



BSP or as may be considered deemed fit to suitably compensate GRIDCO for the huge deficit.

4. In the interim order dtd.28.10.2009, the Commission had allowed 7 days time to the DoE, Govt. of Orissa for filing their written note of submission and the final order was reserved. The Govt. of Orissa has given its reply on.24.02.2010. The reply of the State Govt. is quoted below:

*“That the case may be decided on its own merit, keeping the interest of GRIDCO and consumers in view”*

5. On 30<sup>th</sup> November, 2009, GRIDCO in its BSP and ARR application for the FY 2010-11 had proposed to recover an estimated revenue gap of Rs.1653.23 cr. mainly on account of power purchase cost during 2009-10. The cost of FPA was also factored in this revenue gap.
6. Further, during tariff hearing GRIDCO had raised the FPA issue. The Commission while finalizing the ARR and BSP of GRIDCO for FY 2010-11 has considered the said issue. In this regard para 456 & 466 of ARR & BSP order dtd.20.03.2010 of the Commission are quoted below:

456“ For the FY 2009-10, GRIDCO availed Rs.900 crore of loan to meet the deficit situation in cash flow attributable to procurement of power at a higher cost. Further GRIDCO proposed to avail Rs.1000 crore during balance 2 months of the FY 2009-10. GRIDCO in its supplementary submission dt.12.03.2010 stated that besides discharging the power purchase liability by incurring short-term loan of Rs.900 crore, GRIDCO still defaulted an amount of Rs.441.50 crore to various CGPs, Central Power Generating Stations and others. However, other liabilities like Govt. of Orissa bond, OHPC bond, Pension Trust bond had not been included. Also during FY 2009-10, GRIDCO could not pay the installment amount of principal as well as interest on NTPC bond. To avoid such default, GRIDCO proposes to avail another Rs.1000 crore of short-term loan during FY 2009-10, over and above Rs.900 crore already availed upto January, 2010.

- 457 The Cash flow statement submitted by GRIDCO for the FY 2009-10 (upto January, 2010) was examined. Abstract of the cash flow is depicted in table below:

**Table - 54**

A.		Inflow	Amount (Rs. cr.)
	1.	Revenue from DISCOMs excluding Transmission charges	2025.14
	2.	Revenue from UI charges, trading, ICCL, NALCO	195.67
	3.	Miscellaneous income	116.81
		Total:	2337.62
B.		Outflow	
	1.	Power Purchase Bill	3067.77
	2.	Employees Cost	2.99
	3.	A&G expenses	8.08
	4.	Interest	103.16
	5.	Miscellaneous	6.63
		<b>Total</b>	<b>3188.63</b>
		Gap	(-)851.01
		Add opening cash balance	(-)64.11
		Net cash deficit	(-)915.12

458. In FY 2009-10 of the BSP order (vide Para-444), Commission left a gap of Rs.637.39 crore which along with Rs.245.16 crore towards repayment of principal was added upto Rs.882.55 crore. The Commission had directed to bridge the gap through export earning, UI charges and other revenues. But real deficit position as seen from the cash flow is Rs.915.12 crore (upto January, 2010) without considering repayment of principal approved by the Commission in BSP order 2009-10. Thus, net cash deficit including the principal amount would tentatively be Rs.1160.28 crore by the end of January, 2010, which Commission treats as regulatory asset for the time being which may be revised after audited data are available. This amount will be amortised over a period of six years from now. Keeping the above facts in view, Commission feels it justified to allow the interest impact of Rs.82.31 crore due for the FY 2010-11 on the loan amount of Rs.900 crore proposed by GRIDCO.
459. Regarding the proposed new loan of Rs.1000 crore, Commission will consider to allow interest on the loans actually received upto the end of the FY 2009-10 considering the fact that GRIDCO is yet to discharge liabilities on account of power purchase and debt servicing on NTPC bond. At present, Commission is not sure how much loan GRIDCO is going to avail out of the proposed Rs.1000 crore. Hence, Commission will undertake truing up of power purchase cost at the end of FY 2009-10.
460. After undertaking the truing up exercise, the same will be given effect in the Tariff order of FY 2011-12. However, loans already approved and allowed during 2009-10 shall be adjusted from the actual power purchase cost for the FY 2009-10. Balance amount defaulted by GRIDCO shall be considered as a short-term loan and accordingly, Commission will allow its debt service as a pass through in the revenue requirement for FY 2011-12.

