

**ODISHA ELECTRICITY REGULATORY COMMISSION  
BIDYUT NIYAMAK BHAWAN  
PLOT NO.-4, CHUNOKOLI, SHAILASHREE VIHAR  
BHUBANESWAR - 751 021**

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**Present: Shri U. N. Behera, Chairperson  
Shri S. K. Parhi, Member  
Shri G. Mohapatra, Member**

**Case No. 54/2021**

GRIDCO Ltd., TPCODL, TPNODL, TPWODL and TPSODL

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Petitioner

**In the matter of: An application for approval for sale of surplus power to the industries having CGP inside the State arising out of the order of the Commission in Case No. 72 of 2020 and clarification thereon.**

**For Petitioner: Sri S. Mohanty, Sr. GM. (Trading) of GRIDCO Ltd., CEO, TPCODL, TPNODL, TPWODL & TPSODL**

**ORDER**

**Date of hearing: 13.07.2021**

**Date of order: 20.07.2021**

GRIDCO Ltd. and DISCOMs of the State have filed the present petition jointly seeking approval for sale of surplus power of GRIDCO to the industries having Captive Generating Plant inside the State in medium and long term basis.

2. They have submitted that there are more than 70 industries in the State of Odisha which are having their own CGPs and connected to the grid through either OPTCL or DISCOMs' network. In TPCODL area there are around 20 industries with their own CGPs with installed capacity of 2600 MW and they are also consumers of TPCODL. Similarly, in TPNODL licensed area there are more than 15 industries having their own CGPs with capacity of 1000 MW. There are only few industries having CGP under TPSODL area. However, TPWODL is having more than 26 industries having CGPs and they are influencing the consumption pattern of TPWODL. The combined installed capacity of these industries is around 6500 MW. All these industries having CGP are putting considerable impact on the sales of the DISCOMs. The above industries are not drawing or drawing negligible quantum of power from DISCOM sources commensurate to their available contract demand (CD) and these industries are drawing power hardly with 10% to 30% LF from DISCOMs.

3. During the last tariff proceedings, to boost HT & EHT consumption, DISCOMs & GRIDCO had submitted to the Commission that a guideline may be formulated so that the surplus power available with GRIDCO could be sold to those industries who are opting power under open access or incurring higher generation cost for operating their CGP. Accordingly, for the 1<sup>st</sup> time the Commission in its tariff order has given an indicative methodology where all the stakeholders would be benefited by sale of surplus power.
4. The Commission in its RST Order dt.26.03.2021 vide Case Nos.75, 76, 77, 78, 79, 80, 81 & 82(A) of 2020 has given an option for industries having CGPs with contract demand as well as industry under Emergency Category to avail power at concessional rate for which they need to enter into special agreement with concerned DISCOM and GRIDCO. Relevant clause of Annexure-B of the RST Order is extracted below:

*“(vii) Any industry having CGP wishing to avail power from DISCOMs above 80% of load factor shall be allowed to draw power @ Rs.3.50/ kVAh for incremental units above 80% load factor. No overdrawl penalty shall be levied on them. Any industry having CGP without CD availing emergency power only can get this benefit for incremental units above emergency drawal. For this purpose, the industry shall enter into a tripartite agreement with DISCOMs and GRIDCO.”*
5. Further, the Commission in its BSP Order dt.26.03.2021 in Case No 72 of 2020 vide Para-348 has directed GRIDCO to maximise revenue by sale of surplus power through DISCOMs under special tariff. The relevant clause of BSP order is extracted below:

*“As submitted by GRIDCO in the last quarter of the current financial year the average price of trading comes around Rs.3.43 per kWh. Considering the above price, we direct that GRIDCO shall supply its surplus power to DISCOMs at average BSP of the State i.e. 296.29 paise per kWh. DISCOMs shall endeavour to sell this power to industries owning CGPs and having a CD with DISCOMs for the energy drawn over 80% of load factor without overdrawl penalty @ Rs.3.50 per kVAh. Further, any industry having CGP without CD availing emergency power only can also get this benefit for incremental units above emergency drawal as stated above. OPTCL shall be entitled to get its normal transmission charge of 28 paise per unit for this transaction. The balance of revenue after deducting average BSP of the State and transmission charge shall be kept by the respective DISCOM as their margin. To operationalize this scheme the industry shall enter into a tripartite agreement with DISCOMs and GRIDCO. DISCOMs shall coordinate with the consumer and GRIDCO accordingly. The Commission may at any time getting feedback from the DISCOMs and GRIDCO regarding success of the scheme revisit the above scheme.”*
6. Further, DISCOMs have submitted that all the DISCOMs are making all-out efforts to make the prospective customers of their respective area aware of the benefit of

availing higher quantum of power from State grid. In TPWODL area, discussion has been held with more than 10 industries out of which 4 to 5 industries are showing positive response to it. It is observed that when an EHT consumer (with load of 1 MW) draws up to 120% of CD with normal RST it costs him Rs. 5.55 per unit, but if he prefers special tariff it may reduce its power purchase cost up to Rs.1.50 per unit depending upon quantum of additional drawal. It will be more beneficial for the customer to go for this than open access, because factoring in open access charges will make the total cost almost equal to the normal RST. Now M/s. Vedanta Ltd. having its CGP has given its consent to procure additional power of around 300 MW from TPWODL over and above its contract demand of 100 MVA. As per the provisions under special scheme, consumption beyond 80% of CD shall be billed @ Rs.3.50 per KVAh to the consumer for which DISCOM power purchase cost is fixed at 296.29 paise per unit. After paying transmission charges of Rs.0.28 per unit to OPTCL, DISCOM share is 25.71 paise per unit. The incumbent distribution company will not get the entitlement of CSS of Rs.1.3033 per unit for this additional drawl.

