

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

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

Case No. 84/2013

Date of Hearing : 03.02.2014

Date of Order : 22.03.2014

IN THE MATTER OF : An application for approval of Annual Revenue Requirement and determination of Bulk Supply Price of GRIDCO under Section 86(1)(b) and other applicable provisions of the Electricity Act, 2003 read with OERC (Conduct of Business) Regulations, 2004 for the year 2014-15.

ORDER

The Commission is authorized under Section 86 (1) (b) of the Electricity Act, 2003 to regulate electricity purchase and procurement process of Distribution Licensees including the price at which electricity shall be procured from the Generating Companies or Licensees or from other sources through agreements for purchase of power for distribution and supply within the State. In Odisha the DISCOMs are under obligation to purchase power solely from GRIDCO under respective bulk supply agreement. Therefore, the Commission has taken the filing of GRIDCO into consideration even though GRIDCO as a “Deemed Trading Licensee” under the 5th Proviso to Section 14 of the Electricity Act, 2003 is outside the purview of Section 62 of the said Act. The power to regulate the price of procurement also enables the Commission to fix a regulated price for procurement of power by DISCOMs under the existing Bulk Supply Agreement with GRIDCO. Since the regulated price shall be determined with reference to ARR of GRIDCO, therefore, it is called upon to file its ARR for ensuing financial year i.e. 2014-15. After meeting the obligation to the DISCOMs of the State, GRIDCO may supply surplus power to any other purchaser for which the price determined in this order for bulk supply to DISCOMs would not apply.

PROCEDURAL MATTERS (Para 1 to 6)

1. The Commission directed GRIDCO to publish its ARR application in the approved format in the leading and widely circulated daily newspapers one in Odia and one in English and the matter was also posted on the Commission’s website (www.orierc.org) in order to invite objections from the intending objectors. Accordingly, GRIDCO had published the gist of the application in daily newspapers and had also put the matter in their official website. The Commission directed GRIDCO to file its rejoinders to the objections filed by the various objectors before the Commission and also to serve a copy on the respective objector.

2. In response to the aforesaid public notice in respect of the ARR and BSP application of GRIDCO for FY 2014-15, the Commission has received 11 nos. of objections/ suggestions from the following persons/ associations/ institutions/ licensees:
 (1) Shri G.N. Agrawal, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur; (2) Shri Manoj Rastogi, M/s. Jindal India Thermal Power Limited, Plot No. B/6, Palashpalli, Bhubaneswar; (3) Shri Ramesh Chandra Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar; (4) The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar; (5) M/s Ferro Alloys Corporation Ltd. (FACOR), GD-2/10, Chandrasekharpur, Bhubaneswar; (6) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen.), OSEB, Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar; (7) M/s Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012; (8) Shri Alekh Chandra Mallick, VR-13, Unit-6, Bhubaneswar; (9) Shri Sidhartha Kumar Panda, Secretary, CCPPO, 47, Madhusudan Nagar, Bhubaneswar; (10) Shri Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartments, Telenga Bazar, Cuttack; (11) Shri A.K. Bohra, Chief Executive Officer (Comm.), CSO (NESCO, WESCO, SOUTHCO), Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar. The applicant- GRIDCO has submitted its reply to issues raised by the various objectors.
3. The Commission had appointed World Institute of Sustainable Energy (WISE), Pune, as Consumer Counsel under Section 94 (3) of the Electricity Act,2003 for objective analysis of the licensee's Annual Revenue Requirement and Bulk Supply Price proposal for FY 2014-15. The Consumer Counsel has also presented its views on the matter during the hearing.
4. The date for public hearing was fixed by the Commission on 03.02.2014 and it was duly notified in the leading newspapers mentioning the names of the objectors, time and place of hearing. The Commission also issued notices to the Department of Energy, Government of Odisha informing them about the date, time and place of hearing and requesting them to send its authorized representative to take part in the proceeding.
5. Accordingly, the public hearing was conducted on 03.02.2014 as a part of consultative process in the Commission's office at Bhubaneswar. During the hearing the Commission heard the Applicant, Objectors, Consumer Counsel and the Representative of Dept. of Energy, Govt. of Odisha at length.
 (1) Shri G.N. Agrawal, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur; (2) Shri Manoj Rastogi, M/s. Jindal India Thermal Limited, Plot No.B/6, Palashpalli, Bhubaneswar; (3) Shri Ramesh Chandra Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar; (4) Shri M.V.Rao on behalf of The Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar and also on behalf of objector No.(5) M/s. Ferro Alloys Corporation Limited (FACOR),GD-2/10, Chandrasekharpur, Bhubaneswar; (6) M/s. Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack; (7) Shri Alekh Chandra Mallick, VR-13, Unit-VI, Bhubaneswar; (8) Shri A.K. Bohra, Chief Executive Officer (Comm), CSO (NESCO, WESCO, SOUTHCO), Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar. Nobody was present on behalf of Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB), Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar, M/s.CCPPO, 47, Madhusudan Nagar, Bhubaneswar-751001 and Shri

Prasanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartments, Telenga Bazar, Cuttack, but their written objections /suggestions filed in the above case have been taken in to consideration by the Commission. On behalf of the Applicant GRIDCO, Shri Hemant Sharma, IAS, CMD, Shri B. P. Mohapatra, Director (Finance), & Shri P. K. Pradhan, Director (Commerce) were present.

6. The Commission convened the State Advisory Committee (SAC) meeting on 15.02.2014 at 3:30 PM at its premises to discuss about the ARR & Tariff Applications of the generators and licensees. The Members of the SAC, Special Invitees, the Representative of Department of Energy, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

PROPOSAL OF GRIDCO ON ARR & BULK SUPPLY PRICE (BSP) FOR THE FY 2014-15 (Para 7 to 22)

7. According to the applicant GRIDCO Limited (hereinafter called as GRIDCO) is a Deemed Trading Licensee under the 5th Proviso to Section 14 of the Electricity Act, 2003 and carries out the business of Bulk Supply of electricity to the four Electricity Supply Companies (hereinafter called DISCOMs) by utilizing the transmission network of OPTCL, the State Transmission Utility & CTU / others. GRIDCO continues to procure power from various generators located inside Odisha and the state share from central generators for supply the same to the DISCOMs. GRIDCO also supplies emergency power to Captive Generating Plants (CGPs) and trades the surplus power available, if any, from time to time. Under the existing Bulk Supply Agreements between the DISCOMs and GRIDCO, the DISCOMs are to purchase power from GRIDCO at a regulated price to be determined by the Commission. This Price incidentally happens to be the Bulk Supply Price at which GRIDCO supplies power to the DISCOMs. Thus, as a statutory requirement, GRIDCO is required to submit its Annual Revenue Requirement (ARR) before OERC for determination of the procurement price of the DISCOMs. Further, as provided in the OERC (Conduct of Business) Regulations, 2004, OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 as amended from time to time and other related Regulations and as per Section 86 (1) (a) & (b) and other applicable provisions of the Electricity Act, 2003, GRIDCO is required to submit its Annual Revenue Requirement (ARR) and Bulk Supply Price (BSP) proposal to the Commission for approval which they have complied.

Projection of Demand and Energy

8. The Simultaneous Maximum Demand (SMD) of DISCOMs for the FY 2014-15 has been projected at 4132.6341 MVA per month and energy requirement has been projected as 27145.84 MU for consumption of DISCOMs for FY 2014-15. GRIDCO has also projected emergency power drawl by CGPs (NALCO & IMFA) as 10 MU for the same period.

Power Procurement Projected by GRIDCO

9. The proposed energy available to GRIDCO is 28213.86 MU and no shortfall in requirement is anticipated.

Table – 1
Demand and Energy Projection for FY 2014-15

| ITEMS | Projection for FY 2014-15 |
|--|---------------------------|
| SMD for DISCOMs (MVA per month) | 4132.6341 |
| Energy Demand of DISCOMs (MU) | 27145.84 |
| Emergency Power to CGPs (MU) | 10.00 |
| Transmission Loss @ 3.75% in OPTCL system (MU) | 1058.02 |
| Total Energy Required to be Purchased (MU) | 28213.86 |
| Total Energy Availability (MU) | 28213.86 |
| Shortfall of power | 0.00 |

Power Purchase Cost Projected for 2014-15

10. The detailed cost of power purchase as furnished by GRIDCO for FY 2014-15 is reproduced hereunder in Table below.

Table – 2
Summary of Proposed Power Procurement Cost during FY 2014-15

| Stations | Availability (After Transformation Loss and Auxiliary Consumption deduction) (MU) | Rate (P/U) | Total Cost (Rs. Crore) | Approved rate for FY 2013-14 (P/U) |
|--------------------------|---|---------------|------------------------|------------------------------------|
| HHEP | 660.56 | 96.32 | 63.63 | |
| CHEP | 303.93 | 85.30 | 25.93 | |
| Rengali | 597.96 | 69.51 | 41.56 | |
| Upper Kolab | 823.68 | 36.78 | 30.30 | |
| Balimela | 1174.14 | 72.40 | 85.01 | |
| OHPC(Old) | 3560.27 | 69.21 | 246.42 | 65.62 |
| Indravati | 1941.39 | 81.92 | 159.04 | 80.52 |
| Sub-Total OHPC | 5501.66 | 73.70 | 405.46 | 70.77 |
| Machhkund | 262.50 | 41.49 | 10.89 | 30.78 |
| Total State Hydro | 5764.16 | 72.23 | 416.35 | 68.98 |
| OPGC | 2638.77 | 225.04 | 593.83 | 200.17 |
| TTPS | 3105.65 | 268.19 | 832.90 | 193.19 |
| Small Hydro | 300.00 | 368.00 | 110.40 | 368.00 |
| Biomass Energy | 0.00 | 0.00 | 0.00 | 516.00 |
| Solar Energy | 105.00 | 914.00 | 95.97 | 1060.45 |
| CGPs | 475.63 | 275.00 | 130.80 | 275 |
| Co-generation Plants | 1500.00 | 275.00 | 412.50 | 275 |
| IPPs | 6571.55 | 270.53 | 1777.78 | 274.22 |
| Total State | 20460.76 | 213.61 | 4370.53 | 179.52 |
| TSTPS Stg.-I | 2,168.64 | 324.83 | 704.43 | 286.09 |
| TSTPS Stg.-II | 1,345.62 | 324.44 | 436.58 | 281.11 |
| FSTPS- I & II | 1,485.50 | 525.52 | 780.67 | 416.08 |
| FSTPS- III | 772.05 | 609.36 | 470.46 | 490.13 |
| KhSTPS Stg.-I | 850.37 | 464.16 | 394.71 | 380.87 |
| KhSTPS Stg.-II | 217.92 | 480.22 | 104.65 | 391.07 |

| Stations | Availability (After Transformation Loss and Auxiliary Consumption deduction) (MU) | Rate (P/U) | Total Cost (Rs. Crore) | Approved rate for FY 2013-14 (P/U) |
|----------------------------------|---|---------------|------------------------|------------------------------------|
| Total Central Thermal | 6840.10 | 422.73 | 2891.49 | 349.49 |
| Chukha | 263.00 | 195.67 | 51.46 | 187.71 |
| TALA | 139.00 | 239.69 | 33.32 | 231.90 |
| Teesta – V | 511.00 | 263.99 | 134.90 | 249.26 |
| Total Central Hydro | 913.00 | 240.61 | 219.68 | 228.63 |
| Total EREB | 7753.10 | 401.28 | 3111.17 | 334.92 |
| Total Availability | 28213.86 | 265.18 | 7481.70 | 229.01 |
| Purchase of non-solar REC | | 330 | 68.59 | |
| Total Procurement Cost | 28213.86 | 267.61 | 7550.29 | |

Pass through of arrear dues paid / to be paid during FY 2013-14

- GRIDCO proposes to consider pass through of expenses, already incurred or to be incurred till FY 2013-14, in the ARR for the FY 2014-15. This expenses amount to Rs.428.524 crore consisting of one-fifth of total arrear estimation of NTPC-TTPS till FY 2013-14 as per its filing before the CERC (Rs.123.474 crore), arrear estimation of NTPC-ER's thermal power stations for the period October 2012 to Sept 2013 (Rs.113.558 crore), arrear POC charges in respect of PGCIL (Rs.164.97 crore), and arrear salary revision charges towards Teesta-V (Rs.26.52 crore).

Special Appropriation of repayment of principal for FY 2014-15

- GRIDCO has proposed a sum of Rs.887.77 crore on account of repayment of principal of bank loans to be recovered through tariff of the FY 2014-15. GRIDCO proposes deferment of repayment of Govt. dues of Rs.1272.91 crore also.

Interest, Financing & Other expenses

- GRIDCO has proposed to recover Rs.501 crore during the FY 2014-15 towards interest on loans and financial charges, employee cost, A&G cost, R&M cost and depreciation.

Table – 3
Interest, Financing & Other expenses for FY 2014-15 (Rs. Crore)

| Particulars | Amount |
|--|---------------|
| 1. Interest & Financial Charges | 486.70 |
| 2. Other Costs: | |
| a. Employee Cost | 5.95 |
| b. A&G Cost (including ERLDC charges) | 7.79 |
| c. Repair & Maintenance Cost | 0.30 |
| Sub-Total - Other Costs | 14.04 |
| 3. Depreciation | 0.26 |
| Total (1+2+3) | 501.00 |

Return on Equity

- GRIDCO has proposed RoE of Rs.92 crore @ 16.00 % on its equity capital of Rs. 576.71 crore.

Other Income / Miscellaneous Receipts

15. GRIDCO expects to earn an amount of Rs. 6.70 crore (at existing approved tariff) from proposed sale of 10 MU emergency power to NALCO and IMFA.

Receivable from DISCOMs and other parties

16. DISCOMs have defaulted in payment of Rs.1485.64 crore towards securitized dues, Rs.625.17 crore towards Year-end-Adjustment (YEA) Bills and Rs. 880.61 crore towards BSP bills of FY 2011-12 and FY 2012-13. Further, Rs.198.45 crore towards NTPC Bonds is due from DISCOMs.

Annual Revenue Requirement

17. The proposal for Annual Revenue Requirement of GRIDCO for FY 2014-15 is summarised in the Table below.

Table - 4
Annual Revenue Requirement of GRIDCO for FY 2014-15
(Rs. Crore)

| | Item | OERC approval for 2013-14 | GRIDCO's Proposal for 2014-15 |
|----|---|--------------------------------------|--------------------------------------|
| a) | Power Purchase Cost | 5509.51 (including ERLDC charges) | 7550.29 (excluding ERLDC charges) |
| b) | Pass through expenses and Special Appropriation | 166.33 | 1316.29 |
| c) | Interest, Financing and other expenses | 503.01 | 501.00 |
| d) | Return on Equity | - | 92.00 |
| e) | Revenue Requirement (a+b+c+d) | 6178.85 | 9459.58 |
| f) | (-) Misc. Receipts | 67.00 | 6.70 |
| g) | Net Revenue Requirement (e-f) | 6111.85 | 9452.88 |

Proposed Revenue Earning at Existing BSP Rates

18. GRIDCO proposes to earn revenue of Rs 7200.84 crore during FY 2014-15 from the anticipated sale of 27145.84 MU to DISCOMs at the existing BSP rates for 2013-14, the details of which is given in Table below.

Table – 5
Expected Revenue for FY 2014-15 with anticipated sale to DISCOMs at Existing BSP Rates

| | Energy (MU) | Existing BSP Rate (P/U) | Amount (Rs. Cr.) |
|--------------|-----------------|-------------------------|------------------|
| CESU | 9100.39 | 259 | 2357.00 |
| NESCO | 7080.45 | 290 | 2053.33 |
| WESCO | 7165.00 | 294 | 2106.51 |
| SOUTHCO | 3800.00 | 180 | 684.00 |
| TOTAL | 27145.84 | 265 | 7200.84 |

Excess / Deficit in the ARR for FY 2014-15

19. GRIDCO has proposed that it would suffer revenue deficit of Rs.2252.04 crore considering the proposed ARR and the revenue to be earned from sale of the proposed

energy of 27145.84 MU to DISCOMs during FY 2014-15 at the existing BSP Rate for FY 2013-14, the details of which are shown in the Table below.

Table - 6
Excess / Deficit on Revenue Requirement for FY 2014-15
(Rs. Crore)

| | Item | GRIDCO's Proposal for 2014-15 |
|----|--|--------------------------------------|
| a) | Total Revenue Requirement | 9459.58 |
| b) | Less: Misc. Receipts | 6.70 |
| c) | Net Revenue Requirement | 9452.88 |
| d) | Revenue Receipt from DISCOMs (at existing BSP) | 7200.84 |
| e) | Excess(+) or Deficit(-) | -2252.04 |

Summary of Tariff Filing for FY 2014-15

20. GRIDCO has prayed the Commission to approve the following for FY 2014-15 and make the same effective from 1st April, 2014.
- i) Energy charges from DISCOMs to recover net revenue requirement of Rs.9452.88 crore.
 - ii) Demand charges @ Rs.200 /KVA/month, when actual SMD exceeds the permitted monthly SMD.
 - iii) Charges for over drawl of energy at a cost of highest OERC approved power purchase rate fixed for a station for FY 2014-15 to be recovered on monthly basis subject to final adjustment at the end of the year.
 - iv) Any excess payment made by GRIDCO towards FPA for a particular / relevant month will be levied on DISCOMs in the succeeding month in proportion to their actual drawl during the preceding month along with the BSP bills if the Fuel Surcharge Price of the particular month paid by GRIDCO exceeds by more than 5% of the approved Average Bulk Supply Price subject to maximum of 25% of the approved Average Bulk Supply Price.
 - v) Rebate @2% if payment is made in full within two working days and @1% if the payment is made within thirty days of serving of the bills on DISCOMs. No rebate will be allowed for part payment of the bills as well as on non clearance of outstanding bills.
 - vi) Delayed Payment Surcharge @1.25% per month for the period of delay beyond 30 days from date of submission of bills.
 - vii) The Electricity Duty levied by the Government of Odisha and any other Statutory levy/ Duty/ Tax/ Cess / Toll etc. imposed under any law from time to time shall be charged over and above the Bulk Supply Price.
 - viii) To consider the earlier Intra State ABT as a Mock Exercise without any financial impact on the Stakeholders because of the imperfections / difficulties experienced by GRIDCO and accordingly, consider to freeze the implementation of Intra State ABT till full preparedness to implement the same are in place.

21. During the hearing, the Licensee was allowed at the outset to give a power point presentation regarding its ARR and BSP application for the FY 2014-15. World Institute of Sustainable Energy (WISE), Pune appointed as consumer counsel put up certain queries and objections regarding ARR and BSP filing of GRIDCO. The objectors also made comments/observations regarding the submission of the licensee.
22. The Commission has considered all the issues raised by the participants in their written as well as oral submissions during the public hearing. Some of the objections were found to be of general nature whereas others were specific to the proposed Revenue Requirement and Tariff filing for the financial year 2014-15. Based on their nature and type, these objections have been categorized broadly as indicated below.

VIEWS OF THE CONSUMER COUNSEL AND OBJECTORS ON THE BULK SUPPLY PRICE PROPOSAL FOR FY 2014-15 (Para 23 to 92)

Consumer Counsel

23. Design of BSP for DISCOMs has direct impact on consumer tariff; therefore, the Commission may consider the observations of Consumer Counsel related to GRIDCO ARR on following points: energy availability from all sources may be reviewed, review of fixed charges and FPA in case of TTPS, review of cost components of OPGC, review of energy charges in case of Central thermal stations, review of transmission loss and transmission charges in case of Central sector projects, power procurement rates for CGPs, Co-generation plants and IPPs may be reviewed, review of pass through and special appropriation, principal repayment of loans may be verified, interest on proposed new loan shall not be pass through in the ARR, employee cost, R&M cost, A&G cost and RoE may be reviewed, and trading income of GRIDCO may be reviewed.

Views of Objectors

Legal Issues:

24. Since GRIDCO is a deemed trading licensee under 5th Proviso to Section 14 of the Electricity Act, 2003 it is entitled to trading margin of 4 Paise/Unit only. Therefore, GRIDCO seeking approval of its ARR is not maintainable in its present form.
25. The DISCOMs in Odisha are deprived of many available central grants and benefits. If GRIDCO is declared as a deemed DISCOM, then it can both trade and distribute. A Govt. owned Distribution Company can get Central assistance.
26. As GRIDCO has not adhered to the Load Regulation Protocol during shortage of power and has followed Govt. direction to procure costly power, therefore, financial losses arising out of it should not be passed on to the consumers.

Availability from Generating Stations

27. Power availability from OHPC may be considered on design energy. But based on actual performance for number of years with additional capacities built up, State hydro availability including Machhkund would be more than the design energy. It may reach about 7612 MU. GRIDCO should take up the matter with OHPC for more production of hydro power in the State.
28. Projections made by GRIDCO for availability from state thermal power plants are on a conservative basis and taking into consideration the past trends in performance, the plant availability will increase.

29. OPGC should furnish the reasons for sudden drop in PLF from a maximum of 90% to 79.25%. GRIDCO should take up the matter with Odisha Power Generating Corporation (OPGC) for the details of their past production, present and future plan with ground reality. The licensees submit that PLF for OPGC and TTPS may be considered at 90% for FY 2014-15 and the estimated drawal would be 2997 MU and 3265 MU respectively.
30. GRIDCO has to clarify whether co-generation units are agreeable that they will supply the quantum of power as projected by GRIDCO and whether GRIDCO has obtained written commitment.
31. GRIDCO may be advised to procure maximum power available from the Captive Power Plants in the State and then avail the allocation of the Central Power Stations in the merit order to meet the power requirement of the State Consumers.
32. Considering maximum PLFs attained by the Central Sector Thermal Stations in the first part of the current year, the CGS stations will achieve average PLF of 90% in the ensuring year FY 2014-15. The energy available from CGSs (thermal) would be 7453 MU.
33. GRIDCO has to clarify whether it has availed any power from NVVNL. If not, when GRIDCO is planning to avail supply from NVVNL.
34. GRIDCO may not avail power from ACME in FY 2014-15 and therefore GRIDCO has to clarify the status of ACME SPV power plant and its schedule date of commissioning.
35. None of the DISCOMs are abiding by the distribution losses fixed by the Commission from time to time resulting in more power procurement cost, which is a major component in BSP. Hence, the Commission may scrutinize the projections given by GRIDCO regarding power availability from generating stations.
36. The licensees do not agree with the projected energy availability of 28213 MU as proposed by GRIDCO and estimated that the total availability of power would be 32216 MU during FY 2014-15. Energy demand projections made by GRIDCO are not as per the aggregate of the energy demand projections made by DISCOMS. Therefore 6149 MU would be surplus energy available with GRIDCO.