461. With the above observation, interest liability for the FY 2010-11 proposed by GRIDCO and approved by Commission is depicted in the table below :

**Table - 55**

Sl. No.	Particulars	Rate of interest as on 01.11.09	2010-11	
			Interest due for the year as per the revised proposal of GRIDCO	Approval
A. Existing Loan as on 01.4.2009				
1	State Govt. (WLC)	13.00%	15.60	-
2	State Govt. (OPGC Adj.)	10.50%	4.47	-
3	NTPC (Govt. Bonds)	8.50%	140.62	70.31
4	REC-Term Loan	10.61%	-	-
5	Union Bank of India-I	8.25%	-	-
6	Union Bank of India-III	10.00%	4.19	4.19
7	Union Bank of India-IV	11.25%	6.46	6.46
8	Allahabad Bank-I	8.25%	0.18	0.18
9	Allahabad Bank-II	8.25%	1.95	1.95
10	Allahabad Bank-III	8.25%	1.30	1.30
11	Dena Bank-I	8.25%	0.27	0.27
12	Dena Bank-II	8.25%	3.07	3.07
13	Andhra Bank-I	10.50%	1.90	1.90
14	Syndicate Bank	8.25%	1.27	1.27
15	Karnataka Bank	9.75%	0.22	0.22
16	Uco Bank-I (200 cr.)	10.00%	13.06	13.06
17	Uco Bank-II (100 cr.)	10.00%	8.20	8.20
18	OHPC (Rs.50 cr.)	8.50%	-	-
19	Pension Trust Bond	9.00%	7.99	-
20	NTPC (Rs.342.85 cr.)	10.00%	-	-
	Sub Total		210.75	112.38
B. New Loan availed during FY 2009-10 (upto 01.11.2009) to meet the Revenue Deficit				
21	Union Bank of India-V-100 cr.	9.50%	9.50	9.50
22	Union Bank of India-VI-200 cr.	9.50%	17.82	17.82
23	Andhra Bank-II-200 cr.	9.50%	18.45	18.45
24	Canara-I-100 cr.	9.50%	8.66	8.66
25	Canara-II-100 cr.	9.50%	8.98	8.98
26	Kalinga GB-50 cr.	9.50%	4.75	4.75
27	Kaur Vysya Bank-50 cr.	9.50%	4.75	4.75
28	Karnataka Bank-II-100 cr.	9.50%	9.40	9.40
29	New Loan Proposed-1000 cr.	10.00%	100.00	-
	Sub Total		182.31	82.31
C.	Finance & Other Charges			
D.	Grand Total (A+B+C)		393.06	194.69

**Special Appropriation**

462. GRIDCO has proposed special appropriation of Rs.945.22 cr. during FY 2010-11 under the following heads.

- Special Appropriation of repayment of loan upto 31.3.2009 Rs.612.03 cr.
- Repayment of loan liability availed during 2009-10 Rs.99.52 cr.
- Arrear payment of OHPC Rs.161.10 cr.

4.	Arrear payment to OPGC	<u>Rs.72.57 cr.</u>
	<b>Total</b>	<b>Rs.945.22 cr.</b>

463. Regarding item 1 i.e. Special Appropriation of repayment of loan of Rs.612.03 cr., GRIDCO has submitted loan-wise repayment schedule in TRF-3. On scrutiny it is found that GRIDCO has availed new loan of Rs.300 cr. from UCO bank during 2008-09 which Commission did not take into consideration in last tariff order. The repayment liability of the above loan is estimated at Rs.100 cr. (Rs.66.67 cr. + Rs.33.33 cr.) during 2009-10. Commission observes that the above loan was availed by GRIDCO to discharge the power purchase liability. Hence, Commission feels it prudent to allow repayment of principal of Rs.100 cr. towards special appropriation. Except the loan amount of Rs.300 cr. availed during 2008-09 all other loans are old and approved loans. Commission in their securitization order dtd.20.7.2006 had approved the loans and approved the repayment schedule, except loans from state govt. and pension trust bond, the details of which are given in table below.

