

**ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
UNIT-VIII, BHUBANESWAR – 751 012**

**Present : Shri B. K. Das, Chairperson
 Shri S.K. Jena, Member**

Dated the 14th December, 2006

CASE No.62 OF 2006

Orissa Hydro Power Corporation Ltd.
Vanivihar Chowk, Janpath
Bhubaneswar-751 022.

....

Petitioner

- Vrs. -

Grid Corporation of Orissa Ltd.,
Janpath, Bhubaneswar

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Respondent

For the petitioner : A. B. Mahapatra, Director (Operation), OHPC
For the respondent : U. P. Singh, CMD, GRIDCO

ORDER

The petitioner, Orissa Hydro Power Corporation Ltd., (OHPC), a generating company has filed this petition before the Commission to undertake third party sale as per Para 11.2 of the Power Purchase Agreement (PPA) executed between the OHPC and the GRIDCO.

2. In its petition, the petitioner stated that it has been supplying power to the respondent GRIDCO who is its sole purchaser of power, since April, 1996. Due to chronic default of payments by the GRIDCO, the outstanding receivables has increased to Rs.461.37 crores till October, 2006. This outstanding excludes Rs.50.00 crores GRIDCO power bond issued in 1999. The petitioner contend that despite its sincere efforts and prolonged correspondence with GRIDCO, the outstanding amounts could not be reduced.

3. Further, the petitioner contends that for its own development and progress, it is taking up of various hydro and thermal projects as approved by the Govt. of Orissa. The projects like R & M of Unit 5 & 6, Burla Power House and setting up of a Thermal Power Plant (2000 MW) in Joint Venture with OMC are going to be implemented by the petitioner within a short period. The petitioner is quite unable to implement its future projects due to paucity of funds.

4. As per clause 11.2 of the Power Purchase Agreement executed between the OHPC and GRIDCO for Rengali HE Project, the petitioner prayed the Commission to allow it to undertake third party sale to the extent possible and the extra revenue earned in this regard by the petitioner may be adjusted against the outstanding dues of GRIDCO.

5. In its reply, the respondent GRIDCO stated that it has no objection for third party sale by OHPC, but shall be subject to the following conditions:-

- I. OHPC may be allowed to sell power directly under third party sale for a period not exceeding one month in view of the facts which inter-alia includes that the demand in the state for the coming year will over strip the supply and Balimela HPS will remain shut down for the month of January-07.*
- II. OHPC shall finalise the quantum of sale of power in due consultation with GRIDCO as GRIDCO is responsible to meet the demand of the State.*
- III. The additional revenue to be earned by OHPC on sale of such power shall be adjusted against the power bill for the period during which OHPC is allowed third party sale and the balance amount may be utilized for part repayment of outstanding amount of OHPC on GRIDCO.*

6. Shri A. B. Mohapatra, Director (Operation) and Shri U. P. Singh, Chairman-cum-Managing Director, GRIDCO for the petitioner and the respondent respectively, explained their views in person.

7. The Commission carefully perused the filings made by the parties, Department of Energy, Govt. of Orissa's Notification No.1068 dtd.29.1.2003, the clause 11.2 of the PPA executed between GRIDCO and OHPC and the oral submission of the parties. In exercise of power u/s 86(1)(b), the Commission is the competent authority to regulate electricity purchase and procurement process through the approval of Power Purchase Agreements(PPA). By the duly executed PPA the GRIDCO was purchasing the powers from OHPC generated at Rengali HE Project. As per Clause 11.2 of the said PPA, with due approval from the Govt. of Orissa and the Commission, the OHPC is at liberty to undertake third party sale in case GRIDCO fails to pay its dues in time as stipulated. By filing this petition the petitioner OHPC has invoked the said provision as stipulated in the PPA. The Commission in its various tariff orders has categorically recognized the outstanding dues of the GRIDCO towards OHPC and has passed necessary orders in this respect. The Commission has also taken cognizance of Dept. of Energy notification No.1068 dated.29.01.2003 which allows the petitioner to undertake third party sale.

8. In view of the above facts and circumstances, as per the provisions of the existing PPA, in the light of the Govt. of Orissa's notification dated 29.01.2003 and in the larger public interest, it will be prudent and proper to allow OHPC to undertake third party sale. Such third party sale shall enhance the revenue generation/cash flow of OHPC, reduce the past liabilities burden of GRIDCO and consequentiality it's Annual Revenue Requirement. This will benefit the consumers. It will in no way affect the general consumers of the State. The Commission, by this order allows the petitioner OHPC to undertake third party sale of the surplus power, which are temporary in nature and incidental to the system operation due to the gap between demand and supply during the

approved period. The quantum of energy to be sold by third party sale is to be decided by the petitioner after due consultation with GRIDCO, such that the genuine requirement of the Distribution Licensee for supply of power to the consumers of the State is not affected in any way. The extra revenue earned by OHPC, if any, over and above the revenue that could have earned by sale of power to GRIDCO will be adjusted against the outstanding dues of GRIDCO.

9. This order shall be in force for a period of one month i.e, upto 14th January, 2007. The same may be extended further period by the Commission, if considered necessary.

The copy of the Order may be communicated to the parties forthwith.

Sd/-
(S.K. Jena)
Member

Sd/-
(B. K. Das)
Chairperson