state demand due to poor hydrology.

Director (Comm.),GRIDCO stated that in a recent meeting with the representatives of CGPs , the CGPs had requested for a price of Rs.5.30 per unit for their power. The Commission advised GRIDCO to discuss again with CGPs soon for supply of more power at a negotiable price in order to maximize the drawal from them to meet the state demand as well as for trading.

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

|                | <b>2007-08 (April'07 to March'08)</b> |                       |                         | <b>2008-09( April,08 to Sept,08)</b> |                       |                         |
|----------------|---------------------------------------|-----------------------|-------------------------|--------------------------------------|-----------------------|-------------------------|
|                | Total BSP Bill (GRIDCO Charge)        | Total payment receipt | Excess Payment over BSP | Total BSP Bill (GRIDCO Charge)       | Total payment receipt | Excess Payment over BSP |
| <b>CESU</b>    | 529.13                                | 624.40                | <b>95.27</b>            | 287.39                               | 287.39                | <b>0</b>                |
| <b>NESCO</b>   | 581.86                                | 642.83                | <b>60.97</b>            | 284.10                               | 349.10                | <b>65.00</b>            |
| <b>WESCO</b>   | 845.55                                | 939.71                | <b>94.16</b>            | 486.79                               | 486.79                | <b>0</b>                |
| <b>SOUTHCO</b> | 138.27                                | 159.09                | <b>20.82</b>            | 75.18                                | 80.42                 | <b>5.24</b>             |
| <b>TOTAL</b>   | <b>2094.81</b>                        | <b>2366.03</b>        | <b>271.22</b>           | <b>1133.46</b>                       | <b>1203.70</b>        | <b>70.24</b>            |

**2. Commission's Observations: -**

- (i) As stated by GRIDCO, the DISTCOs are paying 100% of Bulk Supply Bills to GRIDCO and some DISTCOs are also paying towards the outstanding Bulk Supply dues. CMD, GRIDCO stated that NESCO and SOUTHCO had paid Rs.65.00 cr and Rs.5.24 cr respectively over and above the current BSP dues towards arrear BSP dues aggregating to Rs. 70.24 crore as against the target of Rs. 219.83 cr projected as receivable from DISTCOs during 2008-09 in the Tariff Order, 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. 233.70 cr from trading, UI charges and sale to CGPs during the 1<sup>st</sup> half of 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 also GRIDCO might not be able to earn a substantial amount on account of UI. The Commission directed GRIDCO to follow prudent commercial practice and draw more power during off-peak and high frequency hours and also under draw during Peak hours / low frequency hours to maximize the UI revenue. Further 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.
- (iii) During period under review GRIDCO has made full payment to the Generators towards power purchase dues.

- (iv) The details of power purchase and sale for the period under review are shown at Annexure-A.
- (v) As on 30.09.2008, the GRIDCO has a liability on account of loan of Rs.1670.05 cr., interest Rs.175.37 cr. totaling to an outstanding amount of Rs.1845.43 cr. This included govt. loans, institutional loans and GRIDCO bonds.
- (vi) The Reliance managed Companies availed escrow relaxation to the tune of Rs.166.71 cr. during the period April,08 to Sept,08 which included Rs.34.75 cr. towards O&M. Similarly, CESU availed escrow relaxation of Rs.14.79 crore towards O & M works.
- (vii) GRIDCO reported total receivables of Rs.333.51 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.20.58 cr.
- (viii) In respect of outstanding BST dues (excluding DPS), GRIDCO reported a provisional figure of Rs.1639.42 cr. against REL managed companies as on 30.09.2008. This includes an amount of Rs.400 cr. of DISTCO Power Bond and interest of Rs.255.55 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.1541.01 cr. as on 30.09.2008.
- (ix) The Annual Accounts of GRIDCO for 2006-07 have been submitted to Govt. For the year 2007-08, the Annual Accounts have been authenticated by the Board and the process of adoption of Accounts shall be completed by 16.12.2008.