7. Further, GRIDCO has submitted that in the current FY 2021-22 (upto May'21) the Day Ahead Market price discovered in IEX for E2 region is around Rs.3.26/ kWh and it is anticipated that the average RTC market price shall remain around the same for FY 2021-22, keeping in view the post pandemic economic growth driven demand in the country. However, in the prevalent market conditions, GRIDCO is not able to cover up the total revenue gap left in its ARR including fixed charges of GENCOs. As per Para 348 of BSP order, GRIDCO is to sell its surplus power to DISCOMs @ 296.29 P/ kWh under the special arrangement envisaged by the Commission which is not sufficient to meet the gap in the ARR of GRIDCO. Thus, the effort shall be made by GRIDCO to realize a price higher than 296.29 P/ kWh or the BSP of respective DISCOMs, whichever is higher.
8. Therefore, all the parties have submitted that the special concessional price of Rs.3.50/ kVAh for the additional quantum of power beyond 80% of CD shall be treated as the minimum floor price and GRIDCO, DISCOM and Consumer may be allowed to mutually agree on any concessional price above the minimum floor price, provided that any incremental margin above Rs.3.50/kVAh shall be passed on to GRIDCO.

9. The parties were heard at length and their submissions taken on record. The Commission in its ARR & BSP order dated.26.03.2021 for FY 2021-22 has directed GRIDCO for trading of the available surplus power on prudent commercial principles in the market after meeting the State requirement and adjust the revenue earnings from trading and UI sources towards meeting its loan repayment liability and past losses. Further, the Commission has directed that GRIDCO should continue to procure surplus power from CGPs and IPPs of the State and market the surplus power in order to reduce the accumulated loss.
10. Further, in the said BSP order for FY 2021-22, the Commission has also formulated a methodology to market the Surplus power of GRIDCO and has directed GRIDCO that they shall supply its surplus power to DISCOMs at average BSP of the State i.e. 296.29 paise per kWh. DISCOMs shall endeavour to sell this surplus power to industries owning CGPs and having a CD with DISCOMs for the energy drawn over 80% of load factor without overdrawal penalty @ Rs.3.50 per kVAh. Further, any industry having CGP without CD availing emergency power only can also get this benefit for incremental units above emergency drawal as stated above. OPTCL shall be entitled to get its normal transmission charge of 28 paise per unit for this transaction. The balance of revenue after deducting average BSP of the State and transmission charge (25.71 Paise per kWh) shall be kept by the respective DISCOM as their margin. To operationalise this scheme the industry shall enter into a tripartite agreement with DISCOMs and GRIDCO. DISCOMs shall co-ordinate with the consumer and GRIDCO accordingly.
11. It is observed that in the first quarter of current financial year GRIDCO has not been able to sell any power to the industries through the above scheme. Rather, they have sought the indulgence of the Commission to revisit the above Scheme to the extent that the special concessional price of Rs.3.50/ kVAh for the additional quantum of power beyond 80% of CD be treated as the minimum floor price and GRIDCO, DISCOM and Consumer may be allowed to mutually agree on any concessional price above the minimum floor price. In the BSP order for FY 2021-22 at Para 348, it is mentioned that the Commission may at any time getting feedback from the DISCOM and GRIDCO regarding success of the scheme revisit the above scheme.
12. Power market is always dynamic in nature. Its volatility depends upon the supply and demand in the market in real time. Now, from the submission of GRIDCO and

DISCOMs, it is found that there may be some consumers who are willing to pay more than the price fixed by the Commission i.e. @ Rs.3.50 per kVAh considering the present market situation. The intention of the Commission's order dated 26.03.2021 was to promote market for surplus power available with GRIDCO. This would ease the financial burden of GRIDCO which in turn would give relief to the consumers in terms of tariff. Section 66 of the Electricity Act, 2003 also gives a mandate to the Commission to promote development of power market.

13. Therefore, without changing the essence of our order and considering the submission of the parties above, the Commission directs that GRIDCO shall follow a transparent process of bidding to find a reasonable rate for trading of surplus power to the industries in the state and the minimum base price for such sale should not be less than Rs.3.50 per kVAh as ordered earlier. However, DISCOMs and OPTCL will get their share i.e. 25.71 P/U and 28 P/U as fixed by the Commission in the BSP order earlier from such sale. GRIDCO should immediately prepare the bid document in consultation with the DISCOMs. The Discoms should be involved in the bid process which will bring more transparency. After the competitive price is discovered through the bid process a Tripartite Agreement shall be signed between GRIDCO, concerned DISCOM and the consumer to give effect to the transaction process.
14. With the above observations the case is disposed of.

Sd/-

**(G. Mohapatra)**  
**Member**

Sd/-

**(S. K. Parhi)**  
**Member**

Sd/-

**(U. N. Behera)**  
**Chairperson**