

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

Present : Shri B.K. Das, Chairperson
Shri K.C. Badu, Member
Shri B.K. Misra, Member

Case No.105/2009

M/s GRIDCO Petitioner
Vrs.
CESU Respondent

In the matter of: Review of Escrow Relaxation to CESU.

For the Petitioner: Mr. L. N. Mohapatra, Advocate & Mr. R.C. Mishra, Sr.
G.M (F), GRIDCO.

For the Respondent: Mr. S.K. Dasgupta, CEO, CESU.

Date of Hearing: 08.10.2009

Date of Order: 22.10.2009

ORDER

1. On 08.10.2009 the matter was heard. CESU filed its compliance in response to the direction issued by Commission vide order dtd.05.09.2009.
2. The CEO, CESU submitted division-wise data relating to input collection and rate of realization. The above report includes the comparison of the performance of divisions for current financial year with that of previous year 2008-09 and in specific comparison of LT categories of consumers. In its submission CESU stated to have initiated action on the following for improvement of the rate of realization.
 - a) Steps have been taken for measuring input billing and collection against each section and respective section officer has been held responsible to improve collection per unit of input on reduction of distribution loss. In the process CESU has already completed 50 sections ring fencing. Another 114 sections have been identified for ring fencing which will be ready for measurement by end of December, 2009 and balance by end of March, 2010.
 - b) Consumer mapping with respect to feeder and DTR will be completed soon. But CESU feels that it is a problem to fix up responsibility and accountability feeder wise as many feeder traverse more than one section.

In that case export/import meter need to be installed for accurate measurement.

- c) Division wise performance with respect to per unit realization for all categories as well as LT segment is monitored every month.
 - d) Special disconnection drives at sub-division level are being implemented in some cases against defaulters.
 - e) Meter installations of the consumers are being checked by loss control squads at all sub-division level to reduce T&D loss.
3. CESU stressed the need for timely repair maintenance of lines and substation which is essential for improvement in billing and collection. But this could not be done in time due to shortage of funds. Therefore, CESU urged for timely release of the money by GRIDCO for meeting R&M expenditure, as CESU is regular in paying current BST dues as well as 50% of average monthly obligation towards arrear BST dues. CESU has collected 36 cr. from OTS scheme which has been utilized for payment towards electricity duty, advertisement cost and 40% arrear salary to staff. However, the licensee has committed to release 50% of the above OTS collection to GRIDCO by end of this financial year.
4. Regarding opening of letter of credit CESU has already applied to Escrow agent for opening of LC for an amount of Rs.67 cr. in consultation with GRIDCO.
5. In view of above, CESU requested the Commission to consider the relaxation of Escrow in the following order:

(A) Out of current collection each month

- 1. Current BSP bill in full.
- 2. Current Transmission bill in full.
- 3. Monthly Employees cost as approved in the ARR.
- 4. O & M expenditure as approved in the ARR

(B) Out of the monthly arrear collected and deposited in the Escrow account

- 1. 50% of the arrear collected be adjusted towards monthly proportionate arrear BST dues of GRIDCO as allowed in the ARR of 2009-10.
- 2. Balance 50% towards arrear salary/wages of the employees.

GRIDCO :

6. Shri Mohapatra representing on behalf of GRIDCO stated that, GRIDCO had written a letter to DISCOM for supplying details on arrear collection from consumers during 2009-10. But the information has not reached yet. In absence of such details, it is difficult on the part of the GRIDCO, to comply to the direction of the Commission as spelt out in interim order dtd.05.09.2009. Further, Shri Mohapatra also reiterated the grounds and difficulties faced by GRIDCO as have been highlighted in the review petition filed by GRIDCO. He particularly stressed that with the cost of procuring of power increasing the gap in the books of GRIDCO would increase to Rs.1567 cr. as against Rs.637.69 cr. assessed by the Commission for 2009-10 excluding the repayment liabilities of Rs.245.16 cr. then

estimated which GRIDCO is to discharge during the current year. He, therefore, urged before the Commission that the licensees must make all serious efforts to collect the revenue as fixed by the Commission for 2009-10 and unless they meet the average monthly collection it would be difficult for GRIDCO to release fund from escrow account for the various purposes in order of priority as fixed by the Commission in their letter No.995 dtd.06.05.2009 read with the interim order dtd.05.09.2009.

7. After hearing the parties at length, the Commission observes as follows:

CESU has submitted division wise data in respect of LT consumers. The rate of realization in LT ranges from 52 paise/Kwh in case of CDD-II to Rs.2.74 paise/Kwh in case of BCDD-I. The rate of realization in the following divisions is below 70 paise/Kwh:

- 1) NEDN, 2) CED, 3) AED, 4) SED, 5) KED-III, 6) DDP, 7) JED, 8) DED, 9) TED.

8. CESU should concentrate on Sections where the rate of realization is very poor i.e. below 70 paise per Kwh. Further the licensee should analyse the data Section-wise every month in the following manner and submit to the Commission as and when required for review.