Power Procurement Cost

37. OHPC in their ARR application stated that they could not able to generate more power as per GRIDCO prediction and projects higher rates than previous year. GRIDCO has to explain actual rate for OHPC power.
38. The DISCOMs proposed the average tariff as 43.31 P/U For OHPC.
39. The rate of high cost power purchased during the peak period in last five years should not be included in the tariff.
40. The Commission may scrutinize the power cost projected by the state generating stations and allow the procurement from central power stations on merit order to meet the power requirement of the state. The Commission may direct GRIDCO to purchase power from Independent and Captive Generating Plants in the state and cheap power available from power exchange under open access as far as possible instead of procuring costlier power from central sector.

41. The procurement of costly power during the FY 2008-09, 2009-10, 2010-11, 2011-12 and during 2013-14 was unwarranted and had no approval of the Commission. In spite of its precarious financial position, GRIDCO is procuring costly power. Any excess expenditure incurred by GRIDCO for procuring costly power is not to be reimbursed.
42. The Commission may disallow all additional costs being projected by GRIDCO, due to purchase of costly power and also for not collecting the arrear dues from DISCOMs.

OPGC

43. GRIDCO's projected rate for OPGC is not accepted as OPGC has not submitted their ARR before Commission.
44. The cost of power from OPGC is lowest among all thermal power. GRIDCO rather maximize availability from OPGC to 100%, so that even if OPGC increases its generation with imported coal / e-auction coal, the cost will still be much cheaper.
45. The fixed cost element ought to reduce in each subsequent year due to repayment of principal loan which would offset any increase in O&M expenses in each year. The licensees submit that the truing up exercise is essential to find out the actual fixed cost paid by GRIDCO to OPGC in comparison to the fixed cost allowed in the ARR of GRIDCO in each year. The Licensees submit that the fixed cost of OPGC may be estimated for FY 2014-15 separately and that 8% escalation on O&M expenses ought to be made on the audited O&M expenses.

TTPS

46. The Licensees do not agree with the submissions made by GRIDCO estimating the AFC of Rs.378.9 crore in respect of TTPS for the FY 2014-15. AFC as fixed by CERC should be considered. The FPA has been assumed as 10% escalation over the average FPA for April – Sept 2013. The UI charge component is on higher side and needs to be revised.

CGSs

47. Power available from unallocated pool is costly and should be avoided.
48. Contrary to the FSA and GoI principle of pooling coal cost, NTPC is billing energy at a pooling rate incorporating imported and e-auction coal, which GRIDCO should have objected. If NTPC wants to maximize generation through imported / e-auction coal beyond the target of 85%, it may do so, if entities are willing to buy the same and willing to pay the incentive. Entities not willing to buy such power should not be forced to do so. GRIDCO may take up with NTPC, CEA, MoP for the same.
49. The DISCOMs submit that the CERC orders to the extent that they are final ought to be considered for arriving at the fixed costs. The Licensees submit that energy charge rate may be determined on the basis of 10% escalation on the average ECR in the period from April 2013 to Sept 2013.

PGCIL Charges

50. Revenue earned from additional medium term and short term open access is much higher and should be taken into consideration while approving the PGCIL charges.

Captive, IPP and Renewable Purchase cost

51. Some of the objectors wanted more power to be purchased from CGPs as it is cheaper than NTPC power and also no PGCIL transmission charge is payable on such purchase. They also wanted upward revision of CGP tariff considering the increase in cost of fuel and also wanted early settlement of their bills by GRIDCO.
52. In order to maximize power purchase from cheaper source, objectors wanted power to be purchased from Jindal India Thermal Power Ltd. (JITPL) where two units (2x600 MW) are likely to be commissioned during the FY 2014-15. Since cost of State quota of power is at variable cost of Rs.1.75/ KWh. This power should be preferred to NTPC power.
53. The dispute relating to biomass power project where fossil fuel is alleged to have been used more than the permissible limit should be resolved as early as possible.
54. Biomass power meeting RPO obligation can be sourced along with thermal at CGP rate, which is cheaper, is definitely a rational approach to resolving the RPO shortage.
55. Because of its failure to meet the obligation with regard to power purchase from renewable and co-generation sources, GRIDCO may have to purchase REC amounting to Rs.611 cr which has to be accounted for in the ARR.
56. The DISCOMs have pointed out that while in the RST order supply of emergency power to CGP is accounted for in the revenue of DISCOMs, exception is made in case of sale of power to IMFA and NALCO which goes directly to the revenue of GRIDCO. In all fairness this should be accounted for in the revenue of DISCOMs.

Interest on Long Term Liabilities

57. Interest on Govt. loan should not be included in the BSP.
58. The DISCOMs does not agree with the submissions made by GRIDCO on interest cost of Rs.486.7 crore and estimates the interest cost of GRIDCO to the tune of Rs.456.563 crore on the basis of following assumptions.
 - GRIDCO has proposed a loan amount of Rs.1708.94 crore during FY 2012-14, which is fully not yet availed; this may be considered after the receipt of the same.
 - Zero percent interest on Govt Loan.
 - Govt to consider the waiver of the guarantee commission to GRIDCO for Rs 10.18 crore.
59. The Commission may consider the interest on new loan account as approved by the Commission through the order dated 29-30.03.2012 in case no 107 of 2011 through income in the ARR of GRIDCO and payable by DISCOMs only in FY 2013-14 onwards. The Commission may direct GRIDCO to adhere to the order for adjustment of arrear Govt. dues of Rs 147 cr as agreed by Govt against adjustment of new loan and also direct GRIDCO to release assets of value Rs 250 cr. GRIDCO should show the outstanding of Rs 308 cr as new loan at 31.03.2012 in their books of account.

Employee Cost

60. Some of the objectors wanted that because of acute shortage of manpower, GRIDCO should recruit more qualified people and the employee cost of Rs.6.00 cr. as proposed by GRIDCO in its ARR should be approved.

A&G Expenses

61. GRIDCO has to justify that why it has always crossed the approved A&G expenses without obtaining necessary consent from the Commission. Average increase in A&G expenses is around 2% in past year; hence the Commission may allow 2% increase and approve Rs 4 crore as A&G expenses against the proposal of Rs. 7.79 crore.

Depreciation

62. The Commission may allow Rs 0.20 crore as depreciation as proposed by GRIDCO.

R&M Expenses

63. Average increase of R&M expenses in past year is around 3-5%. The Commission may allow only 5% increase over the last year approval and approve Rs 0.2 crore.

Special Appropriation

64. DISCOMs submitted that the claim of GRIDCO to allow repayment of the principal amount of loan should not be allowed in its ARR.

Past Losses and Pass Through Expenses

65. One of the objectors opposes the proposal of the GRIDCO to consider pass losses while approving its ARR.
66. Arrear payment to NTPC in respect of TTPS should not be allowed as the petition before CERC is pending. The arrear charges for other stations of NTPC require clarification and scrutiny and hence the same should be disallowed.
67. GRIDCO has claimed arrear PoC charges to be paid to PGCIL as per interim direction from the Hon'ble Delhi High Court. Such recovery at one go will lead to an increase in BSP. An attempt may be made by GRIDCO in view of the said order of the Hon'ble Delhi High Court to negotiate for a staggered payment of arrears spread over 5 years.

Return on Equity

68. RoE as proposed may be allowed as this will help long term financial health of GRIDCO.
69. The DISCOMs submit that the ATE has upheld the view of OERC that GRIDCO is not entitled to any return on equity. The order of ATE may be continued.

Trading income

70. GRIDCO should produce year wise status report of power trading to outside of the state since 2008-09 till date.
71. GRIDCO could not manage to trade the available surplus power. Trading of power is a special area of expertise which is lacking at present.
72. One more entity for carrying out trading of power through inter-state trading license may be carried out by GEDCOL. It can handle suitably the surplus available but not able to be traded by GRIDCO.

Revenue Gap and BSP

73. Any increase in BSP will have direct bearing on RST and in the past the burden of BST increase was loaded on HT and EHT consumers availing load factor incentive tariffs and also on LT industry consumers.
74. The Commission has considered substantial increase in BSP in the previous years allowing the claims of GRIDCO ignoring the objections of the consumers.
75. The proposal of 31.32% increase in BSP for FY 2014-15 deserves rejection.
76. Once the approach of the Commission on the issue of AT&C loss is modified in line with ATE directives and GoI FRP scheme as well as Kanungo report etc, the requisite revenue from DISCOMs would be available for GRIDCO.

Over Drawl Charge and Year End Adjustment

77. Under intra-state ABT mechanism, the over drawal charges over the schedule drawal is already taken care in UI mechanism. Hence neither over drawal demand charge nor energy charge is payable in intra-state ABT mode.
78. As per the Commission's order, any deviation from the scheduled energy will be charged as per the prevailing UI mechanism. GRIDCO in gross violation of the order, is serving two additional bills besides the BSP bill wherein over drawl is calculated both on the basis of the prevailing BSP rate as well as the UI rate. The additional power cost incurred by GRIDCO is allowed in the yearly truing up exercise, therefore, there is no need of double recovery of the charges from DISCOMs, hence the bills raised by GRIDCO for overdrawl may be withdrawn.

Rebate

79. A rebate of 2% may be allowed to the Licensees for prompt payment of BSP bills within three working days excluding Sundays and Holidays as per Negotiable Instrument Act from the date of presentation of the BSP bill.

Escrow mechanism and surcharge

80. DISCOMs have filed petition to allow DISCOMs to draw the monthly employee cost from escrow account pari pasu with current dues etc. DISCOMs prayed that the Commission may please to modify the priority in escrow utilization so that the requirement of servicing the counterpart loans to be raised for CAPAX, be allowed as 1st priority for utilization of the proceeds of the revenue in the escrow account. GRIDCO may be directed to issue of consent letter to the lender (REC).
81. Since the existing escrow mechanism takes care of immediate payment of BSP bill there is no need for introducing surcharge for delayed payment by DISCOMs.

Other Issues

82. Some funds may be allocated to GRIDCO for investigation and research work to explore the possibilities of establishing Atomic Power Plant in the State.
83. GRIDCO is not able to realize the BSP from DISCOMS and total amount now pending since 2008-09 till date on DISCOMS should be produced.
84. GRIDCO has to produce the details outstanding against different Govt. consumers and private industries till 31st Dec 2013 along with action taken report.
85. GRIDCO has failed to collect the arrear dues from the DISCOMs as well as outstanding from Government Departments / PSUs etc. At no stage GRIDCO has

taken proactive action to collect its arrears nor has it approached the Hon'ble Commission for due action against the DISCOMs.

86. The loan incurred by GRIDCO from year to year is only because of the revenue gap caused by non-payment of BSP bills by DISCOMs. This should be avoided.
87. The proposed ARR for 2014-15 seem to have been arrived against fictitious and imaginary figures, as none of the Licensees have ever undertaken an audit by recognized auditors.
88. The ongoing process for determination of ARR is not only beyond the scope of an ordinary consumer, owing to which almost no consumer has ever dared to participate in the public hearings. The so called public hearing process has turned to be a formality only.
89. Due to several reasons, the revenue of DISCOMs is not enough to meet the urgent running expenses after payment of monthly BST. The DISCOMs pray that a comprehensive financial restructuring plan for the sector involving all entities in the value chain be considered.
90. GRIDCO should take initiatives for setting up of more Solar and Biomass Plants in our State. No specific mention has been made by the GRIDCO in this respect so far.
91. The Commission may entrust responsibility on GRIDCO for development of Energy from waste management.
92. GRIDCO has not considered the shortfall in RPO for the previous years in the present ARR. GRIDCO is requested to submit the year wise RPO obligation and compliance status.

GRIDCO's RESPONSE TO THE OBJECTORS (Para 93 to 132)

93. In response to the views of the objectors on GRIDCO's application for approval of the Annual Revenue Requirement and Bulk Supply Price for FY 2014-15, GRIDCO had filed rejoinders on the same. GRIDCO's rejoinder on views expressed by the objectors has been broadly classified into the following main issues.

Legal Issues

94. The status of GRIDCO has been consistently clarified by the Commission in successive tariff orders. A close reading of Para-278 to 287 of the ARR & BSP Order for FY 2012-13 not only justifies the status of GRIDCO in Odisha Power Sector but also dispels any doubt regarding continuance of GRIDCO towards greater interest of the Odisha Power Sector.
95. The Trading Margin of 4 Paise per Unit, which is relevant to Inter State Power Traders, is not applicable to GRIDCO as the power trading by GRIDCO is Intra-State in nature. In fact, GRIDCO's Power Trading function is of "Intra-State in nature" has been upheld by the Hon'ble Supreme Court of India in Civil Appeal No. 5722 of 2006 (Gajendra Haldea vrs. GRIDCO & Others). Hence, the view that GRIDCO is entitled to trading margin of 4 P/U only is not correct and hence, may not be considered.
96. Above all, the Govt. of Odisha vide Notification No. 7948 dated 17.08.2006 have notified GRIDCO as the "State Designated Entity" for execution of Power Purchase Agreements with the Developers generating energy like Hydro Power, Wind Power, Power from Agricultural wastes etc. along with the thermal power. Therefore, the Legal Status of GRIDCO which is a State Govt. Undertaking cannot be questionable.

97. After hiving off the Transmission function from GRIDCO to OPTCL by virtue of the Govt. of Odisha Transfer Notification No. 6892 dated 09.06.2005, only the bulk purchase of electricity for sale to DISCOMs in Odisha remained with GRIDCO. This satisfies the definition of Trading under Sec 2(71) of the Electricity Act, 2003. Besides, Bulk Supply activity by a Trader is not repugnant to any provisions under the Electricity Act, 2003. Such an activity is tenable under the Law.

Energy Availability and Procurement

98. GRIDCO has projected its quantum of power procurement from different sources for 2014-15 to meet the projected demand of the Long Term Customers like the DISCOMs, M/s. IMFA and M/s. NALCO including the transmission loss of 3.75% by considering the following, which are subject to the prudent check by the Commission:
- (I) Projection from OHPC, OPGC & TTPS has been taken as per the generation plan submitted by them.
 - (II) Projection from Machhkund is assumed as per the allotment.
 - (III) Projection from Samal and Meenakhi HPSs has been assumed as per the PPAs.
 - (IV) Projection from Central Generating Stations at 85% PLF has been considered based as per the CERC Tariff Regulations and share of GRIDCO. Assumption of higher percentages of availability of 90% for projection and the consequent procurement of energy as suggested by the Licensees, may therefore not be accepted.
 - (V) Projection from Chukha HPS & Tala HPS has been taken by considering the trend of supply during the past years.
 - (VI) Projection from Teesta HPS has been considered based on the annual saleable energy and share of GRIDCO.
 - (VII) Projection from the IPPs has been taken as per the PPAs.
99. GRIDCO may not be in a position to answer as to why OPGC is not coming forward to submit their detailed plans and projections although it is an important producer of thermal power in the State. However, now that OPGC has withdrawn its SLP before the Hon'ble Supreme Court of India, the Commission may consider directing OPGC to file its Tariff Application for approval.
100. GRIDCO can draw power from CGPs only after maximizing its purchase of firm power from state and central sector. Otherwise GRIDCO has to bear the burden of fixed cost of central sector power without any drawal.
101. The projection of power procurement by GRIDCO from different Stations for FY 2014-15 to meet the demand of DISCOMs is not final as the same is subject to the approval by the Commission after due scrutiny. GRIDCO is ensuring availability of maximum power to the State.
102. The DISCOMS' estimation of availability of surplus power to GRIDCO during FY 2014-15 may be considered as imaginary and fictitious as the energy procurement projections for GRIDCO pertaining to FY 2014-15 is far from reality. DISCOMs have shown projected energy availability from OHPC as 7612 MU during FY 2014-15. However, in actual practice, energy availability from OHPC has never been even

close to 7000 MU during earlier years. The average of actual energy availability from OHPC during the last five years is 4975.44 MU.

103. GRIDCO is drawing solar power bundled with thermal power from NVVNL. GRIDCO has signed the PPA with M/s. ACME Ltd. on 06.03.2013. As per the PPA, the 25 MW SPV Project would be commercially operational within thirteen months from the date of signing the PPA i.e. by April, 2014. The work of the Plant is progressing very well.
104. GRIDCO is committed to fulfill the RPO with regard to Co-Gen. power during FY 2014-15. However, GRIDCO does not have any firm Agreement with the CGPs having Co-Gen facilities to this effect. GRIDCO will exercise its good office to avail co-gen power from the CGPs in order to fulfill its Co-Gen mandate.

Sales Projection

105. GRIDCO generally considers the demand projection of the DISCOMs as submitted by them and adds the Intra State transmission loss (3.75% projected by OPTCL for FY 2014-15) to arrive at the energy requirement of the State. The projections by DISCOMs to purchase energy from GRIDCO are based on their sales projection to consumers plus the distribution loss of their system. GRIDCO does not consider distribution loss for projecting the DISCOMs' energy demand.

Power Procurement Cost

106. GRIDCO has been following the path of Merit Order Procurement in the matter of sourcing energy from various sources including the firm sources like that of Central and State Utilities in order to reduce the overall power purchase cost.
107. Under the Regulatory regime, the generation tariff of OHPC is being approved by the Commission. GRIDCO will only pay to OHPC, the approved tariff of the OERC and not the tariff projected by OHPC for FY 2014-15. GRIDCO has been taking all necessary steps to optimize the drawal of low cost OHPC power and is also making all out efforts to trade as much quantum as possible in order to maximize its revenue.
108. The projected tariff of OPGC (225.04 P/U) has been taken as per the submission of OPGC with regard to its tentative generation plan and the tariff for FY 2014-15. The Commission may exercise its jurisdiction and determine the ARR as well as Tariff for OPGC based on prudence. GRIDCO will abide by the tariff as may be approved by the OERC for FY 2014-15.
109. GRIDCO has submitted its proposal for Fixed Cost, Year-End Charges and FPA before OERC supported with Evidential Documents so as to enable the Commission to approve the appropriate costs / charges for TTPS and OPGC, based on prudence.
110. GRIDCO has already offered its reservation to share the high cost NTPC power generated through blending of imported / e-auction coal. GRIDCO has also offered similar views before the CERC while forwarding / presenting its views on the CERC Draft Tariff Regulation, 2014 for the Tariff period 2014-19. GRIDCO has categorically stated that only the willing beneficiaries may be asked to share the high cost power generated out of the e-auction / imported coal, with exception to the unwilling stakeholders. The Commission may kindly consider the projection of GRIDCO at PLF of 85% based on the CERC Tariff Regulations, 2009 and the approval of Annual Fixed Cost as per the CERC Orders in respect of all Stations.

111. Regarding the issue of the Commission's issuance of directions to GRIDCO to purchase power from CGPs and IPPs, it contradicts prescription of Merit Order procurement as sourcing of thermal power from CGPs and IPPs is going to be costly.
112. The CGPs which are supplying the power to GRIDCO at the price which is acceptable to them. GRIDCO, being the "State Designated Entity" is equally concerned about optimizing the power purchase cost in the interest of the State consumers. Besides, GRIDCO does not have any firm Agreement with the CGPs for supply of power. Drawal from CGPs being infirm in nature, GRIDCO may not be forced to pay them higher rate. However, GRIDCO is agreeable to purchase power from CGP sources at the OERC approved rates provided the power supply and demand in the State requires to do so.
113. GRIDCO has been paying the CGPs & Renewable Energy Developers based on their supply of energy. Arrears have cropped up in cases where there are disputes / disagreements between GRIDCO and the respective Organization. On settlement of such disputes, the amounts are getting paid by GRIDCO.
114. Drawal of state share of power from M/s. JITPL may be governed as per the provisions of the PPA. The Power Plant of M/s. JITPL is yet to be operational. However, based on the operation of the plant in future, cost effectiveness of the power, the requirement of the DISCOMs / State and subject to M/s. JITPL fulfilling the merit order procurement policy of GRIDCO, GRIDCO is not averse to sourcing power from M/s. JITPL. However, in doing so, GRIDCO will certainly look into the economics of procurement and sale of such power sourced from M/s. JITPL.
115. GRIDCO has projected the PGCIL Transmission charges as per the new Hybrid methodology called the Point of Connection Charges (PoC Charges) as per the order of Hon'ble Delhi High Court, pending final disposal of the matter.
116. GRIDCO does not object to the reduction of charges received on account of short term / Medium term open access customers, if any, as per the actual.

Interest on long term Liabilities

117. Revenue gaps have been financed through a series of loans from banks / FIs as there is no avenue for GRIDCO to replenish such gaps from any other sources. GRIDCO's loan has already touched Rs.5000 Crore and the annual interest payable is calculated to be around Rs.500 Crore. A suitable redressal mechanism like increase in BSP is urgently needed to save GRIDCO from its critical financials.
118. GRIDCO has all along been following the Orders of the Commission including drawal from various sources. Rather, SLDC and DISCOMs are responsible for effective load management in the State. In fact, DISCOMs have overdrawn power and avoiding to pay the corresponding overdrawal charges putting GRIDCO's financials in jeopardy. The Commission may allow interest cost of GRIDCO on actual basis by considering the details as submitted in F-2 format in the ARR & BSP Application for FY 2014-15.

Past Losses and Special Appropriation

119. Past losses of GRIDCO have arisen for the main reason that the DISCOMs have not been able to pay the power purchase dues of GRIDCO and all the claims of GRIDCO have not been passed through in the BSP although most of them have been recognized by the Commission in the Truing-up Exercise.

120. Though the entire Fixed Cost Arrears in respect of TTPS is a pass through GRIDCO has consciously proposed only 1/5th of the fixed arrears in order to minimize the tariff shock.
121. The loans incurred by GRIDCO are mainly due to non-payment of BSP bills by the DISCOMs. It is also because of historical reasons as all the losses of power sector have absorbed by GRIDCO without being transferred to DISCOMs as per the Transfer Scheme dtd.26.11.1998. This was also due to purchase of high cost of power during hydrology failure in FY 2008-09 & 2009-10. The burden of this cost was not passed on to the DISCOMs. The Commission has many times left a revenue gap in the ARR of GRIDCO under the assumption that this will be made up from the revenue earned from trading of surplus power and recovery of UI charges. As this has not materialized to the expected extent GRIDCO has been forced to borrow regularly for meeting its shortfall mainly to pay for the power purchase bill. Since the loan taken by GRIDCO is an operational necessity the repayment of loan should be allowed in the ARR.