**Table - 56**

<b>Financial Year</b>	<b>Repayment approved (Rs. cr.) for liquidation of power purchase dues</b>
<i>FY 2005-06</i>	406.25
<i>FY 2006-07</i>	480.12
<i>FY 2007-08</i>	480.62
<i>FY 2008-09</i>	306.55
<i>FY 2009-10</i>	226.73
<i>FY 2010-11</i>	166.39
<i>FY 2011-12</i>	146.82
<i>FY 2012-13</i>	140.85
<i>FY 2013-14</i>	118.29
<i>FY 2014-15</i>	110.29
<i>FY 2015-16</i>	110.26
<b>Total Repayment Amount</b>	<b>2693.17</b>

464. As seen from the above table during FY 2010-11, Commission had approved an amount of Rs.166.39 cr. towards repayment of loan. In line with the orders, Commission allows Rs.166.39 cr. of loan repayment towards special appropriation. To summarise Commission approves Rs.266.39 cr. (Rs.166.39 cr. + Rs.100 cr.) towards special appropriation for the FY 2010-11 as against the proposed amount of Rs.612.03 cr.
465. Regarding repayment of loan liability availed during 2009-10, GRIDCO has projected an amount of Rs.99.52 cr. towards repayment of principal during FY 2010-11. Subsequently the same figure is revised to Rs.126.18 cr. Commission in above paras have stated that the actual receipt of loan during 2009-10 is Rs.900 cr. on which the interest is allowed as a pass through in the revenue requirement. Commission now allows the

*repayment of principal of Rs.99.92 cr. on the loan value of Rs.900 cr. for the year 2010-11. The calculation is given in the table below.*

**Table - 57**

<b>Name of the Bank</b>	<b>Sanctioned Amount</b>	<b>Date of drawal</b>	<b>Moratorium</b>	<b>Repayment term</b>	<b>Monthly instalment</b>	<b>Annual repayment for 10-11</b>
Union Bank	100	01.10.09	6 months	Monthly	N.A.	
Canara Bank	100	01.6.09	1 year	Monthly	2.08	20.80
Union Bank	200	30.6.09	1 year	Monthly	3.33	29.97
Canara Bank	100	01.8.09	1 year	Monthly	1.67	13.36
Andhra Bank	200	01.9.09	1 year	Monthly	3.33	23.31
Kalinga Gramya Bank	50	31.10.09	2 year	Monthly	0.83	4.15
Kaur Vysya Bank	50	20.11.09	2 year	Monthly	0.83	3.32
Karnataka Bank	100	17.12.09	1 year	Monthly	1.67	5.01
<b>Total</b>	<b>900</b>					<b>99.92</b>

466. *Hence, Commission approves Rs.99.92 cr. of principal repayment towards special appropriation for 2010-11 in respect of the loans of Rs.900 crore availed during 2009-10. .”*
7. We observe that the FPA issues as prayed by GRIDCO in this case have adequately taken care of in the ARR and BSP Order of GRIDCO for FY 2010-11. During the course of hearing of this case the representatives of DISCOMs as well as GRIDCO have also expressed the same view. Therefore, the Commission feels that another separate and elaborate order on FPA issue is not required at this stage as the additional burden on GRIDCO arising out of hike in fuel cost during 2009-10 has been appropriately dealt in the ARR and BSP Order of GRIDCO for FY 2010-11.
8. Accordingly, the case is disposed of.

**(B. K. Misra)**  
**Member**

**(K.C. Badu)**  
**Member**