

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

**Present: Shri S. P. Nanda, Chairperson
 Shri B.K. Misra, Member
 Shri S. P. Swain, Member**

Case No. 25/2013

M/s. CESU	-----	Petitioner
	Vrs.	
M/s. GRIDCO & Others	Respondents

In the matter of: An Application u/s.86(1)(b) read with S.62(4) of the Electricity Act,2003 for revision of Bulk Supply Price of GRIDCO vide Order dated 23.03.2012 passed in Case No. 91 of 2011 for the financial year 2012-13.

AND

Case No. 31/2013

WESCO & Others	Petitioners
	Vrs.	
GRIDCO & Others	Respondents

In the matter of: An Application u/S. 86(1)(b) read with 86(1) (f) of the Electricity Act, 2003 for adjustment of surplus revenue of GRIDCO through reduction of Bulk Supply Price (BSP) of the Distribution Licensees for the FY 2012-13

For the petitioner: Shri Sudarsana Nayak, CEO, CESU, Shri S K Harichandan, AGM (Law), CESU in Case No. 25/2013 and Shri A K Bohra, CEO, CSO, Shri G B Swain, GM (Fin.), Shri Debasis Das, CRA, CSO, Shri N Khadanga, DM (RA), CSO, WESCO, NESCO & SOUTHCO in Case No. 31/2013.

For the respondents: Shri P K Pradhan, Director (Com.), GRIDCO and Shri B P Mohapatra, (F&CA), GRIDCO. Nobody is present on behalf of DoE, GoO.

Date of Hearing: 03.05.2013

Date of Order:19.07.2013

ORDER

1. Two petitions have been filed one by CESU and other by Central Service Office (CSO) of WESCO, NESCO & SOUTHCO for revision of Bulk Supply Price of GRIDCO for FY 2012-13 as fixed by the Commission vide Order dtd. 23.03.2012. The petitions were registered as Case Nos. 25 /2013 and 31/2013 respectively. As the matters were similar in both the cases they were heard analogously.
2. The four DISCOMs of the State have prayed before us for reduction of BSP of GRIDCO for the FY 2012-13 due to presumptive higher earnings by it and commensurate passing of benefit of such higher earnings of GRIDCO during that year to the DISCOMs.
3. CESU in its application mentioned that during FY 2012-13 GRIDCO has gained an amount of Rs.459.30 crore through favourable conditions like
 - (i) Benefits accruing from reductions in power purchase cost - Rs.175.06 crore.
 - (ii) Additional revenue earnings from comparatively more energy sales to the CGPs - Rs.50.34 crore
 - (iii) Extra proceeds through UI Operations and Power Trading Rs.233.90 crore for which GRIDCO did not made any efforts of its own to justify its rights to retain such extraneous revenue.
4. CESU, therefore, prayed before the Commission that the benefit of such surplus earnings by GRIDCO may be passed on to the DISCOMs by way of reduction of BSP of about 21 p/u i.e. 240 p/u in place of 261 p/u. Accordingly, CESU has prayed for consequential reduction of their payable to GRIDCO in terms of power purchase dues.
5. DISCOMs such as WESCO, NESCO & SOUTHCO have submitted that as per the available information with them GRIDCO has earned a Book profit of Rs.799.50 crore during financial year 2012-13. They claimed that this book profit could be mainly attributed to earning from UI and trading (Rs.470.18 Cr.), higher revenue from CGP (Rs.73.20 Cr.) and reduction of power purchase cost (Rs.348.17 Cr.). They have requested the Commission to reduce the average BSP for FY 2012-13 (270.74 p/u) by

29.30 p/u so that the surplus revenue would be available to DISCOMs in the interest of the consumers. The above three petitioners have further requested the Commission that GRIDCO may be directed to adjust the reduced BSP amount in the following manner.

- (i) Dues against new loan as ordered vide order dated 29th & 30th March, 2012
- (ii) Current year BSP dues, if any
- (iii) Securitized outstanding

6. The Respondent GRIDCO in its submission stated that the annual accounts for FY 2012-13 has not been prepared in absence of receipt of year-end bills from various generators and additional transmission charges bills (year-end bills) from CTU i.e. PGCIL. Therefore, the figures of profit for FY 2012-13 as mentioned by CESU as well as Reliance managed DISCOMs are not to be taken cognizance of, when GRIDCO itself is not certain regarding its financial position for FY 2012-13. Besides, the DISCOMs are not only defaulting in payment of outstanding dues but also have failed to clear the current BSP bill of GRIDCO. As a result, due to deficit cash flow GRIDCO finds it difficult to honour the power purchase bills of Generator.
7. GRIDCO, therefore, prayed the Commission to dismiss such petition of DISCOMs and direct the DISCOMs to improve their operational efficiency and simultaneously ask DISCOMs to pursue prudent financial practice whereby they will be in a position to run their business in a viable manner and consequently be able to pay the dues of GRIDCO as per the approved BSP being determined annually by the Commission.
8. The Govt. of Odisha, Deptt. of Energy have filed their written note of submission. As mentioned by GoO, the reduction in the BSP for the FY 2012-13 will put serious strain on the finances of GRIDCO which will reduce its credibility to borrow more fund from the market. Therefore, the GoO submitted that the Commission should reject the application of the petitioner and pass order directing DISCOMs to improve their operational efficiency, so that they can pay the dues of GRIDCO in time. GRIDCO has also submitted the provisional account for the FY 2012-13 on 05.07.2013.
9. Heard the parties at length and perused the written note of submission of all the Parties.

10. The provisional accounts of GRIDCO filed for the FY 2012-13 was also scrutinized. It was revealed from the provisional account that GRIDCO posted a loss of Rs.37.88 crore during the FY 2012-13. While approving the ARR and BSP for the FY 2012-13, the Commission left a negative revenue gap of Rs.700.58 crore in the account of GRIDCO. The Commission in Para 514 of the BSP Order for FY 2012-13 had directed as follows:

“514. From the above table, it is found that GRIDCO after meeting all expenses would still be left with a negative gap of Rs.700.58 crore. The Commission expects that the same gap shall be bridged through export earning, UI charges and recovery of arrears from DISCOMs over and above their current BSP dues. xxxxxxxx”

Now, it is found from provisional account of GRIDCO that against approved negative revenue gap of Rs.700.58 Cr. the actual negative gap is Rs.37.88 crore. Although GRIDCO managed to reduce the negative gap by Rs.662.70 crore (700.58 – 37.88), but such reduction could not help GRIDCO to wipe out the loss for FY 2012-13 completely. Moreover, the Commission recognized a negative revenue gap of Rs.3061.94 crore by the end of 2011-12 as per the truing up exercise undertaken on the basis of Audited Accounts of GRIDCO submitted upto the year 2011-12 (Para 184 to 188 of BSP Order dated 20.03.2013). Considering the negative gap of Rs.37.88 crore for the FY 2012-13 the cumulative negative gap as on 31.03.2013 would be Rs.3099.82 crore. From the above analysis we come to the conclusion that the additional earning of GRIDCO has not been able to make up negative revenue gap of GRIDCO fully as approved by the Commission for that year. The unmet revenue gap has only added up to the cumulative losses of GRIDCO, resulting higher finance cost in form of loan repayment and interest payment in the ARR & Tariff of the next year.

11. Therefore, at this juncture, the claims of the Petitioners for retrospective revision of their respective BSP for FY 2012-13 are not sustainable and hence, we are not inclined to accept it.
12. The cases are disposed of accordingly.

Sd/-
(S. P. Swain)
Member

Sd/-
(B. K. Misra)
Member

Sd/-
(S. P. Nanda)
Chairperson