Miscellaneous Receipt

122. Trading income of GRIDCO is given in the table below.

Table - 7
Power Trading by GRIDCO from 2008-09 to 2013-14 (April-Sept'13) (Provisional)

| Year ⇄ | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 (April- Sept.) |
|--------------------|---------|---------|---------|---------|---------|---------------------------|
| Power Trading (MU) | 34.88 | 0.90 | 64.20 | 40.33 | 810.68 | 928.44 |
| Value (Rs. Crore) | 24.43 | 0.79 | 32.05 | 15.82 | 414.59 | 472.32 |

123. GRIDCO does not agree to the suggestion to assign the business of power trading to the newly formed GEDCOL that has been exclusively created to look after the generation of renewable energy. Besides assigning the power trading function to GEDCOL will dilute its primary mandate of fulfilling the generation of renewable energy to the detriment of the State.
124. Though normally revenue from sale of surplus powers to CPP is accounted for in the sale of DISCOMs, exception has to be made in case of emergency sale to NALCO and IMFA as these two cases are covered by special long term agreements with GRIDCO which existed even prior to the creation of the DISCOMs.

BSP

125. GRIDCO has requested for recovery of its Annual Revenue Requirement (ARR) for FY 2014-15 without deriving the proposed Bulk Supply Price (Energy Charge). GRIDCO has requested the Commission to determine the revenue requirement of GRIDCO for FY 2014-15 and accordingly, consider approving the recovery of such revenue requirement through the charges as it may deem proper.
126. GRIDCO disagrees with the contention of some objectors that there have been substantial hikes in the BSP of GRIDCO during earlier years. Only except three years i.e. FY 2010-11, 2011-12 & 2012-13, there has been either negligible rise or fall in the average BSP but not hefty rises in the BSP as shown in the table below.

Table - 8
Year-wise increase in GRIDCO's BSP

| Particulars | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Average BSP (P/U) | 125.84 | 120.85 | 119.92 | 122.15 | 122.2 | 170.25 | 231.65 | 270.74 | 265.27 |
| % Change | -3.85 | -3.96 | -0.77 | 1.85 | 0.04 | 39.32 | 36.07 | 16.87 | -2.02 |

127. However, the broad reasons for increase in GRIDCO's cost are as follows:

- i. Due to huge deficit gaps left in the ARR & inadequate BSP approved by the Commission, GRIDCO has been selling power at a loss to the four DISCOMs in most years as may be evidenced from the following Table:

Table - 9
ARR, BSP, Power Purchase Rate & Revenue Gap
approved by OERC in past years

| Financial Year | ARR Appvd. by OERC (Rs. Crore) | Surplus (+) / Deficit (-) left in the ARR (Rs. Crore) | Appvd. Avg. BSP (P/U) | Appvd. Avg. Power Purchase Rate (P/U) |
|----------------|--------------------------------|---|-----------------------|---------------------------------------|
| 2008-09 | 2486.53 | (-) 94.93 | 122.15 | 127.40 |
| 2009-10 | 3123.10 | (-) 637.69 | 122.20 | 148.27 |
| 2010-11 | 4242.44 | (-) 806.15 | 170.25 | 174.58 |
| 2011-12 | 5952.92 | (-)746.05 | 231.65 | 210.32 |
| 2012-13 | 6950.64 | (-)700.58 | 270.74 | 236.17 |
| 2013-14 | 6111.85 | 2.07* | 265.27 | 229.01 |

* The surplus of Rs.2.07 Crore may be considered as non-existent because the OERC did not allow loan repayment of Rs.1058.84 Crore in the ARR. Considering this amount, GRIDCO's approved revenue gap is Rs.1056.77 Crore for the FY 2013-14 (After adjusting the surplus of Rs.2.07 Crore). (Rs.1768.51 Crore claimed towards Special Appropriation – Rs.709.67 Crore allowed towards Principal Repayment + Rs. 2.07 Crore towards Revenue Surplus Gap).

In fact, the deficit revenue gap has been left by the Commission in all the years, which GRIDCO has not been able to replenish due to non-availability of surplus power for UI and Trading.

- ii. Due to purchase of high cost power during hydrology failure in FY 2008-09, 2009-10, 2010-11 and 2011-12, the losses of GRIDCO have increased;
- iii. Due to fall in the share of low cost hydro power to about 27% (2012-13) from earlier about 57% (2004-05) arising out of the increase in the State's Power Demand on account of rapid industrialization and Rural Electrification Schemes of the Govt. of India and the State Govt., the cost to GRIDCO has gone up;
- iv. Consequent increase in the share of costly thermal power the cost and deficit of GRIDCO has moved northwards.
- v. Due to DISCOMs not paying the Overdrawal and the Year-End-Charges to GRIDCO have contributed to ballooning of costs in terms of increase in loan and interest payouts to settle the bills of generators.

Miscellaneous Issues

128. GRIDCO has been persistently following up with the DISCOMs to settle the power purchase and other dues which have now touched to about Rs. 4660 Crore as on September, 2013. However, despite GRIDCO's all-out efforts, the DISCOMs have been failing in their duties to pay the dues for which GRIDCO has been raising this matter time and again before the Commission for suitable redressal.
129. The matter of outstanding dues against different Government consumers and industries are concerning the DISCOMs. However, with regard to payables and receivables of GRIDCO concerning the Government (Government of Odisha), GRIDCO is liable to pay about Rs.65 Crore to the Government of Odisha as on September, 2013.
130. Truing-up of GRIDCO is being carried out regularly along with the approval of ARR & BSP and finds place in the ARR & BSP Orders of GRIDCO every year. In the ARR & BSP Order for FY 2013-14 (Para No. 188 & 189) the truing-up of GRIDCO has been finalized till FY 2011-12.
131. The DISCOMs has consistently defaulted in payment of BSP dues to GRIDCO and the arrears have progressively increased putting GRIDCO in helpless situation. The order of the Commission regarding settlement of Rs.400 cr. NTPC bond has not been carried out by the Reliance managed DISCOMs (WESCO, NESCO, SOUTHCO).
132. The DISCOMs are required to pay Overdrawal Charges, Rebates, Escrow Mechanism and Surcharges for Late Payment charges / get such benefits in line with the commercial practice in place as per the relevant OERC Orders and there should not be any meddling in this regard by the DISCOMs.

OBSERVATIONS OF THE STATE ADVISORY COMMITTEE (SAC)

133. The Commission convened the State Advisory Committee (SAC) meeting on 15.02.2014. The Members of SAC deliberated on different issues related to power sector and the Annual Revenue Requirement of various licensees. Some SAC members raised the issue of levy of monthly/quarterly Fuel Surcharge by GRIDCO to DISCOMs in BSP and in turn DISCOMs charging of fuel surcharge to general consumers through RST. Some of the SAC Members expressed their reservation about mid-year tariff hike in the form of fuel surcharge, specifically for non-industrial consumers. The Commission assured SAC that though OERC regulation as an enabling provision for charging fuel surcharge by DISCOMs the same will be levied only in exceptional circumstances after due diligence. While fixing the ARR of GRIDCO the Commission normally fixed a reasonable margin for increase of fuel cost which will obviate the possibility of interim rise in mid year. The CMD, GRIDCO indicated that in current year there is a surplus of energy available to GRIDCO for trading after meeting the State demand. Further, all the DISCOMs have been able to pay at least the current year BSP dues.

COMMISSION'S OBSERVATIONS & ANALYSIS OF GRIDCO's PROPOSAL (Para 134 to 335)

Legal Status of GRIDCO

134. The legal status of GRIDCO has been amply clarified by the Commission in its ARR and BSP order for FY 2011-12 and 2012-13 vide orders dtd.18.03.2011 and 23.03.2012 respectively. That GRIDCO is a valid legal entity has also been upheld by the Hon'ble Supreme Court of India in Civil Appeal No.5722 of 2006 (Gajendra

Haldia Vrs. GRIDCO and Others). GRIDCO by acting as a Single Buyer State designated entity has been ensuring supply of cheap and quality power to the DISCOMs which ultimately protects the interest of the consumers. GRIDCO, in its role of single buyer model, acts as a shock absorber and protects DISCOMs from possible Power Regulation by the Generator(s) due to any cash-flow problem. Therefore, the Commission has rightly recognize GRIDCO as a “Deemed Trading Licensee”. The issue of trading margin is not applicable to GRIDCO who sales power to the DISCOMS inside the State of Odisha after resolving the cost of all power supplier.

135. Filing of ARR and BSP application by GRIDCO for approval before OERC is justified because of the valid legal status of GRIDCO as mentioned above. The Commission is empowered u/S.86(1)(a)&(b) of the Electricity Act,2003 to regulate the procurement price of power by DISCOMs and since DISCOMs purchase their power from GRIDCO under the single buyer model the power purchase cost of GRIDCO and the cost of power supply by GRIDCO to DISCOM by implication has also to be approved by the Commission. The approval of regulated price of power purchase by DISCOMs happens to be the bulk supply price of GRIDCO under the existing arrangement. This issue regarding the legal validity of filing of ARR and BSP by GRIDCO and its approval by the Commission has been dealt extensively by the Commission in para 278 to 287 of the ARR and BSP order dtd.23.03.2012 for FY 2012-13.
136. On detailed scrutiny and examination of the Annual Revenue Requirement and Bulk Supply Price Application of GRIDCO for FY 2014-15, the written and oral submissions of the objectors, the Commission passes the order as enunciated in the subsequent paragraphs.

Principle followed for approval of ARR for FY 2014-15

137. The Commission, for determination and approval of the ARR of GRIDCO for FY 2014-15 continues to follow the same principles as in the previous year. For the purpose of tariff setting for FY 2014-15, the Commission has followed the principles laid down in its terms and conditions for determination of tariff and continues to be guided by the provisions of the Tariff Policy as well as other statutory notifications and directives, while giving due considerations to the complexities of the Odisha Power Sector.
138. Tariff determination involves adoption of various assumptions and principles to arrive at the individual ARR components for a future year and hence, is liable to be at variance to actual turn of events. The Commission has also accepted the concept of true-up in order to insulate the licensee from any eventuality. The Commission, as in the previous years, has continued to determine the ARR for the year FY 2014-15 using the following principles.
139. The cost of power purchase for GRIDCO, which constitutes more than 90% of the total cost structure of GRIDCO has been considered on a merit-order basis, with state hydro generation as per design energy and state thermal generation being computed based on the generation plan submitted by OPGC to GRIDCO, and the cost being considered as per norms of the PPA/CERC guidelines. Availability from the Eastern Region CGSs has been considered as per the allocation of shares in these stations and the applicable CERC tariff. The drawal from IPPs, CGPs, Cogeneration Plants &

energy from renewable sources have been considered based on the proposal of GRIDCO and the requirement of the state.

140. All the liabilities of the DISCOMs payable to GRIDCO are in a back-to-back arrangement with various lenders and financial institutions and GRIDCO continues to service these liabilities, even though the DISCOMs have not been able to meet their repayment obligations to GRIDCO in full and in time during the previous years. The servicing cost (corresponding interest charges on these liabilities) forms a part of the BSP and is being paid by GRIDCO.
141. Following the separation of the transmission business and given to OPTCL along with related assets, liabilities and personnel w.e.f 01.04.2005, GRIDCO does not possess any assets on its books. It continues however to carry the burden of past liabilities, accumulated over a period of time to service operational losses and non-payment of arrears by the DISCOMs in time in the past. The Commission has, over the last few years, recognized these liabilities and the fact that these need to be serviced from within the sector. GRIDCO also does not have the benefit of depreciation provisions to meet these debt obligations. Keeping in line with our earlier orders, to avoid a huge additional burden being passed on to the retail consumers, the Commission has provided for the servicing a substantial part of debt servicing liabilities from the non-core activities of GRIDCO, namely earnings from export of power and un-scheduled interchanges charges, after meeting the full requirement of DISCOMs.
142. The Commission has scrutinised in detail the energy requirement proposed by the DISCOMs for FY 2014-15. Based on the energy availability, the Commission is of the view that after drawal of power from all state-owned generating stations both Thermal and Hydro, the state's share from central generating stations, and drawal from IPPs, Renewable and captive co-generation sources, some surplus energy will be available after meeting the State demand for FY 2014-15, which has been calculated on normative loss basis. The quantum of surplus energy may be increased /reduced based on hydrology and/or projected drawal from CGPs/Co-generation plants or central sector power not materializing as estimated on normative basis.
143. GRIDCO has been burdened with huge past liabilities. The earning from UI charges and trading had helped in the past to reduce these liabilities to a large extent. However, in the recent past, the earnings of GRIDCO on account of trading and UI charges have reduced due to reduction of hydro generation on account of monsoon failure, as well as less generation in thermal generating stations due to non-availability of adequate fuel. Further due to increased State Demand for Power, the situation of surplus power scenario in the supply front was practically reduced. However, for the ensuing year FY 2014-15, it is estimated that certain surplus power will be available with GRIDCO for trading and the earning on account of such trading will help to reduce the past liabilities.
144. When distribution function of GRIDCO was transferred to four DISCOMs under OER (Transfer of Assets, Liabilities, Proceedings and Personnel of GRIDCO to Distribution Companies) Rules, 1998, vide Clause 3(3), the distribution-related liabilities except accumulated losses incurred by GRIDCO in its erstwhile distribution business up to that date was also transferred to the said DISCOMs. From that date onwards further distribution related liabilities were / are being incurred directly by the DISCOMs. Thereafter, when transmission function of GRIDCO was transferred to OPTCL under OER (Transfer of Transmission Related Activities) Scheme, 2005, GRIDCO became a pure trader under the Act and naturally the distribution liabilities

could not be, nor was, incurred by GRIDCO. But GRIDCO as a trader has been the sole bulk supplier of DISCOMs on account of existing BSAs. As such, GRIDCO has had the vital responsibility of maintaining steady supply of power to DISCOMs without any interruption. For discharging this responsibility and for ensuring smooth trading activity qua DISCOMs, GRIDCO has entered into arrangement with DISCOMs to serve as conduit for liquidation of liabilities already incurred upto to the date separation (i.e. 31.03.1999) and also being incurred thereafter by DISCOMs through back-to-back payment arrangements such as escrow mechanism under bulk supply agreement, loan agreement and subsidiary project implementation agreement, so that the revenues realized by DISCOMs are paid to respective creditors such as generators and financial institutions (REC, PFC World Bank etc.) through GRIDCO. Though the creditors are nominally creditors of GRIDCO, the liabilities are serviced by DISCOMs and security for such liabilities are also held by DISCOMs and in that sense the creditors are in truth and substance creditors of DISCOMs, especially because GRIDCO has no assets of its own. GRIDCO, in the interest of its smooth trading activity, is merely providing a mechanism for assured payment to DISCOMs creditors. The commission has recognized this arrangement as a legally valid activity of GRIDCO, ancillary to its trading activity, and has allowed, in past, the liabilities to be reflected in its application, so that sums payable to the creditors can be smoothly recovered from DISCOMs, through escrow mechanism.

Quantum of Power Purchase

145. GRIDCO as a deemed trading licensee procures power from the generating stations inside and outside the State to meet the requirements of the consumers of the State. The power purchased by GRIDCO is transmitted through the OPTCL system and supplied to the DISCOMs. There are four Distribution Companies operating within the State. They purchase power in bulk from GRIDCO for supply to the consumers of the state.
146. The estimate for purchase of power for a financial year is worked out in accordance with the following principles laid down in Regulation 5(4) of OERC (Terms and Conditions of Determination of Tariff) Regulations, 2004:
 - (a) *The quantum of power purchase for the ensuing financial year shall be estimated on the basis of actual purchase made during the previous financial year(s), actuals to the extent available for the current year and any projections for the balance period of the current year with appropriate adjustments for any abnormal variations during the period. The licensee through appropriate documentation shall justify all the abnormal deviations. This quantity will be evaluated at the price based on the power purchase agreements, bulk supply agreements etc. consented to by the Commission.*
 - (b) *The Commission will not ordinarily consider the additional power purchases beyond the approved level of power purchases. However, if the variation in the actual purchase vis-à-vis the quantum of power as ordered by the Commission is on account of events beyond the reasonable control of the licensee, as established to the satisfaction of the Commission, the resultant effect will be taken into account in subsequent accounting years. To meet this additional requirement of power, the licensee shall follow the least cost combination of power procurement.*

147. GRIDCO Ltd. as well as DISCOMs have submitted their ARR for FY 2014-15 to the Commission for approval. The figures filed by GRIDCO and DISCOMs in their ARR for 2014-15 on quantum of energy drawl by DISCOMs from GRIDCO are examined and estimated based on the quantum of present drawl of power and estimated additional load growth during FY 2014-15 for EHT & HT industries and RGGVY & BGJY consumers.
148. The Distribution Companies have furnished projections for drawl of power from GRIDCO during FY 2014-15 and GRIDCO has projected the total power purchase to be made from the Generators after taking into account the requirement of distribution companies and emergency requirement of CGPs owning industries and the energy loss in transmission system of OPTCL.
149. The quantum of power to be purchased during the FY 2014-15 in respect of the four distribution companies has been assessed and approved by the Commission while determining the Revenue Requirement and tariff for the DISCOMs in Case Nos. 85/2013 (CESU), 86/2013 (WESCO), 87/2013 (NESCO) and 88/2013 (SOUTHCO) by following the guidelines of the Regulations quoted above. The Commission has approved the quantum of power to be purchased for the FY 2014-15 relating to CESU, WESCO, NESCO and SOUTHCO as 9040 MU, 6820 MU, 5330 MU and 3340 MU respectively totaling to 24530 MU.
150. The Commission has also approved 3.75% towards transmission loss in the OPTCL system for the FY 2014-15. The details of transmission loss have been furnished in the tariff order for OPTCL for the FY 2014-15 in Case no 83 of 2013.
151. After having determined the quantum of power purchase for the DISCOMs, the Commission has to estimate the quantum of energy lost on account of transmission at EHT within the State for delivery to the DISCOMs. The Commission has taken into account the sale to CGPs and approves the emergency drawal by CGPs at 10 MU for 2014-15 after considering the submission of GRIDCO and actual drawal of CGPs during the first six months of the current FY 2013-14. The details on the estimated requirement of power purchase for use within the State is indicated in the table below:

Table –10
Purchase of Power by GRIDCO for State Use for FY 2014-15

| (In MU) | | | | |
|--|--|---|-------------------------------|--|
| Name of the DISCOMs | Commission's Approval for 2013-14 | GRIDCO's Proposal in ARR 2014-15 | DISCOM's Proposal for 2014-15 | Commission's Approval for 2014-15 |
| CESU | 7937.00 | 9100.39 | 9100.39 | 9040.00 |
| NESCO | 5269.00 | 7080.45 | 5414.51 | 5330.00 |
| WESCO | 6655.00 | 7165.00 | 7165.00 | 6820.00 |
| SOUTHCO | 3187.00 | 3800.00 | 3400.00 | 3340.00 |
| TOTAL DISCOMs | 23048.00 | 27145.84 | 25079.90 | 24530.00 |
| CGP | 100.00 | 10.00 | | 10.00 |
| TOTAL SALE | 23148.00 | 27155.84 | | 24540.00 |
| Transmission loss at EHT in MU (DISCOMs Purchase only) | 910.42 (@ 3.80% Transmission loss) | 1058.02 (@ 3.75% Transmission loss) | | 955.71 (@ 3.75% Transmission loss) |
| Total Purchase | 24058.42 | 28213.86 | | 25495.71 |

152. The Commission has approved the energy drawal by DISCOMs for FY 2014-15 after considering the present drawal pattern of DISCOMs and the projections made by them for additional load growth. Hence there should not normally be any variations from the approved drawal. The DISCOMs should limit their drawal to the approved quantum of energy by reducing Distribution Loss. They must also try to stick to the annual energy drawal as approved by the Commission.