- a) Name of the Section
- b) Person in charge of the section
- c) Period to which information pertains
- d) Energy input in MU
- e) Energy billed in MU
- f) No. of regular consumers
- g) No. of bill generated for regular consumers
- h) No. of bills distributed to the regular consumers
- i) No. of money receipt generated during that month against those consumers billed.
- j) Amount of revenue billed to regular consumers
- k) Amount collected from regular consumers

9. It may be noted that the bulk supply price for GRIDCO has been determined after taking into account the installment of arrear BSP assumed to be paid during 2009-10 i.e. Rs.151.00 cr. by CESU and RS.19.00 cr. by SOUTHCO. Still then there is a gap of Rs.637.69 cr. left excluding the repayment liabilities of Rs.277.79 cr. due for discharge by GRIDCO during 2009-10 (excluding State Govt. loan of Rs.116.3 cr.). With cost of procurement of power increasing under the serious demand supply mismatch situation prevailing during 2009-10, the assessed gap is increasing and as a result, GRIDCO is finding difficulty to arrange loan to procure high cost power for supply to the DISCOMs at the average bulk supply price of 122.20 paise per unit (WESCO 154.00 paise, NESCO 130.00 paise, SOUTHCO 70.0 paise and CESU 101.50 paise per unit) against the average procurement price by GRIDCO at 148.30 paise per unit approved by the Commission. Under this situation the licensees are required to limit the drawal of input within the quantum approved by the Commission for the year 2009-10 and at the same time they must

take all measures to pay the arrear BST approved for payment during 2009-10 along with the defaulted amount for the year 2008-09 i.e. Rs.85.53 cr. (Rs.118.00 – Rs.32.47) by CESU.

10. Commission in Para 12 of the Interim order dated 5.9.2009 had already indicated the priority of apportioning the current revenue collected and deposited in the escrow account in the manner and priority as indicated below and there would be no change in the priority already fixed in the said interim order dated 5.9.2009. The extract of the para 12 of the order is reproduced below:

“12. As an interim measure the Commission directs that until final order in the matter GRIDCO shall release fund to CESU by apportioning the current revenue collected and deposited in the escrow account in the manner and priority as indicated below:

- (i) Current BSP dues in full including current transmission charges.*
- (ii) 50% of the average monthly obligation of the arrear BST approved for payment in 2009-10 to be adjusted.*
- (iii) Employees cost on actual basis for the relevant month or the average current monthly amount at the revised rate specified by the Commission vide letter dtd.06.05.2009, whichever is less is to be released.*
- (iv) Monthly R&M expenditure as specified by the Commission in Lr. dtd. 06.05.2009. The shortfall amount, if any, towards current monthly R&M expenditure from April to August 2009 may also be released by 31.10.2009.*
- (v) The balance amount towards arrear BSP dues approved for payment during 2009-10.”*

11. GRIDCO is directed to release fund in order of priority as indicated above (para-10) and see that the fund required for monthly R&M expenditure is released in time. While the balance amount, if any, for the current year for April to August, 2009 have to be released by GRIDCO by 31.10.2009, the monthly R&M expenditure for the month of September should be released latest by 15.11.2009 and the R&M expenditure for October 2009 onwards should be released by the end of next month. Commission hereby makes it clear that regular releasing of R&M expenditure and timely utilization of the same by the licensee will help in collection of more revenue by ensuring improvement in quality of supply.

12. The apportionment of the arrear electricity dues already collected and to be collected has been dealt in Para 13 of the Interim Order dated 5.9.2009 which is extracted below for ready reference:

“13. Similarly, as an interim measure with regard to the apportionment of arrear revenue collected as indicated in para 9(B) of the Commission’s letter No.995 dtd.06.05.2009, the same is clarified and modified to the extent as indicated hereunder. At a particular point of time the arrear amount collected may be released to meet 40% of the arrear salary worked out upto 31.03.2009 or a part thereof, but this has to be subsequently adjusted to comply with the direction of the Commission for utilizing 50% of the arrear collected to meet the 40% of the arrear salary calculated upto 31.03.2009 or a part thereof and the

balance arrear collected has to be apportioned to meet the balance arrear BST dues of GRIDCO approved for 2009-10 and other BST dues not included in the ARR for the year 2009-10. DISCOM has to step up their concerted efforts to collect the arrear outstanding as on 01.04.2009 during 2009-10 for which monthly target has to be fixed for each division, sub-division and section. It is the arrear collection of revenue outstanding as on 01.04.2009 which will determine the payment of arrear salary/wages worked out upto 31.03.2009 and no part of the current revenue shall be released to meet any part of the arrear salary. For the purpose of ascertaining correctness of the amount of arrear collected, the stipulations and instructions issued in para 9(C) and 9(D) of the letter No.DIR(T)-342/08/995 dtd.06.05.2009 shall be followed.”

The GRIDCO and CESU are therefore directed to scrupulously follow the above priority and stipulations.

13. It is relevant to mention here that while CESU was to pay Rs.118.00 cr. towards arrear BST during 2008-09 as against which CESU has paid Rs.32.47 cr. leaving a balance of Rs.85.53 cr. In order to comply with the order indicated above in para-10 & 12, CESU is, therefore, directed to clear the arrear BST dues approved for the year 2009-10 and defaulted amount of arrear BST dues approved for 2008-09 to GRIDCO before 31.3.2010 without fail. Since in the mean time a part or whole of the arrear electricity dues collected might have been diverted towards payment of 40% of arrear salary worked out up to 31.3.2009 or a part thereof, this has to be recouped at the first instance towards the arrear BST dues approved for the year 2009-10 and defaulted amount of arrear approved for the year 2008-09, if any, by taking extra concerted efforts to step up the arrear collection dues outstanding as on 1.4.2009.
14. It is hereby made clear that the CESU has to step up their efforts to increase the current revenue collection as well as the arrear revenue during the remaining period of 2009-10 so that there is no default in paying the arrear of BST approved for 2009-10 and the defaulted amount approved for 2008-09. Similarly, GRIDCO should take expeditious action to release fund from escrow account as per the stipulations and directions given at Para 10, 11,12 and 13. If CESU or GRIDCO fails to comply with these directions, the CESU/GRIDCO shall be liable to action under Section 142 of the Electricity Act, 2003.
15. With the aforesaid observations/stipulations and directions, the review petition of GRIDCO is accordingly disposed of.

Sd/-
(B.K. Misra)
Member

Sd/-
(K.C. Badu)
Member

Sd/-
(B.K. Das)
Chairperson