Simultaneous Maximum Demand (SMD) in MVA

153. GRIDCO in its filing submitted that none of the DISCOMs responded to their request to furnish the SMD projections for FY 2014-15. However, the summation of the highest SMD of each DISCOM recorded during April 2013 to Sept. 2013 is 3935.842 MVA per month. Taking into account the present trend as well as the likely future load growth, GRIDCO has considered 5% increase over the highest SMD of each DISCOM recorded during the 1st six months of FY 2013-14 to be the projected SMDs of corresponding DISCOM for the FY 2014-15 as are given under:

Table - 11
Projection of SMDs of DISCOMs for FY 2014-15

| DISCOMs | OERC Approval of SMDs for FY 2013-14 | Average SMD of each DISCOMs during 1st 6 months of FY 2013-14 | Highest SMD (MVA per Month) recorded during FY 2013-14 (April'2013 to Sept.'13) | 5% Increase over the highest SMDs of FY 2013-14 (April'13 to Sept'13) | GRIDCO's Projection of SMD for FY 2014-15 |
|----------------|---|---|--|---|--|
| | (MVA/Month) | (MVA / Month) | (MVA/Month) | (MVA/Month) | (MVA/ Month) |
| CESU | 1303 | 1339.0165 | 1438.903 | 1510.85 | 1510.85 |
| NESCO | 856 | 842.9117 | 874.570 | 918.30 | 918.30 |
| WESCO | 1100 | 1057.4468 | 1091.673 | 1146.26 | 1146.26 |
| SOUTHCO | 511 | 506.6390 | 530.696 | 557.23 | 557.23 |
| TOTAL | 3770 | 3746.0140 | 3935.842 | 4132.64 | 4132.64 |

154. Bulk Supply Price (BSP) contains a component of demand charge which is calculated on the basis of average system demand of the distribution companies. The simultaneous maximum demand projected by GRIDCO varies from those of the DISCOMs. The DISCOMs in their ARR filing have projected a higher maximum demand keeping in view the up-coming load growth on account of rural electrification under RGGVY and BGJY. The monthly demand of DISCOMs for the period from April'13 to Dec'13 is furnished in the table below:

Table - 12
Demand in MVA during 2013-14 (upto Dec' 13)

| | CESU | NESCO | WESCO | SOUTHCO | ALL ODISHA |
|------------------------------------|----------------|---------------|----------------|----------------|-------------------|
| Apr-13 | 1293.03 | 818.87 | 1086.91 | 501.40 | 3700.21 |
| May-13 | 1296.82 | 816.55 | 1025.79 | 511.38 | 3650.54 |
| Jun-13 | 1315.10 | 844.54 | 1020.06 | 496.94 | 3676.64 |
| Jul-13 | 1281.69 | 874.57 | 1049.69 | 502.13 | 3708.07 |
| Aug-13 | 1408.56 | 863.28 | 1070.55 | 510.69 | 3853.09 |
| Sep-13 | 1438.90 | 839.66 | 1091.67 | 530.70 | 3900.93 |
| Oct-13 | 1358.89 | 825.88 | 1058.02 | 485.96 | 3728.74 |
| Nov-13 | 1266.19 | 816.71 | 1025.28 | 410.98 | 3519.16 |
| Dec-13 | 1169.59 | 814.89 | 1020.71 | 441.30 | 3446.48 |
| AVERAGE (4/13 to 12/13) | 1314.31 | 834.99 | 1049.85 | 487.94 | 3687.10 |

155. It is observed from the above table that the summation of billing demand has fluctuated from months to months and has reached a peak of 3900.93 MVA in the month of September, 2013. However, the sum of the maximum demand of each DISCOMs comes to 3935.84 (CESU-1438.90 + NESCO-874.57 + WESCO-1091.67 + SOUTHCO-530.70) during the period from April, 2013 to December, 2013.
156. The Commission analysed the demand pattern of DISCOMs during the current FY 2013-14 (upto December, 2013) and observed that the Average SMD of the DISCOMs (except CESU) has been reduced from what was approved by the Commission for the FY 2013-14. However, in case of CESU there is slight increase in Average SMD. After recasting the estimated requirement of power, it is observed that due to rural electrification and load growth, there may be an additional requirement of about 754.43 MU by the DISCOMs during FY 2014-15. Thus, for meeting this additional demand of 754.43 MU, the additional MVA requirement has been worked out to 95.69 MVA. So, the Commission has estimated the Demand of the DISCOMs for FY 2014-15 taking the maximum demand during April, 2013 to December, 2013 plus the demand on account of additional load growth during FY 2014-15. Accordingly, the total estimated demand approved by the Commission works out to 4020.00 MVA for DISCOMs, the details of which are given in the table below:

Table - 13
Demand in MVA 2014-15

| DISCOMs | OERC Approval for 2013-14 | Proposal by DISCOMs for 2014-15 | Proposal by GRIDCO for 2014-15 | Actual avg SMD during 4/13 to 12/13 | Maximum SMD during 4/13 to 12/13 | Additional Load growth as estimated for 2014-15 (MU) | Additional load growth converted to MVA at 0.9 power factor | Maximum SMD during 4/13 to 12/13 + Additional load growth | OERC Approval for 2014-15 |
|-------------------|---------------------------|---------------------------------|--------------------------------|-------------------------------------|----------------------------------|--|---|---|---------------------------|
| CESU | 1303 | 1611.47 | 1510.85 | 1314.31 | 1438.90 | 380.11 | 48.21 | 1487.12 | 1490.00 |
| NESCO | 856 | 1000.00 | 918.30 | 834.99 | 874.57 | (22.21) | (2.82) | 871.75 | 870.00 |
| WESCO | 1100 | 1100.00 | 1146.26 | 1049.85 | 1091.67 | 188.76 | 23.94 | 1115.61 | 1100.00 |
| SOUTHCO | 511 | 650.00 | 557.23 | 487.94 | 530.70 | 207.77 | 26.35 | 557.05 | 560.00 |
| ALL ODISHA | 3770 | 4361.47 | 4132.64 | 3687.10 | 3935.84 | 754.43 | 95.69 | 4031.53 | 4020.00 |

Note : For estimation purpose Diversity Factor is taken as unity.

157. Taking into account the SMD in different months of 2013-14 and the additional load projected by the DISCOMs, the SMD for 2014-15 has been fixed at 4020 MVA, within which the DISCOMs should operate subject to an over-drawal of maximum 10% in a month.

Purchase of Power from Different Generating Stations

State Hydro

158. GRIDCO's proposal and Commission's approval on drawal of power from various stations of OHPC for the FY 2014-15 are given in the table below, the details of which have been dealt in Case No.81/2013 for determination of tariff and revenue requirement of OHPC, where the Commission has considered the existing design energy of OHPC power stations for the purpose.

Table –14
Drawal from State Hydro Stations (in MU)

| Source of Generation | FY 2013-14 | FY 2014-15 | |
|----------------------|-----------------------|-------------------|-----------------------|
| | Commission's Approval | GRIDCO's Proposal | Commission's Approval |
| OHPC (Old Stations) | 3676.86 | 3560.27 | 3676.86 |
| Upper Indravati | 1942.38 | 1941.39 | 1942.38 |
| Machhkund | 262.50 | 262.50 | 262.50 |
| Total Hydro | 5881.74 | 5764.16 | 5881.74 |

159. The design energy of Machhkund Power Station is 525 MU. Considering Odisha share of 50% towards energy drawal from this station, the Commission approves an availability of 262.50 MU from Machhkund. The Commission desires that the State should draw at least 50% of Machhkund generation every day. GRIDCO/OPTCL and SOUTHCO should co-ordinate to maximise the drawal from Machhkund.

Talcher Thermal Power Station (TTPS)

160. Talcher Thermal Power Station having installed capacity of 460 MW is owned and operated by NTPC, but its generation is fully dedicated to the State. The net energy availability to GRIDCO has been projected at 3105.65 MU at the plant availability of 86.11% with adjustment of Auxiliary Consumption of 10.50%. The NTPC will get full capacity charge at a normative plant availability and any deviation from normative plant availability will attract higher/lower capacity charge as the case may be. However, based on the submission of GRIDCO, the Commission approves the net drawl of 3105.55 MU from TTPS for the FY 2014-15, taking into account the projected plant availability of 86.11% & Auxiliary Consumption of 10.50%.

IB Thermal Power Station of OPGC

161. Orissa Power Generation Corporation (OPGC) owns IB Thermal Power Station at Banharpalli in Dist. Jharsuguda with an installed capacity of 2x210 MW.
162. Like the previous years, OPGC has not filed its ARR and Tariff application with the Commission for the year 2014-15. The Commission, vide its letter No.DIR (T)-405/12-13/ARR 2014-15/1525 dated 27.12.2013 had asked OPGC to file application for determination of ARR and Generation Tariff of its generating stations u/S.62(2) of the Electricity Act, 2003, but no response has been received from OPGC. However, GRIDCO in its tariff application has stated that as per the State Govt. notification dtd.21.06.2008, the Amendment PPA in respect of PPA dated 13.08.1996 has been signed between OPGC and GRIDCO on 19.12.2012 and Amendment with respect to the TPA dated 18.10.1998 has been signed between GRIDCO, Govt. of Odisha and OPGC on 06.09.2012. Further, in line with the aforementioned notification, the SLP filed by OPGC before the Hon'ble Supreme Court of India has been withdrawn and based on the same, stay has been vacated by the Hon'ble Apex Court vide its order dated 14.02.2013. Accordingly, approval of PPA has come under the jurisdiction of OERC and the amended PPA, TPA as well as the Escrow Agreement dated 30.11.1998 are going to be filed jointly by OPGC and GRIDCO shortly. The Commission has been determining the tariff for procurement of power from Unit 1 & 2 of OPGC by GRIDCO till FY 2013-14, based on the tentative tariff projection and generation plan submitted by OPGC on request by GRIDCO, in line with the provisions of subsisting PPA dated 13.08.1996 (in respect of Unit 1 & 2) as well as the Government Notifications dated 21.06.2008 and 12.10.2009. However, the day to

day transaction of power sale and purchase is being done based on the mutually agreed tariff (variable cost and fixed cost) determined by the parties, in line with the provisions of PPA as well as the Task Force Notification dated 21.06.2008.

163. The Commission has to determine the power procurement price of DISCOMs, which in the situation of a Single-Buyer-Model prevailing in Odisha turns out to be the selling price of the single buyer i.e, GRIDCO under the subsisting Bulk Supply Agreements (BSAs) with the DISCOMs. Moreover, because of the prevailing single buyer model created by the joint operation of the PPA of OPGC and GRIDCO and of the BSAs of GRIDCO with the DISCOMs of Odisha, GRIDCO is functioning as a mere conduit, and the only conduit, for supply of power from OPGC to DISCOMs of Odisha. The aforesaid PPA coupled with BSAs of GRIDCO with DISCOMs has brought about a situation that in effect and substance amounts to supply of power by OPGC to DISCOMs. Since under Section 62(1)(a) of the Act, the Commission has a duty to determine tariff for supply of electricity by a generating company to a distribution licensee, the Commission can apply the tariff so determined to the sole trader whose trading is confined to buying all the power generated by OPGC and selling it only to DISCOMs of Odisha so long as their requirements remain unfulfilled, and DISCOMs have no option to buy power from any other source. In this piquant situation, the Commission has been invoking its power under Section 86 (1) (b) of the Electricity Act, 2003 and setting the procurement price of GRIDCO for purchasing power from OPGC. While thus setting the procurement price under Section 86(1)(b), the Commission has thought it prudent to provisionally apply the parameters of tariff-setting as per Section 61(a) and (b) of the Electricity Act, 2003 and proceed on the information made available to it by the other contracting party namely GRIDCO for calculating its fixed cost, variable charges and Year-end Charges. The Commission further directs that the bulk purchase price based on tariff now determined shall be applicable to sale of OPGC's power to GRIDCO under the single buyer model.
164. The Commission makes it clear that it is not entitled to set tariff *suo motu* in the absence of a tariff application from the generating Company (i.e.OPGC) under Section 64 (1) of the Act. If there is no application the existing tariff continues in force. OPGC has to make a tariff application under S.64(1) of the Electricity Act, 2003, supported by ARR and expected annual revenue, if it wants any change in the existing tariff for sale of electricity to consumers. Incidentally the tariff determined by the Commission could also become procurement price of GRIDCO. At present, for want of tariff filings by OPGC, the Commission is merely determining the price at which GRIDCO is to purchase power from OPGC. Since no tariff is being set for OPGC for sale of power to consumers, the procurement price of GRIDCO could be much lower than what would have been the tariff of OPGC for sales to the consumers.
165. OPGC, in its generation plan for FY 2014-15, has submitted to GRIDCO that the net energy sent out from OPGC would be 2612.068 MU based on target generation of 2915.645 MU at the PLF of 79.25% & auxiliary consumption of 10.41%. However, GRIDCO in its submission has projected the net drawal of 2638.768 MU from OPGC taking into account the Auxiliary Consumption of 9.50% as per the power purchase agreement signed between GRIDCO and OPGC and the PLF of 79.25% as projected by OPGC. The Commission observed that OPGC is entitled 100% fixed charges on achieving 80% Plant Availability and any deviation from this will attract higher/lower capacity charge, as the case may be. Hence, the Commission consider it appropriate to take the Plant Availability of 80% for estimating the energy drawal from IB TPS of

OPGC and approves a net drawl of 2663.74 MU from OPGC during the FY 2014-15 considering Plant Availability of 80% and 9.50% auxiliary consumption.

Captive Generating Plants (CGPs) and Captive Co-generation Plants

166. GRIDCO in its filing has proposed to procure 475.63 MU of energy from the CGPs and 1500 MU from the Co-generation Plants during FY 2014-15 with a total of 1975.63 MU. However, in its reply to the Commission's query and also in its presentation during hearing, GRIDCO submitted that since the estimated energy requirement for the state has been reduced by about 2000 MU than the earlier estimation due to the revised reduced energy requirement by the DISCOMs, there may hardly be any requirement for procurement of energy from CGPs and, as such, the procurement from CGPs may be construed as NIL and availability of surplus power from Co-gen Plants may be considered as 1160 MU in place of 1500 MU proposed earlier.
167. The Commission observed that based on the energy purchase by DISCOM from GRIDCO for State use a quantum of 1091.58 MU of energy from Co-generation Plants is required to meet the Co-generation power purchase obligation for the ensuing year 2014-15. The Commission is mandated by the Electricity Act, 2003 to encourage generations from Co-generation Plants. Hence, the Commission approves the proposal of GRIDCO for purchasing the entire projected energy of 1160 MU from Co-generation Plants during the FY 2014-15 for state consumption. Besides, GRIDCO in its filing has projected to procure 475.63 MU from the CGPs during the FY 2014-15. It is observed that this CGP power is the surplus energy available with GRIDCO after meeting the estimated state requirement for the FY 2014-15. However, the present approval shall not be a limiting factor for drawl of power from CGPs and Cogeneration plants by GRIDCO to meet the demand of the State. GRIDCO may purchase available power from CGPs and excess power available from Co-generation plants over the approved quantum for state consumption in case of excess state demand or shortfall in drawal from other sources than the approved quantum for the ensuing year. However, GRIDCO shall inform the Commission in case of such excess drawl of power for the state use. Further, the Commission also directs GRIDCO to purchase the available surplus power from CGPs and Co-generation plants for trading purposes after meeting the state demand subject to commercial viability.

Renewable Energy

Small Hydro Sources:

168. GRIDCO has submitted to procure around 300 MU of renewable power from small hydro sources that would be available to GRIDCO during FY 2014-15 as given in the table below.

Table – 15
Proposed Drawal from Small Hydro Sources for FY 2014-15

| Sl. No. | Name of the SHEPs | Installed Capacity (MW) | Energy drawal during the 1st six months of 2013-14 (MU) | Proposed Energy procurement for FY 2014-15 (MU) |
|---------|-----------------------|-------------------------|---|---|
| 1. | Meenaskhi Small Hydro | 37 | 147.35 | 195.00 |
| 2. | SAMAL Small Hydro | 20 | 54.51 | 105.00 |
| | Total | | 201.86 | 300.00 |

169. Considering the above proposal of GRIDCO, the Commission allows GRIDCO to purchase 300 MU of renewable energy from these two SHEPs for consumption in the state during FY 2014-15.

Bio-mass Energy:

170. GRIDCO in its ARR application has not made any provision for purchase of renewable energy from biomass sources. After the disposal of the petition filed by M/s. Salivahan Green Ltd. (SGL) by the Commission vide its order dtd.01.03.2014, availability from this plant is estimated at 94.61 MU. Similarly, the Commission is of the view that energy may also be available from the biomass plant of M/s.Octant Industries Ltd. as submitted by GRIDCO in its rejoinder. Accordingly, the energy availability from both the plants is estimated during FY 2014-15 considering the PLF of 60% and auxiliary consumption of 10% as given in the table below.

Table – 16
Drawal from Bio-mass Energy Sources for FY 2014-15

| Sl. No. | Name of the Plants | Installed Capacity (MW) | Proposed Energy procurement for FY 2014-15 (MU) | Available Energy estimated by OERC for FY 2014-15 (MU) |
|---------|--------------------------------------|-------------------------|---|--|
| 1. | M/s. Shalivahan Green Energy Limited | 20 | | 94.61 |
| 2. | M/s Octant Industries Ltd. | 10 | | 47.30 |
| | Total | 30 | 210 | 141.91 |

Solar Energy:

171. In its submission, GRIDCO is hopeful to procure 105 MU of Solar Energy from the following sources to meet its Solar Power Purchase Obligation during the FY 2014-15.
- (i) 13 MU from 8 Nos. of Solar PV Projects of 1 MW capacity each commissioned in the State under 'Rooftop PV and Small Solar Power Generation Programme' (RPSSGP) guidelines of MNRE, GoI.
 - (ii) 25 MU from 15 MW Solar capacity as per the Power Sale Agreement (PSA) executed with NTPC Vidyut Vyapar Nigam Limited (NVVNL) on 12th January 2011 under 'New Projects Scheme' under Phase-1 of Jawaharlal Nehru National Solar Mission (JNNSM) where Solar capacity bundled with equal quantum of thermal capacity from the unallocated quota of the NTPC Coal Based Stations is available to GRIDCO.
 - (iii) 17 MU from 10 MW Solar capacity as per the PPA executed with NTPC on 26.04.2011 to procure Solar power of 5 MW each from Dadri Solar PV project at U.P. & Faridabad Solar PV Project at Haryana.
 - (iv) 8 MU will be made available to GRIDCO from the 5 MW Solar PV Project developed by M/s Alex Green Energy Ltd. under OREDA State Scheme at Patnagarh in Bolangir district.
 - (v) 42 MU will be made available to GRIDCO from 25 MW Solar PV Project to be developed by M/s ACME Odisha Solar Power Pvt. Ltd. in Bolangir district under OREDA State Scheme Phase-II.
172. Thus, GRIDCO proposes to procure a total of 105 MU of Solar power during FY 2014-15 as given in the Table below:

Table - 17
Proposed Drawal of Solar Power during FY 2014-15

| Sl. No. | Solar RE Sources | Energy Proposed for procurement during FY 2014-15 (MU) |
|----------------|---|---|
| 1. | 8 Nos. of Solar PV projects of 1 MW each under RPSSGP | 13 |
| 2. | 20 MW from NVVN through 'New Projects scheme' under JNNSM, Phase-1 | 25 |
| 3. | 10 MW through NTPC from Solar PV projects at Dadri & Faridabad of 5 MW each | 17 |
| 4. | 5 MW from M/s Alex Green Energy Ltd. through OREDA State Scheme | 8 |
| 5. | 25 MW from SPV Project to be developed by M/s ACME Odisha Solar Power Pvt. Ltd. | 42 |
| | Total | 105.00 |

173. The Commission approves the above proposal of GRIDCO to procure 105.00 MU from Solar RE Sources. Thus, the total procurement of Renewable Energy during FY 2014-15 from Solar, Bio-mass & Small Hydro Sources comes to 546.91 MU. The procurement of energy from Co-generation Plants has been approved at 1160 MU. Hence, the total estimated power procurement for the purpose of RCPO comes to 1706.91 MU which is approved by the Commission for State use. The source-wise power procurement from Renewable and Co-generation sources are indicated in the Table below:

Table - 18
Drawal from Renewable Energy Sources during FY 2014-15

| Sl. No. | RE Sources | Energy approved for Procurement during FY 2014-15 (MU) | Percentage w.r.t. the total estimated drawl of DISCOMs (%) | RCPO fixed in the Regulation for FY 2014-15 (%) |
|----------------|---|---|---|--|
| A. | Non-Solar RE | | | |
| (i) | Small Hydro Electric Project (SHEP) | 300.00 | 1.22 | |
| (ii) | Energy from Bio-mass | 141.91 | 0.58 | |
| | Sub-Total (Non-Solar) | 441.91 | 1.80 | 1.80 |
| B. | Solar RE | 105.00 | 0.43 | 0.25 |
| C. | Total (Solar & Non-Solar) | 546.91 | 2.23 | 2.05 |
| D. | Energy from Co-Generation Plants | 1160.00 | 4.73 | 4.45 |
| E. | Total Energy for RCPO | 1706.91 | 6.96 | 6.50 |

(*) Total purchase of DISCOMs has been estimated to 24530 MU.

174. However, the Commission observed that the estimated sale of power to DISCOMs is 24530 MU for state consumption and the estimated quantum of energy available to GRIDCO from Co-generation and Renewable Sources is adequate to meet the Renewable and Co-gen purchase obligation fixed by the Commission for the FY 2014-15. The approval of energy from Solar & Co-gen sources is at little higher side,

keeping in view mandate in Electricity Act 2003, for promotion of Co-generation and Generation of Electricity from Renewable Sources of Energy.

Independent Power Producers (IPPs)

175. In its submission, considering the past as well as present trend of injection by M/s Sterlite Energy Ltd. (M/s SEL) and the available evacuation facilities, GRIDCO has proposed to procure about 4200 MU of energy (equivalent to about 480 MW out of GRIDCO's share at 85% PLF with the auxiliary consumption of 6%) from M/s SEL during FY 2014-15.
176. GRIDCO has further submitted that it is entitled for 25% of power sent out from the Thermal Power Plant of M/s GMR Kamalanga Energy Ltd. (M/s GKEL) and with the present grid connectivity i.e. through LILO of 400 KV Kaniha-Meramundali Ckt-1, a maximum of 350 MW can be injected by M/s GKEL. Therefore, considering the State share of 25%, PLF of 85% and auxiliary consumption of 9%, energy availability to GRIDCO during FY 2014-15 would be 592.89 MU.
177. GRIDCO has further stated that it has executed Power Purchase Agreements (PPAs) with a number of IPPs, which are in various stages of implementation. Out of which 1300 MW was schedule to be commissioned during FY 2013-14 with Odisha Share of 213.50 MW and further 3380 MW is scheduled to be commissioned during FY 2014-15 with the Odisha Share of 610.20 MW. However, keeping in view the uncertainty of commissioning of the forthcoming IPPs, GRIDCO has restricted its proposal to procure power from the existing IPPs M/s SEL and M/s GKEL. Hence, the total estimation of GRIDCO is 4792.89 MU which to be procured from the IPPs during the FY 2014-15 as indicated in the table below.

Table - 19
Proposed Power Procurement from IPPs during FY 2014-15

| IPPs | Proposed Drawal by GRIDCO for FY 2014-15 (MU) |
|--------------------------------|--|
| Sterilite Energy Limited (SEL) | 4200.00 |
| GMR Kamalanga Energy Ltd. | 592.89 |
| Total | 4792.89 |

178. The Commission observed that in its objection to the ARR proposal of GRIDCO, M/s Jindal India Thermal Power Ltd. (M/s JITPL) has submitted that its IPP of 2X600 MW established by them at Derang is in advanced commissioning stage. The first unit is to be declared under commercial operation by March, 2014 and the 2nd unit by June, 2014. GRIDCO has the right to purchase the State share of 12% from Unit-I (using coal from other sources than allocated coal block) and 14% from Unit-II (using coal from allocated coal block) at variable cost. The tariff of such power will be determined by the Commission. But in its ARR application, GRIDCO has not considered this low cost thermal power for State use.
179. The Commission scrutinised the above proposal of GRIDCO and the submission of M/s JITPL. It is observed that as per the PPA between GRIDCO and M/s. SEL, GRIDCO has the share of 25% of the energy sent out from the IPP of M/s.SEL (4X600 MW) and 7% of the energy sent out at variable charges since coal block is allotted to the IPP. Accordingly, the state share would be 5375.42 MU in a year, if all the four units run at 85% PLF. Since, the unit-II of M/s.SEL is connected to the state grid, the energy availability from this unit only considered for state drawl during the FY 2014-15 which comes to 4199.54 MU.

180. Two generating units having installed capacity of 350 MW each of the IPP M/s. GMR Kamalanga Energy Ltd. (GKEL) has already been commissioned and the third unit of 350 MW is scheduled to be commissioned during March, 2014, the total installed capacity being 1050 MW. As per the PPA with M/s. GKEL the State share is 25% of the energy sent out. However, with the present Grid connectivity a maximum of 350 MW can only be injected by M/s. GKEL. Considering 25% of 350 MW the energy availability of M/s. GKEL comes to 592.89 MU with 85% PLF and 9% auxiliary consumption. Further, one generating unit of the IPP M/s. Jindal India Thermal Power Ltd. (JITPL) with installed capacity of 600 MW is scheduled to be commissioned during March, 2014. Considering State share of 14%, PLF of 60% because of new generating unit and auxiliary consumption of 6.5%, energy availability from this IPP is estimated to 412.81 MU. Out of the total availability of 6381.12 MU, the Commission approves 5205.24 MU to be purchased by GRIDCO from the IPPs during the FY 2014-15 for consumption in the state. However, depending on the requirement, cost and availability, GRIDCO may purchase more quantum of energy from the IPPs in the event of non-availability of energy from other sources and/or increase in state demand than the estimation. In fact, GRIDCO may draw the full quantum of power from the IPPs as State's share as per the PPA and may like to have export earnings after meeting the State's requirement.

Power Purchase from Central Generating Stations

Transmission Loss:

181. The constituents of power utilities of the Eastern Region share the losses occurring in the Central Transmission System. In the ARR filling for 2014-15, GRIDCO has projected different percentage of transmission loss in the Eastern Region Power System in respect of power procurement from different Central Generating Stations.
182. In replying to the queries of the Commission on estimation of different transmission loss towards drawal of power from different generating stations and actual loss in the Central Transmission System, GRIDCO submitted that as per the new Inter-state transmission charges sharing Regulation (POC Regulation) total transmission loss of the CTU are to be divided equally among the injectors (Generators) and Drawers (Beneficiaries). The loss component attributable to Generators is with drawal loss. In the instant case, since the Generates are different their injection loss are different based on the load flow study conducted by NLDC. These losses are determined in weekly basis and are published in NLDC site. Similarly, GRIDCO being a beneficiary has to bear the withdrawl loss towards the central sector drawl. This again is determined by NLDC based on load flow study for the withdrawl zone Odisha on weekly basis and published in their site. Further, GRIDCO have entered into agreements with ISGSs (FSTPS, KHSTPS and TSTPS) to power on cost basis. As such, GRIDCO is bearing the injection losses of these stations in addition to its withdrawl losses.
183. The Commission scrutinised proposal of GRIDCO on Central Transmission Losses with reference to the figures published in NLDC site and it is observed that the scheduled PoC loss in the eastern regional system varies from week to week for Odisha injection and Odisha withdrawal. After scrutiny the Commission considered the average transmission loss for drawl of power from individual central generating stations as given in table below :

Table - 20
Percentage of System Loss considered for Central Stations

| Name of power stations | Central Transmission Loss proposed by GRIDCO (%) | Central Transmission Loss considered by the Commission (%) |
|-------------------------------|---|---|
| TSTPS Stage-I | 2.301 | 2.301 |
| TSTPS Stage-II | 3.360 | 3.330 |
| FSTPS- I, II & III | 2.300 | 2.290 |
| KHSTPS Stage-I & II | 2.490 | 2.490 |
| Chhuka & Tala | 2.300 | 2.300 |
| Teesta-V | 2.450 | 2.450 |

Central Hydro Generating Stations

184. **Chukha:** Odisha has been assigned a share of 15.19% from ER allocation of 270 MW of Chukha Hydro Power Station, Bhutan. Drawl from Chukha has been projected by GRIDCO at 268.96 MU for FY 2013-14 considering the average drawal of last 6 years i.e. from FY 2007-08 to 2012-13. After deducting central sector loss of 2.301%, the net availability to GRIDCO is projected at 263.00 MU for the FY 2014-15.
185. The Commission scrutinized the proposal of GRIDCO and observed that the drawal of GRIDCO from Chukha was 260.39 MU during the FY 2011-12 and 236.43 MU during the FY 2012-13 against the approval of 279.79 MU and 279.53 MU respectively. So the Commission approves the drawl from Chukha hydro station at 267.30 MU for FY 2014-15 considering the average drawal of last 5 years i.e. from FY 2008-09 to 2012-13. After deducting the Central Loss of 2.301%, the net drawal of GRIDCO comes to 261.15 MU for FY 2014-15.
186. **TALA:** GRIDCO has an allocated share of 4.25% i.e 43.35 MW from Tala HEP having installed capacity of 1020 MW (6X170 MW). GRIDCO has proposed to draw 139.00 MU of energy from Tala HEP during FY 2014-15 by averaging previous 4 years drawal i.e. from 2009-10 to 2012-13. After deducting Central Sector Loss of 2.30%, the net availability to GRIDCO is projected as 139.00 MU during FY 2014-15.
187. After scrutiny of the above proposal of GRIDCO the Commission estimates the drawal of 146.33 MU from Tala Power Station, taking the average drawal of last 5 years i.e from FY 2008-09 to 2012-13 and approves the net drawl of 142.96 MU from Tala HEP for FY 2014-15, considering central sector transmission loss of 2.30 %.
188. **TEESTA:** GRIDCO in its ARR application has submitted that the annual design energy of Teesta-V HEP (510 MW) situated in Sikkim is 2572.70 MU. Considering 12% free energy to Home State & 1.2% of Auxiliary Consumption, the annual saleable energy of the project is 2236.78 MU. Considering the share of GRIDCO as 23.40% from the saleable energy, GRIDCO proposes to procure 510.58 MU of energy during the year 2014-15 after deducting the Central Sector loss of 2.45% as shown in the table below.

Table - 21

| | | |
|---|-------------|----------------|
| Design Energy | (MU) | 2572.70 |
| Annual Saleable Energy available considering 1.2% Auxiliary Consumption and 12% free energy for home state (MU) | | 2236.78 |
| GRIDCO Share (%) | | 23.40 |
| Availability (MU) | | 523.41 |
| After deducting Central Transmission Loss @ 2.45% (MU) | | 510.58 |
| Proposed drawal for FY 2014-15 (MU) | | 510.58 |

189. The Commission scrutinized the proposal of GRIDCO with reference to Regional Energy Account (REA) prepared by ERPC. It is observed that the GRIDCO is entitled to get a share of 20.59% on the total generation less auxiliary consumption. So the Commission estimates a drawal of 523.36 MU considering the share of 20.59% of 2541.80 MU i.e. the design energy less auxiliary consumption of 1.2%. After considering the central sector transmission loss of 2.45%, the Commission approves the net drawal of 510.53 MU from Teesta HEP during FY 2014-15.

Central Thermal Generating Stations

190. Odisha has been allocated shares in all the NTPC stations located in the Eastern Region as well as from the Chukha and Tala Hydro Electric Projects in Bhutan and Teesta Hydro Electric Project in Sikim. The entitlement from these stations is based on share allocation made by the CEA/MoP from time to time. The energy accounting from these stations is done on a monthly basis as per the ABT based Regional Energy Accounts (REA) prepared by the Eastern Regional Power Committee.
191. GRIDCO proposes a Normative Annual Plant Availability Factor (NAPAF) of 85% for the NTPC-ER Stations for FY 2014-15. The projection of net power procurement from the Central Thermal Generating Stations (CGSs) of Eastern Region for FY 2014-15 is estimated as 6840.10 MU considering the allocated share of GRIDCO, NAPAF of 85%, Auxiliary Consumption as per the CERC and the Central Sector Transmission Loss specific to each of the Stations as per the Point of Connection (PoC) Methodology. The details of power procurement from each of the Central Thermal Generating Stations (CGSs) as projected by GRIDCO are given in the table below:

Table - 22
Availability of Power from Central Generating NTPC Stations

| Central Thermal Stations | Installed Capacity (MW) | Aux. Cons (%) | NAPAF (%) | Net availability (ESO) (MU) | GRIDCO Share (%) | Ex-bus Availability (MU) | Central Tr. Loss % | GRIDCO share after C.S. Trans. Loss (MU) |
|---------------------------------|--------------------------------|----------------------|------------------|------------------------------------|-------------------------|---------------------------------|---------------------------|---|
| TSTPS Stg-I | 1000 | 6.50 | 85 | 6,962.01 | 31.883 | 2,219.70 | 2.301% | 2,168.64 |
| TSTPS Stg-II | 2000 | 6.50 | 85 | 13,924.02 | 10.000 | 1,392.40 | 3.360% | 1,345.62 |
| FSTPS-I & II | 1600 | 6.93 | 85 | 11,087.81 | 13.713 | 1,520.47 | 2.300% | 1,485.50 |
| FSTPS-III | 500 | 6.50 | 85 | 3,481.00 | 22.701 | 790.23 | 2.300% | 772.05 |
| KhSTPS Stg-I | 840 | 9.00 | 85 | 5,691.72 | 15.322 | 872.09 | 2.490% | 850.37 |
| KhSTPS Stg-II | 1500 | 6.50 | 85 | 10,443.02 | 2.14 | 223.48 | 2.490% | 217.92 |
| TOTAL | | | | 51,589.58 | | 7,018.36 | | 6,840.10 |

192. The Commission scrutinised the proposal of GRIDCO and observed that the normative availability of 85% by the CGSs would entitle them for recovery of full capacity charge. If the normative availability is not achieved by any station there would be reduction in their fixed cost. The Commission accepts GRIDCO's proposal for considering NAPAF of 85% of the central thermal power stations for FY 2014-15. Considering the Central Sector transmission loss provisionally as stated earlier and NAPAF of 85%, the details of GRIDCO's drawal from Central Thermal Stations, estimated for the FY 2014-15 are given in the table below:

Table - 23
Drawal From Central Thermal Generating Stations for FY-2014-15

| Central Thermal Stations | Installed Capacity (MW) | Aux. Cons. (%) | Availability considering 85% PLF & Auxiliary Consum. (MU) | GRIDCO Share (%) | GRIDCO Share (MU) | Approved estimated Share excluding Central Sector Transmission Loss (MU) | GRIDCO's proposal excluding Central Sector Transmission Loss (MU) |
|--------------------------|-------------------------|----------------|---|------------------|-------------------|--|---|
| TSTPS –I | 1000 | 6.50 | 6962.01 | 31.883 | 2219.70 | 2168.62 | 2,168.64 |
| TSTPS –II | 2000 | 6.50 | 13924.02 | 10.000 | 1392.40 | 1346.04 | 1,345.62 |
| FSTPS-I& II | 1600 | 6.94 | 11087.09 | 13.714 | 1520.47 | 1485.65 | 1,485.50 |
| FSTPS-III | 425 | 6.50 | 2958.85 | 23.740 | 702.43 | 686.35 | 772.05 |
| FSTPS-III* | 50 | | | | | | |
| KhSTPS –I | 840 | 9.00 | 5691.72 | 15.322 | 872.09 | 850.37 | 850.37 |
| KhSTPS – II | 1500 | 6.50 | 10443.02 | 2.140 | 223.48 | 217.92 | 217.92 |
| TOTAL | 7415 | | 51066.71 | | 6930.57 | 6754.94 | 6,840.10 |

*GRIDCO does not have any letter or correspondence from Govt. of India at present regarding change in percentage allocation of share in favour of Odisha i.e. GRIDCO. However, the Ministry of Power, Govt. of India vide its letter dated 09.12.2010 has allocated 425 MW out of 500 MW of power from the FSTPS-III to the beneficiaries of Eastern Region and the balance 75 MW of power is to be sold outside through long term PPA by NTPC in terms of the National Electricity Policy for market development. GRIDCO has executed PPA with NTPC to purchase additional 50 MW of Power from FSTPS- III with effect from 01.09.2012 from NTPC's share of 75 MW of merchant power for 2 years. Since, the least cost power is available for state consumption, this costly power has not been considered in the ARR of GRIDCO. GRIDCO may trade this power and earned some revenue to bridge the past gap.

Summary of the proposal for purchase of power and approval by OERC

193. As mentioned above, the total estimated availability of power from different sources comes to 28038.07 MU. However, the total power requirement for drawal by DISCOMs for State use comes to 25,495.71 MU. Taking the least cost power procurement for the state from different generating stations, the Commission approves quantum of purchase for FY 2014-15 as given in the table below:

Table – 24
Quantum of Power Purchase from Various Sources for FY 2014-15

(Figures in MU)

| Sources of Purchase | Commission's Approval for State Drawl for 2013-14 | GRIDCO's Proposal for 2014-15 | Estimated Availability for 2014-15 | Commission's Approval for State Drawl for 2014-15 |
|---------------------|---|-------------------------------|------------------------------------|---|
| HYDRO (OLD) | 3,676.86 | 3,560.27 | 3,676.86 | 3,676.86 |
| Indravati | 1,942.38 | 1,941.39 | 1,942.38 | 1,942.38 |
| Machakund | 262.50 | 262.50 | 262.50 | 262.50 |
| Total Hydro | 5,881.74 | 5,764.16 | 5,881.74 | 5,881.74 |
| OPGC | 2,668.40 | 2,638.77 | 2,663.74 | 2,663.74 |
| TTPS (NTPC) | 3,209.78 | 3,105.65 | 3,105.55 | 3,105.55 |

| Sources of Purchase | Commission's Approval for State Drawl for 2013-14 | GRIDCO's Proposal for 2014-15 | Estimated Availability for 2014-15 | Commission's Approval for State Drawl for 2014-15 |
|------------------------------|---|-------------------------------|------------------------------------|---|
| IPPs | 3,073.51 | 6,571.55 | 6381.12 | 5,205.24 |
| Total CGPs | 0 | 475.63 | 475.63 | - |
| Co-Generation Plants | 1,102.00 | 1,500.00 | 1,160.00 | 1,160.00 |
| Total Small Hydro | 300.00 | 300.00 | 300.00 | 300.00 |
| Biomass Energy | 120.00 | - | 210.00 | 141.91 |
| Solar Energy | 65.76 | 105.00 | 105.00 | 105.00 |
| TOTAL STATE | 16,421.19 | 20,460.76 | 20282.78 | 18,563.18 |
| CHUKHA | 268.08 | 263.00 | 261.15 | 261.15 |
| Tala HPS | 143.25 | 139.00 | 142.96 | 142.96 |
| Teesta-V | 509.33 | 511.00 | 510.53 | 510.53 |
| Total Central Hydro | 920.65 | 913.00 | 914.64 | 914.64 |
| TSTPS St-I | 2,154.59 | 2,168.64 | 2,168.62 | 2,168.62 |
| TSTPS St-II | 1,355.09 | 1,345.62 | 1,346.04 | 1,346.04 |
| FSTPS I & II | 1,470.78 | 1,485.50 | 1,485.65 | 1,434.95 |
| FSTPS III | 683.61 | 772.05 | 772.05 | - |
| KhTPS St-I | 844.17 | 850.37 | 850.37 | 850.37 |
| KhTPS St-II | 208.34 | 217.92 | 217.92 | 217.92 |
| Total Central Thermal | 6,716.57 | 6,840.10 | 6,840.65 | 6,017.89 |
| Total Central Sector | 7,637.23 | 7,753.10 | 7,755.29 | 6,932.53 |
| TOTAL GRIDCO | 24,058.42 | 28,213.86 | 28038.07 | 25,495.71 |

Power Procurement Cost

194. The cost of power is the highest component in the revenue requirement of GRIDCO. The Commission, for determination of the cost of power purchase, has exercised due diligence in arriving at the cost in respect of each of the power station based on the relevant rules, regulations and documents available.

OHPC Stations

195. OHPC has submitted the application for approval of its Annual Revenue Requirement and Tariff of its individual power stations separately for the FY 2014-15 in terms of Section-62, 64 and 86 of the Electricity Act, 2003 which has registered as Case No.81/2013. The tariff approved for OHPC Stations in the said case will be considered for determination of the power procurement cost of GRIDCO in respect of all stations of OHPC.
196. Accordingly, the cost of power purchase by GRIDCO from each of the power stations of OHPC is given in the table below:

Table – 25
Cost of Power Purchase from OHPC Stations for FY 2014-15

| Name of the Power Station | Quantum of Power Purchase for 2014-15 (MU) | Approved Average Tariff for 2014-15(P/U) | Cost of Power Purchase for FY 2014-15(Rs. Cr.) |
|---------------------------|--|--|--|
| Burla | 677.16 | 127.64 | 86.43 |
| Chipilima | 485.10 | 48.06 | 23.31 |
| Balimela | 1171.17 | 88.21 | 103.31 |

| Name of the Power Station | Quantum of Power Purchase for 2014-15 (MU) | Approved Average Tariff for 2014-15(P/U) | Cost of Power Purchase for FY 2014-15(Rs. Cr.) |
|---------------------------|--|--|--|
| Rengali | 519.75 | 108.08 | 56.18 |
| Upper Kolab | 823.68 | 49.84 | 41.05 |
| Upper Indravati | 1942.38 | 80.42 | 156.20 |
| Sub-Total | 5619.24 | 83.02 | 466.48 |
| Machhkund | 262.50 | 41.68 | 10.94 |
| Total | 5881.74 | 81.17 | 477.42 |

Talcher Thermal Power Station (TTPS)

197. Talcher Thermal Power Station is owned and operated by NTPC and determination of tariff for this generating station comes under the purview of Central Electricity Regulatory Commission (CERC).
198. **Fixed Cost:** GRIDCO has submitted that as per the recent CERC order dated 14.10.2013 and 23.10.2013 in Review Petition No.6/RP/2013, the fixed charge for FY 2008-09 has been fixed at Rs.214.639 Crore. NTPC has also filed petition No-304/2009 for fixation of tariff for the period 2009-14 and the petition is now pending at CERC for adjudication. However, considering the rejoinder dt.04.11.2013 to the said petition of NTPC, the fixed cost of TTPS has been projected by GRIDCO to tune of Rs.380.98 Crores for the FY 2014-15 as per the filing of NTPC before CERC. GRIDCO has estimated that the fixed cost per unit of energy from TTPS at PLF of 86.11% and auxiliary consumption of 10.5% works out to 122.67 P/U for the proposed drawal of 3105.65 MU for FY 2014-15. GRIDCO has indicated that the projected Annual Fixed Cost of Rs.380.98 Crore considered in the ARR Application without prejudice to their right to contest the same before the CERC on valid grounds.
199. After scrutiny of the submissions of GRIDCO in this regard, the Commission observed that CERC in its recent Order dated 23.10.2013 in Review Petition No.6/RP/2013 has revised the fixed cost of TTPS to Rs.214.68 crore for FY 2008-09. The submission of NTPC before CERC for determination of fixed charges of TTPS for the FY 2009-14 is yet to be finalized by CERC. Hence, the Commission provisionally approves the fixed cost of TTPS at Rs.214.68 crore for the FY 2014-15 as per the latest approval of CERC. Accordingly, the fixed charge per unit comes to 69.13 p/u for drawal of 3105.55 MU from TTPS.
200. **Variable Charges:** GRIDCO has stated that as per the latest CERC order in consonance with CERC Regulations, 2004, NTPC is presently claiming the base variable charge for TTPS @ 46.05 P/U. CERC has not yet come out with any rate to be applicable for 2009-14 tariff period. GRIDCO has indicated that this rate of 46.05 P/U has been contested by NTPC in CERC forum and matter continued to be sub-judice as of now and it is expected that the rate may move upwards considering the present cost of Coal & Oil. Since, the variable cost of TTPS has not yet been revised by CERC, after scrutiny of the above proposal of GRIDCO, the Commission accepts the variable cost of TTPS @ 46.05 P/U for the FY 2014-15 as being claimed by NTPC at present.
201. **FPA:** GRIDCO in its ARR submitted that the average Fuel Price Adjustment (FPA) Charge as claimed by TTPS for first six month of FY 2013-14 comes to 72.04 P/U. However, taking into account the increasing trend of cost of fuels, GRIDCO has considered 20% escalation over and above the monthly highest FPA of 77.09 P/U and

thus, proposes 92.51 P/U towards FPA for FY 2014-15. The details are tabulated below:

Table – 26
Fuel Price Adjustment (FPA) OF TTPS (P/U)

| Apr-13 | May-13 | Jun-13 | Jul-13 | Aug-13 | Sep-13 | Average of six months | Monthly highest FPA | GRIDCO proposal for FY 2014-15 considering 20% escalation on 77.09 P/U |
|--------|--------|--------|--------|--------|--------|-----------------------|---------------------|--|
| 67.50 | 64.35 | 71.84 | 74.69 | 76.76 | 77.09 | 72.04 | 77.09 | 92.51 |

202. The Commission scrutinized the proposal of GRIDCO and approves the FPA charges of 79.22 P/U for FY 2014-15 considering 10% escalation over 72.02 P/U i.e., the average of eight months of FPA charges claimed by NTPC during the period from April, 2013 to November, 2013 in respect of TTPS.

203. **Year-end Charges:** GRIDCO has projected the year-end charges of TTPS to the tune of Rs.21.56 crore for the FY 2014-15 based on the actual charges paid by GRIDCO during 1st six months of the FY 2013-14, which includes electricity duty, charges towards water cess, UI overdrawl, SLDC charges and incentive. The Commission on examination of the claims approves (i) Electricity duty of Rs.7.29 crore calculated @ 20 paise/unit on auxiliary consumption of the generation at 86.11% PLF, (ii) Water Charge / Cess of Rs.0.24 crore, (iii) SLDC Charges of Rs.0.38 Crore and (iv) Rs.3.71 Crore towards incentive on excess generation beyond the normative PLF. The claim for UI overdrawl is not being allowed in the tariff since the possibility of overdrawl or underdrawl cannot be predicted at this moment Thus, the year-end charges approved for 2014-15 comes to Rs.11.61 crore. The year-end charges proposed by GRIDCO and approved by the Commission for the FY 2014-15 is shown in the table below:

Table – 27
Year-End Charges of TTPS

| ITEM | (Rs. in crore) | | |
|--------------------------|------------------------------|----------------------------------|------------------------------|
| | OERC approval for FY 2013-14 | GRIDCO's Proposal for FY 2014-15 | OERC approval for FY 2014-15 |
| Electricity duty@ 20P/U | 7.72 | 7.70 | 7.29 |
| Water Cess / Charge | 0.08 | 0.24 | 0.24 |
| UI overdrawl | 0.00 | 2.74 | 0.00 |
| SLDC charges | 0.00 | 0.38 | 0.38 |
| Incentive | 6.31 | 10.50 | 3.71 |
| Total (Rs. Crore) | 14.11 | 21.56 | 11.61 |
| ESO(MU) | 3209.78 | 3105.65 | 3105.55 |
| Per unit cost P/U | 4.40 | 6.94 | 3.74 |

204. After taking into account all the above estimated cost, the approved tariff for TTPS power comes to 198.14 p/u (193.19 p/u approved for 2013-14) comprising of fixed cost of 69.13 p/u, variable charges of 46.05 p/u, FPA of 79.22 p/u and year end charges of 3.74 p/u.

IB Thermal Power Station of OPGC

205. OPGC has not filed its ARR application with OERC for the year 2014-15. Hence, the per unit rate of energy drawal from OPGC for FY 2014-15 is provisionally estimated

based on the parameters of subsisting PPA between GRIDCO and OPGC as well as the Notification issued by Govt. of Odisha dtd.21.06.2008 and 12.10.2009.

206. **Fixed Cost:** GRIDCO has submitted that on request, OPGC has furnished a statement of tentative tariff calculation to GRIDCO for the FY 2014-15 considering use of 100% domestic coal, wherein OPGC proposes the annual fixed cost at Rs.193.60 cr. i.e. 84.89 p/u and variable cost at 120.60 p/u based on normative generation of 2280.495 MU at 68.49% PLF. GRIDCO has worked out the tariff for OPGC by considering energy sent out of 2638.768 MU at 79.25% PLF and normative auxiliary consumption of 9.5% instead of 10.41% as considered by OPGC in its generation plan for 2014-15. GRIDCO has proposed the fixed cost of IB Thermal Power Station of OPGC for FY 2014-15 to the tune of Rs.193.60 crore i.e. 73.37 p/u, based on the norms mentioned in the Govt. Notification dtd.21.06.2008 & 12.10.2010. After scrutiny, the Commission approves the estimated fixed cost of Rs.193.60 crore for the FY 2014-15 considering use of 100% domestic coal and 8% escalation on the O&M expenses approved for FY 2013-14. Accordingly, the per unit fixed cost is estimated to 72.68 p/u considering PLF of 80% and 9.5% auxiliary consumption.
207. **Variable Charges:** GRIDCO has proposed variable charges in respect of IB Thermal Power Stations at 120.60 P/U for 2014-15 based on the submission of OPGC with the use of 100% domestic coal. After detailed scrutiny, the Commission observes that on the basis of evidential documents and tariff calculation submitted by GRIDCO which is based on use of 100% MCL Coal, the coal price assumed as Rs.1050.02/MT. The Commission accepts the above coal price and does not consider any escalation at this point of time, taking into consideration the price trend of coal in the market. Accordingly, the variable charge is computed and it comes to 120.60 P/U for IB Thermal Power Stations for the FY 2014-15 for the net energy drawal of 2663.74 MU.
208. **Year-end Charges:** GRIDCO has proposed year-end charges of Rs.72.33 crore on account of land tax, water cess, electricity duty, income tax, Electrical Inspection Fees and SOC & MOC for SLDC, ERPC charges and Fuel Price Adjustment Charges of Rs.31.82 crores.
209. **Income Tax:** GRIDCO has claimed Rs.37.07 crore towards Income Tax payment for FY 2014-15 The Commission provisionally approves the same subject to change after actual payments are made.
210. **Electricity Duty:** The Commission approves Electricity duty of Rs.5.59 crore @ 20 P/U on auxiliary consumption of the generation at 80% PLF.
211. GRIDCO has claimed Rs.0.38 crore towards SOC and MOC of SLDC and Rs.0.15 crore towards ERPC charges for the FY 2014-15. The Commission approves these expenses to be included in the year-end charges.
212. FPA of Rs.31.82 cr. as claimed by GRIDCO in the year end charges of OPGC for FY 2014-15 is not allowed by the Commission since escalated price of coal and oil has been considered by GRIDCO while computing the variable charges.
213. Thus, the total estimated year-end charges approved for FY 2014-15 is Rs.46.90 crore which is shown in table below.

Table – 28
Year-end Charges of OPGC

| (Rs. Crore) | | | |
|-------------------------------|----------------------------------|--|----------------------------------|
| ITEM | OERC approval for 2013-14 | Proposed Year-end charges for 2014-15 | OERC approval for 2014-15 |
| Income Tax | 34.58 | 37.07 | 37.07 |
| Water Cess & Water Charges | 6.00 | 7.00 | 7.00 |
| Tax and Cess on Land | 0.15 | 0.15 | 0.15 |
| Electricity duty@20P/U | 5.31 | 5.23 | 5.59 |
| Incentive | 0.16 | 0.00 | 0.00 |
| Electricity Inspection Fees | 0.17 | 0.17 | 0.17 |
| SOC and MOC of SLDC | 0.38 | 0.38 | 0.38 |
| ERPC Charges | 0.15 | 0.15 | 0.15 |
| Fuel Price Adjustment Charges | 0.00 | 31.82 | 0.00 |
| Total | 46.90 | 81.98 | 50.51 |

214. After taking into account all the above estimated cost, the approved price for OPGC power comes to 212.24 p/u for the FY 2014-15 (200.17 p/u approved for 2013-14) comprising of fixed cost of 72.68 p/u, energy charges of 120.60 p/u and year end charges of 18.96 p/u.

Captive Generation Plants (CGPs) and Co-generation Plants

215. GRIDCO during hearing and in its additional submission has proposed that it will procure 1160 MU from co-generation plant to meet its RPO. This will be done at the rate of Rs.2.75 per unit as per the order of the Commission dtd.23.11.2010, 29.08.2011 and order dtd.1.10.2012. Since no further revision of CGP price has been made, the Commission provisionally accepts the proposal of GRIDCO for adopting the average price of 275 p/u towards procurement of power from CGP and Co-generation plants. Accordingly, the cost of power purchase from these sources comes to Rs.319 cr. for the approved energy drawl of 1160 MU. In case of any revision in CGP price for FY 2014-15 the revised price shall be applicable and any adjustment in revenue due to such price revision will be considered in the truing up exercise.

Power Purchase from Renewable Sources

216. In its ARR for FY 2014-15, GRIDCO has projected to procure 195 MU from Meenakshi Small Hydro Electric Project and 105 MU from Samal Small Hydro Electric Project @ Rs.3.68 per unit during FY 2014-15. The total procurement cost of this 300 MU Renewable Energy amounts to Rs.110.40 crore.
217. The Commission in its Order dtd.19.05.2011 in Case Nos.17 & 24 of 2011 have fixed Rs.3.68 per Kwh (inclusive of 4 Paise per Kwh as trading margin of PTC) towards procurement of power by GRIDCO from PTC in respect of drawal from Samal Barrage SHEP of M/s. OPCL and Lower Kolab & Middle Kolab SHEPs of M/s.MPL. Hence, the Commission accepts the proposal of GRIDCO and accordingly, the cost of Rs.110.40 Cr towards procurement of 300 MU of power at the rate of 368.00 P/U from the said small hydel sources during FY 2014-15 is approved by the Commission.
218. The Commission has approved 141.91 MU to be procured from biomass sources. The rate will be governed by the order of the Commission dtd.15.01.2014 where the Commission has determined the generic tariff for biomass energy for the control

period 2013-14 to 2015-16 and order dtd. 01.03.2014 where the tariff for Biomass energy has been re-determined for the previous control period 2010-11 to 2012-13. Accordingly the Commission approves cost of Rs.78.86 cr. at the average of 555.67 p/u for procurement of 141.91 MU from Bio mass renewable sources for the purpose of computation of ARR of GRIDCO for the FY 2014-15.

219. GRIDCO has proposed to procure 105 MU of solar energy from different sources at the total cost of Rs.95.97cr. with an average rate of 914.00 p/u as indicated in the Table below:

Table -29
Proposed Procurement & Cost of Solar Power during FY 2014-15

| Sl. No. | Solar RE Sources | Energy Proposed for FY 14-15 (MU) | Rate (P/U) | Total Cost (Rs. Cr.) |
|---------|---|-----------------------------------|----------------|----------------------|
| 1 | 8 Nos. of Solar PV projects of 1 MW each under RPSSGP | 13 | 628 | 8.164 |
| 2 | 20 MW from NVVN through 'New Projects scheme' under JNNSM, Phase-1 | 25 | 1272 | 31.800 |
| 3 | 5 MW through NTPC from Solar PV project at Dadri | 8.5 | 1294 | 11.000 |
| 4 | 5 MW through NTPC from Solar PV project at Faridabad | 8.5 | 1039 | 8.830 |
| 5 | 5 MW from M/s Alex Green Energy Ltd. through OREDA State Scheme | 8 | 700 | 5.600 |
| 6 | 25 MW from SPV Project to be developed by M/s ACME Odisha Solar Power Pvt. Ltd. | 42 | 728 | 30.576 |
| | Total | 105 | 1060.45 | 95.970 |

220. The Commission scrutinized the above proposal of GRIDCO and the energy bills raised by the Solar generators in recent past and approves the procurement cost of Rs. 91.38 crore at an average rate of 870.30 p/u for procurement of total 105 MU of solar power during the FY 2014-15 as given in the table below:.

Table -30
Procurement & Cost of Solar Power approved for FY 2014-15

| Sl. No. | Solar RE Sources | Energy Approved for FY 14-15 (MU) | Rate (P/U) | Total Cost (Rs. Cr.) |
|---------|---|-----------------------------------|---------------|----------------------|
| 1 | 8 Nos. of Solar PV projects of 1 MW each under RPSSGP | 13 | 628.00 | 8.16 |
| 2 | 20 MW from NVVN through 'New Projects scheme' under JNNSM, Phase-1 | 25 | 1123.80 | 28.10 |
| 3 | 5 MW through NTPC from Solar PV project at Dadri | 8.5 | 1294.00 | 11.00 |
| 4 | 5 MW through NTPC from Solar PV project at Faridabad | 8.5 | 935.00 | 7.95 |
| 5 | 5 MW from M/s Alex Green Energy Ltd. through OREDA State Scheme | 8 | 700.00 | 5.60 |
| 6 | 25 MW from SPV Project to be developed by M/s ACME Odisha Solar Power Pvt. Ltd. | 42 | 728.00 | 30.58 |
| | Total | 105 | 870.30 | 91.38 |

IPPs

221. With regard to power purchase cost from M/s. Sterlite Energy Ltd. (M/s. SEL), GRIDCO in its presentation during hearing has submitted to procure 4200 MU at an average rate of 188.42 p/u and a total cost is estimated at Rs.791.36 crore. The tariff order for M/s. SEL passed by the Commission has been challenged before the APTEL and the order is awaited. The review petition filed by M/s. SEL was rejected by the Commission with the observation that audited accounts for pre-merger and post-merger period with the revised component of debt and equity have to be furnished before reviewing and revising the tariff fixed in the earlier order. In the meanwhile SEL has also filed a petition for fixing a provisional tariff by taking into account the impact of the merger and this is yet to be disposed off by the Commission. In view of the above, the Commission fixes the provisional tariff for the IPP of M/s. SEL for the FY 2014-15 at 207.32 p/u taking into account the fixed charges M/s. SEL as approved earlier along with the water charges paid by M/s. SEL in the current bills and 10% hike on the earlier determined variable charges. Thus, the power procurement cost comes to Rs.870.64 crore for the FY 2014-15 considering the approved quantum of 4199.54 MU to be procured from M/s. SEL during the FY 2014-15. As stated earlier this figures are provisional and the final tariff will be determined by the Commission after disposal of the appeal before the APTEL and the petition filed by M/s.SEL before the Commission.
222. Further, GRIDCO has submitted that pending approval of tariff by the Commission, they proposes to procure 592.89 MU from the IPP of M/s. GMR Kamalanga Energy Ltd. during FY 2014-15 at a cost of Rs.163.04 cr. @ 275 p/u provisionally. The Commission has considered the same for the purpose of computation of ARR of GRIDCO for FY 2014-15.
223. Furthermore, the Commission has earlier approved for purchase of 412.81 MU from the IPP of M/s Jindal India Thermal Power Ltd. (M/s JITPL) at variable cost during the FY 2014-15 for State use. M/s JITPL was directed during the hearing to file the tariff proposal before the Commission. The tariff of such power will be determined by the Commission after submission of the petition by M/s JITPL. Pending approval of the tariff, the Commission considers a provisional rate of 175 p/u for the energy to be procured from the IPP of M/s JITPL during the FY 2014-15. Accordingly, the power procurement cost comes Rs.72.24 cr. @ 175 p/u for purchase of 412.81 MU by GRIDCO for State use.
224. Thus, the procurement cost of total 5205.24 MU from the above three IPPs is Rs.1105.93 cr. at an average rate of 212.46 p/u as shown in the Table below:

Table -31
Power Procurement & Cost from IPPs during FY 2014-15

| IPPs | Quantity | Rate | Cost |
|-------------------------------------|----------------|---------------|----------------|
| | (MU) | (P/U) | (Rs. Crore) |
| M/s. Sterlite Energy Ltd. | 4199.54 | 207.32 | 870.64 |
| GMR Kamalanga | 592.89 | 275.00 | 163.04 |
| M/s Jindal India Thermal Power Ltd. | 412.81 | 175.00 | 72.24 |
| Total | 5205.24 | 212.46 | 1105.93 |

225. Pending the finalization of the tariff for the aforesaid IPPs, the Commission considered the above price provisionally only for the purpose of computation of ARR

of GRIDCO for the FY 2014-15. Further, the Commission directs that deviations/adjustment in revenue, if any, after finalization of tariff shall be accounted for in the truing up exercise, if need arises.

Central Hydro Generating Stations

226. **Chukha:** GRIDCO has stated that the procurement cost of power from Chukha for FY 2014-15 has been calculated based on the rate claimed in the bill served to GRIDCO for September, 2013, which comes to 159 P/U including trading margin @ 4 paise/unit to be paid to PTC India as Nodal Agency. GRIDCO has, therefore, proposed a rate of energy charges at 162.74 paise/unit for 2014-15 including Central Transmission Loss of 2.30%. Thus, the power purchase cost of 263.00 MU from Chhuka Hydro Station @ 162.74 P/U has been worked out by GRIDCO to Rs.42.80 crore for FY 2014-15 excluding transmission charges of PGCIL.
227. The Commission scrutinized the application of GRIDCO and approves the rate of 162.74 paise/unit considering the central transmission loss @ 2.30% for the power procurement from Chukka for FY 2014-15. So the cost for Chukka power comes to Rs.42.50 crore for the approved drawal of 261.15 MU for FY 2014-15. The details are given in Table below.

Table – 32

| | GRIDCO's Proposal for FY 2014-15 | Commission's Approval for FY 2014-15 |
|---|---|---|
| Net Energy Drawal (MU) | 263.00 | 261.15 |
| Energy Charge (P/U) | 159.00 | 159.00 |
| Energy Charge incl. Tr. Loss (P/U) | 162.74 (C.T.L. of 2.30%) | 162.74 (C.T.L. of 2.30%) |
| Cost of Chukka Power (Rs. Crore) | 42.80 | 42.50 |

228. **TALA:** GRIDCO has submitted that the rate of 202 P/U including trading margin @ 4 paise/unit paid to PTC India as Nodal Agency has been considered for estimating the power purchase cost from TALA during the FY 2014-15. This rate of 202 P/U is based on the bills served to GRIDCO w.e.f. 24.11.2011. Considering Central Transmission Loss of 2.30%, the rate of TALA Power comes to 206.76 p/u. Taking the drawl of 139.00 MU, the power purchase cost from TALA HEP comes to Rs.28.74 crore for the FY 2014-15 excluding transmission charges of PGCIL.
229. Submission of GRIDCO was examined. The average rate per unit of TALA power is worked out to 206.76 p/u considering central transmission loss of 2.30% for FY 2014-15. The total cost of TALA Power comes to Rs.29.56 crore for the approved drawal of 142.96 MU for FY 2014-15 and the same is approved by the Commission. The details are given in Table below.

Table – 33

| | GRIDCO Proposal for 2014-15 | Commission's Approval for 2014-15 |
|--|--|--|
| Net Energy Drawal MU | 139.00 | 142.96 |
| Energy Charge (P/U) | 202.00 | 202.00 |
| Energy Charge incl. Tr.Loss (P/U) | 206.76 (C.T.L. of 2.30%) | 206.76 (C.T.L. of 2.30%) |
| Cost of Tala Power (Rs. in Cr.) | 28.74 | 29.56 |

230. **TEESTA:** GRIDCO has stated that the Energy Charge Rate (ECR) being claimed by NHPC – TEESTA in the present bills is 112.70 P/U. The ECR in case of TEESTA station constitute 50% of the total charges and balance 50% constitute the fixed charges. Thus, the per unit fixed charge for TEESTA station works out to be 112.70 p/u. Hence, the total per unit cost comes to 225.50 p/u considering the central sector loss @ 2.45% the proposed rate for TEESTA works out to be 231.06 p/u. So, the estimated power purchase cost from TEESTA – V HEP comes to Rs.118.07 crore considering the proposed drawl of 511.00 MU for FY 2014-15.
231. After due scrutiny, the Commission approves the rate of TEESTA Power at 225.49 p/u provisionally based on latest bill available i.e. for October,2013, billed by NHPC for TEESTA power and calculate the average rate per unit of TEESTA power @ 231.15 P/U inclusive of central transmission loss of 2.45% for FY 2014-15. The cost of TEESTA power comes to Rs.118.01 crore for the approved drawal of 523.36 MU during FY 2014-15. The details are given in Table below.

Table – 34

| | GRIDCO Proposal for FY 2014-15 | Commission's Approval for FY 2014-15 |
|--|---|---|
| Net Energy Drawal MU | 511.00 | 510.53 |
| Energy Charge (P/U) | 225.40 | 225.49 |
| Energy Charge incl. Tr. Loss (P/U) | 231.06 (C.T.L. of 2.45%) | 231.15 (C.T.L. of 2.45%) |
| Cost of Teesta Power (Rs. In Crore) | 118.07 | 118.01 |

Central Sector Thermal Power Stations:

232. GRIDCO in its ARR filing stated that CERC have issued orders for the tariff period 2009-14 of all Stations. Accordingly, GRIDCO considers it prudent to take the Fixed Cost as approved by CERC.
233. GRIDCO is to pay about Rs.667.15 Crore as Capacity Charge (Fixed Charge) towards its share from NTPC Stations at normative availability of 85% irrespective of the drawl from these Stations during FY 2014-15. The apportionment of Fixed Costs has been made as per the share of GRIDCO from Central Thermal Stations. With inclusion of Central Transmission Loss (CTL), the projected Fixed Cost applicable to GRIDCO for its share of energy drawal from different Stations are shown in the Table below:

Table – 35

Projected Fixed Cost of NTPC-ER Central Thermal Stations for FY 2014-15

| Central Thermal Stations | Annual Fixed Cost considered by GRIDCO for FY 2014-15 (Rs. Cr.) | GRIDCO Share (%) | F.C. share of GRIDCO for FY 2014-15 at Normative PLF of 85% (Rs. Cr.) | GRIDCO's Proposed drawal for FY 2014-15 after C.S. Loss (MU) | Fixed Cost (P/U) |
|-------------------------------------|--|---------------------------------|--|---|---------------------------------|
| TSTPS Stage -I | 583.6016 | 31.883 | 186.07 | 2,168.64 | 85.80 |
| TSTPS Stage -II | 1113.1024 | 10.000 | 111.31 | 1,345.62 | 82.72 |
| FSTPS-I&II | 941.5818 | 13.713 | 129.12 | 1,485.50 | 86.92 |
| FSTPS-III | 564.4059 | 22.701 | 128.13 | 772.05 | 165.96 |
| KhSTPS-I | 558.1802 | 15.322 | 85.52 | 850.37 | 100.57 |
| KhSTPS-II | 1261.5508 | 2.140 | 27.00 | 217.92 | 123.89 |
| TOTAL | 5022.42 | | 667.15 | 6840.10 | 97.53 |

234. The Commission scrutinised the proposal of GRIDCO and calculate the cost of power purchase from central sector thermal stations provisionally based on Orders already issued by CERC for these stations.
235. **Fixed Cost:** Tariff of Central Thermal Generating Stations is governed by CERC tariff notifications. Though CERC (Terms & Conditions of Tariff) Regulations for the period from 2014-19 has been notified, CERC have not yet been issued tariff Orders for different NTPC Thermal Stations of Eastern Region based on this new Regulation. Therefore, GRIDCO has claimed fixed cost for different Central Sector Thermal Power Stations based on the CERC order applicable for the tariff period 2009-14 and the share allocation to the state by MoP from the CGSs. The approval of the Commission in respect of these stations is shown in table below:

Table – 36
Fixed Cost of Central Thermal Stations for 2014-15

| Name of Power Station | Fixed cost approved by CERC (Rs. In Cr.) | GRIDCO share in (%) | GRIDCO's proposal for its share of Fixed Cost (Rs. In Cr.) | GRIDCO's proposal including Central Tr. Loss (P/U) | Commission's approval of Fixed Cost for 2014-15 (Rs. In Cr.) | Estimated energy Drawal after Central Tr. Loss (MU) | Commission's approval including Central Tr. Loss (P/U) |
|-----------------------|--|---------------------|--|--|--|---|--|
| TSTPS –I | 590.412 (Order dt.15.04.2013) | 31.883 | 186.07 | 85.80 | 188.24 | 2168.62 | 86.80 |
| TSTPS –II | 1121.442(Order dt.28.05.2013) | 10.000 | 111.31 | 82.72 | 112.14 | 1346.04 | 83.31 |
| FSTPS-I&II | 950.236 (Order dt.19.06.2013) | 13.714 | 129.12 | 86.92 | 130.31 | 1485.65 | 87.72 |
| FSTPS-III | 479.450 (Order dt.14.11.2011) | 23.74 | 128.13 | 165.96 | 113.82 | 686.35 | 165.84 |
| KhSTPS- I | 563.876 (Order dt.03.05.2013) | 15.322 | 85.52 | 100.57 | 86.40 | 850.37 | 101.60 |
| KhSTPS–II | 1270.64 (Order dt.08.02.2013) | 2.140 | 27.00 | 123.89 | 27.19 | 217.92 | 124.78 |

236. **Energy Charge Rate (ECR):** GRIDCO stated that the monthly Energy Charges are being recovered on actual basis and it includes only the Coal Expenditures. GRIDCO in its ARR application has proposed 30% escalation in ECR over the weighted average ECR of first six months of FY 2013-14 which is given below:

Table – 37
Energy Charge Rate (ECR) of NTPC Stations

| Central Thermal Stations | Wtd. Avg. ECR of 1 st six months of FY 2013-14 (Paise/Unit) | Projection for FY 2014-15 (30% hike over Wtd. Avg. ECR of 1 st six months of 2013-14) (Paise/Unit) |
|--------------------------|--|---|
| TSTPS Stage-I | 155.60 | 202.28 |
| TSTPS Stage-II | 155.60 | 202.28 |
| FSTPS – I & II | 307.85 | 400.20 |
| FSTPS - III | 313.89 | 408.05 |
| KhSTPS Stage-I | 250.37 | 325.48 |
| KhSTPS Stage-II | 239.59 | 311.46 |

237. Actual bills submitted by NTPC to GRIDCO are scrutinized and it is observed that the ECR has been decreased due to intervention of appropriate authority at different level. The details Price of Coal , GCV & ECR as per bill served by NTPC to GRIDCO for the period from April, 2013 to December, 2013 are given in the table below:

Table-38
Price of Coal & GCV of CGS

| | FSTPS - I & II | | | KSTPS-I | | | KSTPS - II | TSTPS-I & II | | |
|-------------------------------|-----------------------|---------------------|--------------|-----------------------|---------------------|--------------|--------------|-----------------------|---------------------|--------------|
| MONTH | Cost of Coal (Rs./MT) | GCV of Coal Kcal/Kg | ECR Rs./ KWH | Cost of Coal (Rs./MT) | GCV of Coal Kcal/Kg | ECR Rs./ KWH | ECR Rs./ KWH | Cost of Coal (Rs./MT) | GCV of Coal Kcal/Kg | ECR Rs./ KWH |
| Apr-13 | 3,123.6 | 3,032.0 | 2.705 | 2,666.8 | 2,697.0 | 2.706 | 2.554 | 1,347.0 | 2,902.2 | 1.199 |
| May-13 | 3,093.6 | 3,121.0 | 2.603 | 2,295.1 | 2,876.0 | 2.184 | 2.061 | 1,803.6 | 3,003.7 | 1.551 |
| Jun-13 | 3,802.7 | 3,090.0 | 3.232 | 1,883.5 | 2,704.0 | 1.906 | 1.799 | 1,898.2 | 2,981.1 | 1.645 |
| Jul-13 | 3,822.2 | 3,241.0 | 3.097 | 3,309.8 | 2,893.0 | 3.131 | 2.955 | 1,986.7 | 2,941.9 | 1.745 |
| Aug-13 | 4,165.0 | 3,189.0 | 3.429 | 2,783.3 | 2,623.0 | 2.904 | 2.741 | 1,931.2 | 3,051.2 | 1.635 |
| Sep-13 | 4,201.8 | 3,085.0 | 3.576 | 2,786.6 | 2,797.0 | 2.726 | 2.573 | 1,649.5 | 2,910.7 | 1.464 |
| Oct-13 | 3,212.6 | 2,816.0 | 2.996 | 2,268.0 | 2,631.0 | 2.359 | 2.667 | 1,136.3 | 2,915.8 | 1.007 |
| Nov-13 | 4,012.0 | 3,483.0 | 3.025 | 2,710.9 | 2,586.0 | 2.869 | 2.708 | 1,127.0 | 3,079.9 | 0.945 |
| Dec-13 | 3,930.7 | 3,635.0 | 2.839 | 2,961.5 | 2,739.0 | 2.959 | 2.793 | 1,848.9 | 3,167.0 | 1.508 |
| Avg from 4/13 to 12/13 | 3,707.1 | 3,188.0 | 3.053 | 2,629.5 | 2,727.3 | 2.638 | 2.537 | 1,636.5 | 2,994.8 | 1.412 |

238. From the above table it is found that the ECR for FSTPS-I & II are varied from 260.28 p/u to 357.63 p/u, for FSTPS-III it varies from 257.99 to 354.49, for KhSTPS-I, it varies from 190.60 p/u to 313.06 p/u, for KhSTPS-II, it varies from 179.92 p/u to 295.52 p/u and for TSTPS-I & II, it varies from 94.53 p/u to 174.46 p/u for the period from April, 2013 to December, 2013. It is observed that the ECR have varied inconsistently. Hence it is difficult to assess the actual ECR for the ensuing year 2014-15. The comparisons of ECR of different years are given below.

Table – 39
Energy Charge Rate (ECR) in Paise /Unit

| | Approval for 2012-13 | Actual for 2012-13 | Approval for 2013-14 | GRIDCO Proposal for 2014-15 (30% hike over 1st Six months of Current Yaer) | Avg. actual for 2013-14 upto Dec,13 | Max ECR from 4/13 to 12/13 | Min ECR from 4/13to 12/13 | Avg ECR of last 6 months i.e. 7/13 to 12/13 |
|--------------------------|----------------------|--------------------|----------------------|--|-------------------------------------|----------------------------|---------------------------|---|
| | ECR P/U | ECR P/U | ECR P/U | ECR P/U | ECR P/U | ECR P/U | ECR P/U | ECR P/U |
| TSTPS-I & II | 244.77 | 141.57 | 167.82 | 202.29 | 141.17 | 174.46 | 94.53 | 153.98 |
| FSTPS- I & II | 384.67 | 273.19 | 293.84 | 400.20 | 305.34 | 357.63 | 260.28 | 316.04 |
| FSTPS- III | - | 159.65 | 291.28 | 408.05 | 304.29 | 354.49 | 257.99 | 315.90 |
| KHSTPS-I | 311.85 | 224.48 | 247.78 | 325.48 | 263.82 | 313.06 | 190.60 | 282.45 |
| KHSTPS-II | 294.37 | 211.90 | 233.90 | 311.46 | 253.66 | 295.52 | 179.92 | 273.96 |

239. The wide variation in ECR in recent times was due to use of different types of coal by NTPC for power generation in its Plants. Considering the above, the Commission estimated the ECR for FY 2014-15, taking 5% escalation over the average of actual ECR for the last nine months i.e. from April, 2013 to December,2013 to meet the variations as against 30% escalation proposed by GRIDCO as indicated in Table below.

Table – 40
Energy Charge Rate (ECR) of CGSs for 2014-15

(Figs in Paise/Unit)

| Stations | GRIDCO's proposal with 30 % hike over Wtd. Avg. ECR of 1 st six months of FY 2013-14 | Actual Average ECR for the period from April, 2013 to Dec,13 (excluding central Tr. Loss) | Approval of the Commission with an escalation of 5% over Avg. of actual ECR for the period from April, 2013 to Dec,2013 (excluding central Tr. Loss) | Approval of the Commission including central Tr. Loss |
|----------------|---|--|---|---|
| TSTPS –I | 202.28 | 141.17 | 148.23 | 151.72 |
| TSTPS –II | 202.28 | 141.17 | 148.23 | 153.33 |
| FSTPS – I & II | 400.20 | 305.34 | 320.61 | 328.12 |
| FSTPS - III | 408.05 | 304.29 | 319.50 | 326.99 |
| KHSTPS – I | 325.48 | 263.82 | 277.02 | 284.09 |
| KHSTPS – II | 311.46 | 253.66 | 266.34 | 273.14 |

240. In case of any further variation in ECR during 2014-15 over and above 5% increase assumed by the Commission, the same may be recovered in accordance with the procedure and guidelines outlined in Appendix-7 read with the Regulations 60 of the OERC (Conduct of Business) Regulations, 2004. This would be over and above the normal tariff applicable. Alternatively such additional expenditure would be considered while determining the tariff for FY 2015-16.
241. **Year-end Adjustment Charges (YEA):** GRIDCO had proposed the year-end adjustment charges of central generating stations for FY 2014-15 to the tune of Rs.34.036 crore with the projected CS loss based on the actual payment of Year end Charges for FY 2012-13 and for the 1st six months of FY 2013-14.
242. The Commission scrutinized the above proposal of GRIDCO and accepted the Year End Charges of Rs.26.20 Cr. for the FY 2014-15 which is at the level of the actual Year End Charges for the FY 2012-13. However, for SOC & MOC charges, the Commission approved Rs.1.84 Crores prorating actual figure for 1st six month of Current Year FY 2013-14. Accordingly, the year-end charges approved by the Commission including central transmission loss are given in the table below.

Table – 41
Year End Charges Approved for the FY 2014-15

| Central Generating Stations | FPA due to Secondary fuel oil (Rs. Crore) | Water/ Pollution Cess (Rs. Crore) | Electricity Duty (Rs. Crore) | SOC & MOC charges (Rs. Crore) | TOTAL (Rs. Crore) | Estimated energy Drawal including Central Tr. Loss (MU) | Rate including loss (P/U) | GRIDCO Proposal including loss (P/U) |
|-----------------------------|---|-----------------------------------|------------------------------|-------------------------------|-------------------|---|---------------------------|--------------------------------------|
| TSTPS –I | 5.93 | 0.13 | 3.09 | 0.50 | 9.65 | 2219.70 | 4.35 | 3.81 |
| TSTPS –II | 3.73 | 0.05 | 1.94 | 0.26 | 5.98 | 1392.40 | 4.29 | 6.51 |
| FSTPS – I & II | 4.57 | 0.92 | 0 | 0.32 | 5.81 | 1520.47 | 3.82 | 5.48 |
| FSTPS - III | 0.80 | 0 | 0 | 0.38 | 1.18 | 702.43 | 1.68 | 2.42 |
| KhSTPS –I | 2.77 | 0.05 | 0 | 0.32 | 3.14 | 872.09 | 3.60 | 5.18 |
| KhSTPS –II | 0.38 | 0.01 | 0 | 0.06 | 0.45 | 223.48 | 2.01 | 11.94 |
| Total | 18.18 | 1.16 | 5.03 | 1.84 | 26.20 | 6930.57 | 3.78 | 4.98 |

Transmission Charge for PGCIL System

243. GRIDCO in its ARR application submitted that Transmission charges of PGCIL are being determined applying the norms and principles laid down by CERC from time to time. CERC vide its Order dtd.15.06.2010 have notified a Regulation known as CERC (Sharing of Inter State Transmission Charges and Losses) Regulation, 2010 which shall be commenced from 01.07.2011 and shall remain in force for 5 years from the date of commencement unless reviewed earlier or extended by the CERC. According to this Regulation, PGCIL Charges shall be levied applying a new methodology known as Hybrid Methodology, which shall be sensitive to distance, direction as well as quantum of power flow using load flow studies. The sharing of Inter-State Transmission System (ISTS) Charges shall be based on the technical and commercial information provided by various customers to the evaluating agency known as Implementing Agency which shall calculate the point of connection charges for every customer (such as generator or demand customer) using the aforesaid method. The Point of Connection (PoC) charges shall be Rs/MW/Month. Subsequently, CERC vide its Order dtd.28.03.2013 have furnished the Slab PoC Rates for the period April to June, 2013 & PoC Loss Slab for New Grid & SR Grid.
244. Accordingly, GRIDCO received first part of the Bill (Bill#1) amounting to Rs.23.78 Crore for the month of April'13 for the approved LTA of 1183.42 MW. Based on the bills received during April, 13 to Sep, 13 GRIDCO proposes to pay an amount of Rs.245.96 Crore for the ensuing year 2014-15.
245. GRIDCO has not been receiving any Bill towards the second part of Bill (Bill#2) due to absence of additional Medium Term Open Access. PGCIL is also furnishing the deviation bills as per the provision mentioned in the Regulation which is the Transmission Charges basically UI in nature & the exact figure cannot be predicted. The Third Part (Bill#3) of the Bill which is basically year end adjustment in nature, has been received by GRIDCO on bi-annually basis. GRIDCO received a bill of Rs.4.71 Crore towards Bill # 3 for the period from Oct,12 to Mar,13. The same Bills for the period from April'13 to September'13 have not been received by GRIDCO. Assuming the same amount to be received for the entire year GRIDCO proposes Rs.9.41 Crore towards Bill #3 for the ensuing year, 2014-15. However, considering the bills received for the last six months and prorating the same for a year, GRIDCO proposes an amount of Rs.1.19 Crore payable towards fourth part of the Bill (Bill#4) for the ensuing FY 2014-15.
246. Further, GRIDCO is paying for ULDC and Communication Charges amounting to Rs.1.11 Crore per month for which GRIDCO proposes to pay an amount of Rs.13.28 Crore for the ensuing year i.e. FY 2014-15. GRIDCO has received an amount of Rs. 15.61 Crore towards Short-Term Open Access (STOA) Charges for the period from April,13 to August,13. Accordingly, GRIDCO proposes Rs.31.22 Crore to be received as STOA Charges for the ensuing year 2014-15.
247. Besides the above bills, PGCIL is also raising the bills frequently for the Pre PoC period basing upon the CERC Orders revised from time to time. Such bills received during April'13 to Sept'13 is amounting to Rs.8.32 Crore. Considering aforesaid bills, GRIDCO proposes to pay an amount of Rs.16.65 Crore for the ensuing year for the bills pertaining to Pre-PoC period. With the above facts, the Transmission Charges payable by GRIDCO for the ensuing year comes to Rs.255.27 Crore. Considering energy drawal of 7953.08 MU (and after allowing 2.51% of CTU loss, per unit PGCIL Transmission Charge including loss works out to 32.93 P/U.

248. Further, in the compliance to Commission's queries on ARR, GRIDCO submitted that the stay on CERC (Sharing of Inter State Transmission Charges and Losses) Regulations, 2010 is vacated by the Hon'ble High Court of Delhi and in line with order of the Hon'ble High Court of Delhi pronounced on 30.07.2013, GRIDCO has to pay the arrear PoC charges for the period from July, 2011 to July, 2013 to Power Grid in a mutually agreed manner. Accordingly, it was mutually decided to pay the arrear amount in eight monthly installments.
249. The Commission observed that the tariff for central transmission system is fixed by the principles and norms lay down by the CERC from time to time. The CERC (Sharing of Inter-State Transmission Charges and Losses) Regulation, 2010 pertaining to PGCIL transmission charges is sub-judice. However, the Hon'ble High Court of Delhi has vacated the stay on the said CERC Regulation. On vacation of the stay by the Hon'ble Court, the Commission feels it prudent to consider the PGCIL transmission charges in line with the CERC Regulations for the purpose of computation of the ARR of GRIDCO for FY 2014-15. Accordingly the Commission observed that GRIDCO has estimated an amount of Rs.245.96 crore payable towards Bill #1 of PGCIL's transmission charges. The Commission scrutinized the Bill #1 and Bill #4 of PGCIL for the month of January, 2014 (last quarter of current financial year 2013-14) and observed that PGCIL has claimed an amount of Rs.21.2279 crore towards Bill #1 and credited an amount of Rs.0.3120 crore on account of Bill #4 with the netting to Rs.20.9159 crore. Prorating the same for the whole year (i.e. 12 months), the amount comes to Rs.250.991 crore. Similarly, the Commission scrutinized the Bill #3 raised bi-annually by PGCIL for the period from April, 2012 to September, 2012 and another from October, 2012 to March, 2013 and the total amount claimed by PGCIL for the whole year 2012-13 on account of Bill #3 found to be Rs.7.53 crore. The Commission provisionally approves the same for the ensuing year 2014-15. Since the Bill #2 has not yet been raised by PGCIL to GRIDCO due to absence of additional medium-term Open Access, the Commission provisionally approves the total amount of Rs.258.522 crores towards transmission charges of PGCIL for the FY 2014-15 on account of Bill #1, Bill #3 and Bill #4.
250. The Commission also scrutinise the ULDC & Communication Charges as proposed by GRIDCO in the ARR for FY 2014-15 and provisionally approves the same for pass through in the tariff. Further the Commission observed that GRIDCO has collected an amount of Rs.25.4419 crore from the Short-term OA Customers during April, 2013 to January, 2014. Prorating the same for the whole year (i.e. 12 months), the amount comes to Rs.30.53 crores. Hence the Commission provisionally consider the amount of Rs.30.53 crore towards collection from Short-term Open Access Customers during the ensuing year 2014-15 and deducts of the same from the total Transmission charges. Further, the commission does not allow the bill pertaining to pre POC period amounting to Rs.16.65 cr as claimed by GRIDCO which will be trued up after completion of financial year.
251. Taking all the above cost into account the Commission approves the PGCIL transmission charge payable by GRIDCO including the Central Sector Loss for the year 2014-15 at 31.46 P/U. The details of total cost towards PGCIL transmission charges is indicated in the table below:

Table – 42
PGCIL Transmission Charges for FY 2014-15

| Particulars | GRIDCO's Proposal | Commission's Approval |
|---|-------------------|--|
| Transmission charge payable by GRIDCO for 2012-13 towards Bill#1 (Rs. Cr.) | 245.96 | 254.74 |
| Deviation charges proposed towards bill #4 (Rs. Cr.) | 1.19 | (-) 3.75 |
| Year End Charges proposed towards Bill #3 (Rs. Cr.) | 9.41 | 7.53 |
| Total (Rs. Cr.) | 256.56 | 258.52 |
| ULD and Communication Charges (Rs. Cr.) | 13.28 | 13.28 |
| Bills pertaining to Pre Poc Period (Rs. Cr.) | 16.65 | 0 |
| less: allocable to short term customers(Rs. Cr.) | (-) 31.22 | (-) 30.53 |
| Net amount payable by GRIDCO towards Transmission Charges (Rs. Cr.) | 255.27 | 241.27 |
| Energy drawal by GRIDCO before Central Sector Loss (MU) | 7959.08 | 7867.55 (considering full share of GRIDCO) |
| PGCIL Transmission Charge (P/U) | 32.10 | 30.67 |
| Weighted Average Central Sector Transmission Loss % | 2.51% | 2.51% |
| PGCIL Transmission Charge including loss (P/U) | 32.93 | 31.46 |

252. Taking all the above cost into account the summary of power purchase from Central Generating Stations and its cost for GRIDCO approved for FY 2014-15 is given in the table below.

Table – 43

| Sl. No. | Generators | Approved Energy Purchased (MU) | Fixed Cost (Rs. in Crore) | Fixed Cost (P/U) | Energy Charge Rate (P/U) | Other Cost (P/U) | Total Rate (P/U) | TOTAL Cost (Rs Cr) |
|------------|---|--------------------------------|---------------------------|------------------|--------------------------|------------------|------------------|--------------------|
| 1 | CHUKHA | 261.15 | | | | | 162.74 | 42.50 |
| 2 | Tala HPS | 142.96 | | | | | 206.76 | 29.56 |
| 3 | Teesta-V | 510.53 | | | | | 231.15 | 118.01 |
| 4 | Total Central Hydro | 914.64 | | | | | | 190.07 |
| 5 | TSTPS St-I | 2,168.62 | 188.24 | 86.80 | 151.72 | 4.45 | 242.97 | 526.91 |
| 6 | TSTPS St-II | 1,346.04 | 112.14 | 83.31 | 153.33 | 4.44 | 241.09 | 324.51 |
| 7 | FSTPS I & II | 1,434.95 | 130.31 | 90.81 | 328.12 | 3.91 | 422.85 | 606.76 |
| 8 | FSTPS III | - | 113.82 | 147.43 | 326.99 | 1.72 | 476.14 | 113.82 |
| 9 | KhTPS St-I | 850.37 | 86.40 | 101.60 | 284.09 | 3.69 | 389.38 | 331.12 |
| 10 | KhTPS St-II | 217.92 | 27.19 | 124.78 | 273.14 | 2.07 | 399.99 | 87.16 |
| 11 | Total Central Thermal | 6,017.89 | | | | | 330.73 | 1,990.28 |
| 12 | Total Central Sector | 6,932.53 | | | | | 314.51 | 2,180.35 |
| 13 | PGCIL Tr Charge | | | | | | 34.80 | 241.27 |
| 14 | ERLDC Charges | | | | | | 0.50 | 3.46 |
| 15 | Total Central Sector (Thermal + Hydro) | 6932.53 | | | | | 349.81 | 2,425.08 |
| NB: | The rates include Central Transmission Loss. | | | | | | | |

253. Further, GRIDCO has projected an amount of Rs.3.46 crore towards payment of ERLDC fees and charges consisting of System Operation Charges (SOC) and Market Operation Charges (MOC) for the FY 2014-15. GRIDCO submitted that CERC vide its order dtd.18.09.2009 had framed Regulation on CERC (Fees and Charges of Regional Load Despatch Centres & Other Related Matters) Regulations, 2009 based

on which ERLDC shall levy and collect fees and charges from the users towards its SOC and MOC. GRIDCO being the State Designated Entity under the Single Buyer Model has the Odisha Share allocation from the Central Sector Generating Stations in its favour and thus comes under the category of Distribution Licensee/ Buyers and hence, liable to pay the System Operation Charges & Market Operation Charge claimed by the ERLDC. The total projected SOC & MOC payable by GRIDCO to ERLDC is calculated as Rs.3.46 crore for the ensuing year 2014-15. The Commission approves the same and pass through in the tariff.

254. GRIDCO's proposal for the cost of power purchase from various generating stations and the Commission's approval based on least cost power purchase for the FY 2015-15 are given in the table below:

Table - 44
GRIDCO's Proposal & Commission's Approval for FY 2014-15

| | GRIDCO's PROPOSAL | | | COMMISSION's APPROVAL | | |
|------------------------------|-------------------|------------------|----------------------|-----------------------|------------------|----------------------|
| Generators | Energy (MU) | Total Rate (P/U) | Total cost (Rs. Cr.) | Energy (MU) | Total Rate (P/U) | Total cost (Rs. Cr.) |
| HYDRO (OLD) | 3,560.27 | 69.21 | 246.41 | 3,676.86 | 84.39 | 310.28 |
| Indravati | 1,941.39 | 81.92 | 159.04 | 1,942.38 | 80.42 | 156.20 |
| Machakund | 262.50 | 41.49 | 10.89 | 262.50 | 41.68 | 10.94 |
| Total Hydro | 5,764.16 | 72.23 | 416.34 | 5,881.74 | 81.17 | 477.42 |
| OPGC | 2,638.77 | 225.04 | 593.83 | 2,663.74 | 212.24 | 565.36 |
| TTPS (NTPC) | 3,105.65 | 268.19 | 832.90 | 3,105.55 | 198.14 | 615.33 |
| IPPs | 6,571.55 | 270.53 | 1,777.80 | 5,205.24 | 212.46 | 1,105.93 |
| CGPs | 475.63 | 275.00 | 130.80 | | 275.00 | - |
| Renewable | | | | | | |
| Co-Generation Plants | 1,500.00 | 275.00 | 412.50 | 1,160.00 | 275.00 | 319.00 |
| Total Small Hydro | 300.00 | 368.00 | 110.40 | 300.00 | 368.00 | 110.40 |
| Biomass Energy | - | - | - | 141.91 | 555.67 | 78.86 |
| Solar Energy | 105.00 | 914.00 | 95.97 | 105.00 | 870.30 | 91.38 |
| TOTAL STATE | 20,460.76 | 213.61 | 4,370.54 | 18,563.18 | 181.20 | 3,363.67 |
| CHUKHA | 263.00 | 195.67 | 51.46 | 261.15 | 162.74 | 42.50 |
| Tala HPS | 139.00 | 239.69 | 33.32 | 142.96 | 206.76 | 29.56 |
| Teesta-V | 511.00 | 263.99 | 134.90 | 510.53 | 231.15 | 118.01 |
| Total Central Hydro | 913.00 | 240.61 | 219.68 | 914.64 | 207.81 | 190.07 |
| TSTPS St-I | 2,168.64 | 324.83 | 704.44 | 2,168.62 | 242.97 | 526.91 |
| TSTPS St-II | 1,345.62 | 324.44 | 436.57 | 1,346.04 | 241.09 | 324.51 |
| FSTPS I & II | 1,485.50 | 525.52 | 780.66 | 1,434.95 | 422.85 | 606.76 |
| FSTPS III | 772.05 | 609.36 | 470.46 | | 494.55 | 113.82 |
| KhTPS St-I | 850.37 | 464.16 | 394.71 | 850.37 | 389.38 | 331.12 |
| KhTPS St-II | 217.92 | 480.22 | 104.65 | 217.92 | 399.99 | 87.16 |
| Total Central Thermal | 6,840.10 | 422.73 | 2,891.49 | 6,017.89 | 330.73 | 1,990.28 |
| Total Central Sector | 7,753.10 | 401.28 | 3,111.16 | 6,932.53 | 314.51 | 2,180.35 |
| PGCIL Tr Charge | | | | | 34.80 | 241.27 |
| ERLDC Charges | | | | | 0.50 | 3.46 |
| Non Solar REC | | 330.00 | 68.59 | | | |
| TOTAL GRIDCO | 28,213.86 | 267.61 | 7,550.29 | 25,495.71 | 227.05 | 5,788.75 |

Rebate for Prompt Payment from the Generators

255. The PPA between the generators and GRIDCO provides for a rebate of 2% on the gross power bill, if payment is made through Letter of Credit. 1% rebate on the billed amount is allowed when payment is made within 30 days. In case of payment beyond the due date, delayed payment surcharge @ 1.25% per month is payable by GRIDCO to the generators.
256. For the purpose of calculation of revenue requirement, the cost of power should be calculated at its gross value, as the rebate available from the generator is likely to offset the rebate that will be allowed to the DISCOMs for payment through L.C.

GRIDCO FINANCE

Truing up of GRIDCO

257. The Commission had approved the Truing up of GRIDCO upto the financial year 2010-11 in its Order dated 19.3.2012 in Case No.6/2012. While undertaking the truing up exercise, the submission of the petitioner and the Audited Annual Accounts upto FY 2010-11 were taken into consideration. The principles followed by the Commission in regard to Truing up of GRIDCO are summarized below:-
- i) Power Purchase Cost is allowed on actual basis.
 - ii) Employees Cost is allowed on actual basis.
 - iii) Repair & Maintenance Cost is allowed on actual basis.
 - iv) Administrative & General Expenditure is allowed as per actual subject to the limit approved in the ARR.
 - v) Interest on loan amount is allowed on actual basis except interest on loan from state govt.
 - vi) Depreciation is allowed as per actual upto FY 2000-01. From 2001-02 onwards, depreciation is calculated in line with Hon'ble High Court Order i.e. at pre-upvalued cost of asset and pre-92 rate notified by Govt. of India.
 - vii) Income from interest payable by WESCO, NESCO & SOUTHCO as bond value of Rs.400 crores shown in Audited Accounts for FY 2006-07 has not been considered in truing up exercise since the matter is subjudice.
258. Accordingly, the Commission approved an amount of Rs.2260.00 crore by the end of 31.03.2011, to be amortized over a period of six years. For the FY 2011-12 the approved true up gap (negative) was Rs.795.34 crore the calculation of which was given in para 188 (table 43) of the BSP order 2013-14.
259. For the year 2012-13, based on the audited account, the truing up exercise has been under taken which is depicted in table below:-

Table- 45

(Rs. Crore)

| Particulars | 2012-13 | | | |
|--|----------------|----------------|----------------|-----------------|
| | OERC Approval | Actuals | TRUE UP | DIFERENCE |
| Expenditure | | | | |
| Power Purchase including wheeling | 5691.02 | 5699.88 | 5699.88 | -8.86 |
| Employee Cost(less expense capitalised) | 4.29 | 4.57 | 4.57 | -0.28 |
| R & M Cost | 0.1 | 0.03 | 0.03 | 0.07 |
| A & G Cost | 3.73 | 3.55 | 3.55 | 0.18 |
| Gross Interest | 414.49 | 518.81 | 498.74 | -84.25 |
| <i>Less: Capitalisation</i> | 0.00 | 0.00 | 0.00 | 0.00 |
| <i>Less: Interest receivable from Distcos</i> | 0.00 | 0.00 | 0.00 | 0.00 |
| Net Interest | 414.49 | 518.81 | 498.74 | -84.25 |
| Depreciation | 0.00 | 0.19 | 0.19 | -0.19 |
| Damage due to cyclone | - | - | - | - |
| Other Expenses including ERLDC fee | 1.32 | 65.31 | 65.31 | -63.99 |
| Bad Debts | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Expenditure | 6114.95 | 6292.34 | 6272.27 | -157.32 |
| Prior Period Adjustments | 306.96 | 106.25 | 106.25 | 200.71 |
| Special appropriation to cover Previous loss | 597.73 | 325.75 | 325.75 | 271.98 |
| Previous Loss | 0.00 | 0.00 | 0.00 | 0.00 |
| Contingency Reserve | 0.00 | 0.00 | 0.00 | 0.00 |
| Repayment of Principal | 0.00 | 0.00 | 0.00 | 0.00 |
| Reasonable Return/ Income Tax | 0.00 | 10.14 | 10.14 | -10.14 |
| TOTAL COST | 7019.64 | 6734.48 | 6714.41 | 305.23 |
| TOTAL REVENUE | 6391.06 | 6766.27 | 6766.27 | 447.21 |
| Difference- in Cost and Revenue(Profit / (loss)) | -700.58 | 31.79 | 51.86 | 752.44 |
| Add: Approved gap in ARR | | | | -700.58 |
| True up on adjustment of Approved gap in ARR | | | | 51.86 |
| Cumulative TRUEUP GAP | | | | -3010.08 |

Amount approved upto 31.3.2012

- Rs.(-)3061.94 Crore

Amount approved for 2012-13

- Rs.(+)51.86 Crore

Total**- Rs.(-)3010.08 Crore**

Already the Commission have amortized Rs.1019.51 Crore (Para 499 of BSP Order 2013-14). The balance amount to be amortised is Rs.1990.57 crore.

Employees cost

260. The Annual Revenue Requirement for the Financial Year 2014-15 filed by GRIDCO includes an amount of Rs.5.95 crores towards employees cost, which is analysed in the table below:-

Table - 46

| | 2013-14 (Approved) | 2014-15 (Proposal) | 2012-13 (Actual) |
|------------------------|-------------------------------|-------------------------------|-----------------------------|
| Basic Pay+GP | 1.72 | 1.76 | 1.68 |
| DA | 1.48 | 1.87 | 1.18 |
| HRA | 0.21 | 0.26 | 0.19 |
| Medical Reimbursement | 0.09 | 0.19 | 0.10 |
| Others | 0.25 | 0.24 | 0.15 |
| Terminal benefits | 0.64 | 0.98 | 0.73 |
| Contractual engagement | 0.60 | 0.65 | 0.54 |
| Total | 4.99 | 5.95 | 4.57 |

261. **Basic Pay + GP:** The figure as per the audited data for the FY 2012-13 was Rs.1.68 crore for FY 2013-14 the GRIDCO in the reply to queries on the Commission reported that the actual cash outflow from April, 2013 to November, 2013 (for a period of 8 month) was Rs.1.10 crore. Extrapolating the same for a period of 12 months and factoring in 3% annual increment the figure for the FY 2014-15 works out to Rs.1.72 crore which is approved by the Commission.

262. **Dearness Allowance:** The present rate w.e.f. 1.7.2013 is 90%. In past, the periodic rise in DA with effect from 1st January and 1st July was to the extent of 10%. Assuming the rise in DA @10% w.e.f. 01.01.2014, 01.07.2014 and 01.01.2015, the annual average DA for the financial year 2014-15 is pegged at 110%.

In respect of other major expenditure such as medical allowance, HRA, Terminal benefits the following principle has been adopted.

1. Medical reimbursement 5% of Basic Pay + GP
2. House rent allowance 15% of Basic Pay + GP limiting to claim made by licensee in these filing.
3. Terminal benefits has been allowed at Rs.0.89 crore as against the proposed amount of Rs.0.98 crore after due scrutiny.

263. With the above principle the approved employees cost for 2014-15 is shown in table below:-

Table - 47

| | 2013-14 (App.) | 2014-15 (Prop.) | 2014-15 (App) |
|------------------------------------|---------------------------|----------------------------|--------------------------|
| Basic Pay + GP | 1.72 | 1.76 | 1.71 |
| DA | 1.48 | 1.87 | 1.89 |
| HRA | 0.21 | 0.26 | 0.26 |
| Expenses on contractual engagement | 0.60 | 0.65 | 0.65 |
| Medical reimbursement | 0.09 | 0.19 | 0.09 |
| Others | 0.25 | 0.24 | 0.24 |
| Terminal liabilities | 0.64 | 0.98 | 0.89 |
| Total | 4.99 | 5.95 | 5.73 |

Commission approves an amount of **Rs.5.73** crore towards employees cost for 2014-15 as against an amount of Rs.5.95 crore proposed by the licensee.

Repair Maintenance

264. During Financial Year 2014-15 GRIDCO proposes an amount of Rs.0.30 crore towards repair & maintenance under the head air conditioner, computer, vehicle, furniture and office equipment. The Commission approves the same as a pass through in the ARR for FY 2014-15.

Administration & General Expenses

265. During Financial Year 2014-15, GRIDCO proposed an amount of Rs.7.79 crores under the head Administrative and General Expenses, inclusive of an amount of Rs.1.25 crores towards license fee payable to OERC. Thus excluding license fee the A & G expenses would be Rs.6.54 crore (7.29-1.25). The Audited Account for the FY 2012-13 excluding license fee works out to Rs.2.30 crore. Factoring in the average inflation rate for 2013-14 (7.50%) and 6.16% for 2014-15, the A&G expenses works out to Rs.2.63 crore. Including the license fee of Rs.1.25 crore, the total A&G expenses for FY 2014-15 is approved at **Rs.3.88** crore (Rs.2.63 Cr. + Rs.1.25 Cr.).

Depreciation

266. Under this head GRIDCO has proposed Rs.0.26 crore towards the depreciation on fixed assets (vehicle, furniture and office equipment etc.) for the FY 2014-15. On scrutiny of the audited accounts of GRIDCO for the year 2012-13 it was found that an amount of Rs.0.19 crore was put under the head depreciation. Hence, Commission allows the depreciation amount of **Rs.0.26** crore for the FY 2014-15 proposed by the licensee.

Interest on Loan

267. GRIDCO has proposed an amount of Rs.486.70 crore including Rs.10.08 crore towards guarantee commission under this head for the Financial Year 2014-15. This includes the interest impact of Rs.50 crore on a loan amount of Rs.500 crore projected to be received from OMC by the end of FY 2013-14. Excluding this amount the total interest burden works out to Rs.436.70 crore.
268. On scrutiny of the figures submitted by the licensee, it is found that all loans up to 31.03.2008 are inherited by GRIDCO at the time of demerger of GRIDCO in to GRIDCO to OPTCL; the interest liabilities of which has been accepted by the Commission as a pass through in the revenue requirement. After that the actual loans availed by GRIDCO in different financial years are given as follows:-

| | |
|---------|---|
| 2008-09 | 300.00 crore |
| 2009-10 | 1213.00 crore |
| 2010-11 | 1640.71 crore |
| 2011-12 | 864.16 crore |
| 2012-13 | 843.83 crore |
| 2013-14 | 127.50 crore (received till November, 2013) |

A table showing loan position of GRIDCO as on 31.3.2015 and the claims of interest for 2014-15 is depicted in table below:-

Table- 48

| SI No | Particulars | OB as on 01-04-12 | 2012-13 | | | 2013-14 | | | 2014-15 | | | |
|-------|-----------------------------|-------------------|-----------|----------|------------|------------------|----------|------------|------------------|----------|------------|---------------------------|
| | | | Principal | | | Principal | | | Principal | | | Interest due for the year |
| | | | Principal | Addition | Repay-ment | CB as on 31.3.13 | Addition | Repay-ment | CB as on 31.3.14 | Addition | Repay-ment | |
| A | Upto 31.03.08 | | | | | | | | | | | |
| 1 | State Govt.(WCL) | 120.00 | - | | 120.00 | - | | 120.00 | - | 120.00 | - | 15.60 |
| 2 | St.Govt (OPGC Adj.) | 42.54 | - | | 42.54 | - | | 42.54 | - | 39.66 | 2.89 | 4.47 |
| 3 | NTPC (Govt. Bonds) | 819.02 | - | 0.21 | 818.81 | - | | 818.81 | - | 661.51 | 157.30 | 80.63 |
| 4 | Bond PF/99 (P.Trust) | 65.26 | - | 29.91 | 35.35 | - | 35.35 | - | - | | | |
| 5 | Union Bank of India- III | 19.46 | - | 13.11 | 6.35 | - | 6.35 | - | - | | | |
| 6 | Union Bank of India- IV | 31.14 | - | 15.32 | 15.82 | - | 15.82 | - | - | | | |
| 7 | Allahabad Bank - II | 6.96 | - | 6.96 | - | - | | | - | | | |
| 8 | Allahabad Bank - III | 4.93 | - | 4.93 | - | - | | | - | | | |
| 9 | Dena Bank - II | 19.52 | - | 11.51 | 8.01 | - | 8.01 | | - | | | |
| 10 | Andhra Bank-I | 6.91 | - | 6.91 | - | - | | | - | | | |
| | Sub-total | 1135.75 | - | 88.86 | 1046.89 | - | 65.53 | 981.35 | - | 821.17 | 160.18 | 100.69 |
| B | Availed during 2008-09 | | | | | | | | | | | |
| 12 | Uco Bank -I (200 cr) | 27.80 | - | 27.80 | - | - | | - | - | | | |
| 13 | Uco Bank -II (100 cr) | 30.01 | - | 29.93 | 0.08 | - | 0.08 | | - | | | |
| | Sub-total | 57.81 | - | 57.73 | 0.08 | - | 0.08 | 0.00 | - | | | |
| C | Availed during 2009-10 | | | | | | | | | | | |
| 14 | Union Bank STL- V | 100.00 | 100.00 | 100.00 | 100.00 | | - | 100.00 | - | 100.00 | | 11.00 |
| 15 | Union Bank TL- VI | 122.02 | - | 37.06 | 84.95 | - | 40.20 | 44.75 | - | 40.20 | 4.55 | 3.03 |
| 16 | Andhra Bank-II | 138.29 | - | 40.02 | 98.27 | - | 40.00 | 58.27 | - | 40.00 | 18.27 | 4.90 |
| 17 | Karnataka Bank -II-100cr | 66.56 | - | 23.00 | 43.58 | - | 25.08 | 18.48 | - | 18.48 | | 0.80 |
| 18 | Canara -I_100 cr TL | 51.69 | - | 25.19 | 26.50 | - | 25.20 | 1.30 | - | 1.30 | | 0.01 |
| 19 | Canara -II _100 cr TL | 64.92 | - | 20.03 | 44.89 | - | 20.04 | 24.85 | - | 20.04 | 4.81 | 1.88 |
| 20 | Kalinga GB -50 cr | 43.69 | - | 12.64 | 31.06 | - | 12.60 | 18.46 | - | 12.60 | 5.86 | 1.52 |
| 21 | Karur Vbank_I - 50 cr | 45.85 | - | 10.01 | 35.84 | - | 9.96 | 25.88 | - | 9.96 | 15.92 | 2.55 |
| 22 | Dena Bank - III | 98.33 | - | 20.00 | 78.33 | - | 20.04 | 58.29 | - | 20.04 | 38.25 | 6.02 |
| 23 | Uco Bank -III (100 cr) | 99.99 | - | 30.50 | 69.48 | - | 33.33 | 36.15 | - | 33.33 | 2.82 | 2.41 |
| 24 | Uco Bank -IV (200 cr) | 200.00 | - | 61.01 | 138.99 | - | 66.67 | 72.32 | - | 66.67 | 5.65 | 4.81 |
| | Sub-total | 1031.33 | - | 379.46 | 751.87 | | 293.12 | 458.75 | - | 362.62 | 96.13 | 39.02 |
| D | Availed during 2010-11 | | | | | | | | | | | |
| 25 | Karur Vbank_II - 50 cr | 50.00 | - | 5.90 | 44.10 | - | 9.96 | 34.14 | - | 9.96 | 24.18 | 3.55 |
| 26 | Union Bank- VII_190_2010-12 | 189.87 | | 0.48 | 189.39 | - | 3.34 | 186.05 | - | 40.08 | 145.97 | 18.45 |
| 27 | Allahabad Bank - IV | 200.00 | - | 8.34 | 191.66 | - | 33.36 | 158.30 | - | 33.36 | 124.94 | 15.66 |
| 28 | Syndicate Bank-II_200cr | 200.00 | - | 9.96 | 190.04 | - | 40.00 | 150.04 | - | 40.00 | 110.04 | 14.52 |
| 29 | Canara -III_200 cr TL | 199.85 | - | 0.00 | 199.85 | - | 20.00 | 179.85 | - | 40.00 | 139.85 | 18.01 |
| 30 | Canara_IV - 200_2010-12 | 199.81 | | 0.00 | 199.81 | - | 6.67 | 193.14 | - | 40.00 | 153.14 | 19.32 |

| Sl No | Particulars | OB as on 01-04-12 | 2012-13 | | | 2013-14 | | | 2014-15 | | | |
|----------|------------------------------------|-------------------|---------------|---------------|----------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| | | | Principal | | | Principal | | | Principal | | | Interest |
| 31 | Bank of India 100cr_I | 100.00 | - | 15.54 | 84.46 | - | 16.68 | 67.78 | - | 16.68 | 51.10 | 7.22 |
| 32 | Bank of India 200cr_II | 200.00 | - | 25.53 | 174.47 | - | 33.36 | 141.11 | - | 33.36 | 107.75 | 15.10 |
| 33 | Cental Bank_I - 100 cr | 99.99 | - | 22.90 | 77.09 | - | 25.00 | 52.09 | - | 25.00 | 27.09 | 4.66 |
| 34 | IOB_I - 200_2010-11 | 199.99 | - | 0.21 | 199.78 | - | 4.76 | 195.02 | - | 28.57 | 166.45 | 20.02 |
| 35 | Andhra Bank_III_2010-11 | 199.98 | | 0.02 | 199.96 | - | 3.33 | 196.62 | - | 40.0 | 156.62 | 20.06 |
| | Sub-total | 1839.49 | | 88.87 | 1750.61 | - | 196.46 | 1554.15 | - | 347.01 | 1207.14 | 156.59 |
| E | Availed during 2011-12 | | | | | | | | | | | |
| 36 | St.Govt Loan (CPA Adj.) | 162.77 | | 162.77 | - | - | - | - | | - | | - |
| 37 | GRIDCO PP Bond-2012-100cr | 100.00 | | | 100.00 | | 1.67 | 98.33 | | 25.33 | 73.00 | 13.81 |
| 38 | Union Bank-FDR Loan | 132.00 | | | 132.00 | | - | 132.00 | | 52.80 | 79.20 | 24.85 |
| 39 | Union Bank-SOD | 173.11 | | | 173.11 | - | - | 173.11 | | - | 173.11 | 32.10 |
| | Sub-total | 567.88 | | 162.77 | 405.11 | | 1.67 | 403.44 | - | 78.13 | 325.31 | 70.76 |
| F | Availed during 2012-13 | | | | | | | | | | | |
| 40 | Real Growth PPB_2012-50cr | | 50.00 | | 50.00 | | | 50.00 | | | 50.00 | 5.20 |
| 41 | New Loan_OMC | | 500.00 | | 500.00 | | 33.33 | 466.67 | | 100.00 | 366.67 | 43.15 |
| 42 | Andhra Bank FDR | | 36.00 | | 36.00 | | 36.00 | 0.00 | | | 0 | - |
| 43 | New Loan_PF Bond | | 40.00 | | 40.00 | | | 40.00 | | | 40.00 | Included above |
| 44 | Union Bank FDR | | 113.00 | | 113.00 | | | 113.00 | | | 113.00 | - do - |
| 45 | Union Bank SOD | | 104.83 | | 104.83 | | | 104.83 | | | 104.83 | - do - |
| | Sub-total | | 843.83 | | 843.83 | | 69.33 | 774.50 | - | 100.00 | 674.50 | 48.35 |
| | Availed during 2013-14 | | | | | | | | | | | |
| | GRIDCO Bond 2013 | | | | | | 127.50 | 127.50 | | | | 11.21 |
| | TOTAL | 4632.25 | 943.83 | 777.69 | 4798.39 | 127.50 | 626.20 | 127.50 | 4299.69 | 1708.94 | 2590.75 | 426.62 |
| D | Finance & Other Charges | | | | | | | | | | | |
| 44 | Guarantee Commission | | | | | | | | | | | 10.08 |
| E | Grand Total | | | | | | | | - | | | 436.70 |

269. **Loan availed during 2009-10:** For the Financial Year 2009-10, GRIDCO availed loan of Rs.1213.00 crore. In the BSP Order for FY 2011-12 (Para 455 to 456) the Commission stated the reasons for allowing interest on loan amount of Rs.1213.00 crore availed during the Financial Year 2009-10. In line with the Orders of the previous year, the Commission accepts and allow the claim towards interest on loan availed during 2009-10 due for the FY 2014-15.
270. **Loans during FY 2010-11:** During the FY 2010-11, GRIDCO availed an amount of Rs.1640.71 crore. On this loan the Commission had approved the interest impact in the ARR for FY 2012-13 (para 456 to 460), 2013-14 (para 200). In line with the Orders of the previous year, the Commission accepts and allow the claim towards interest on loan availed during 2010-11 due for the FY 2014-15.
271. **Loans during FY 2011-12:** During FY 2011-12 GRIDCO availed an amount of Rs.864.16 crore. The Commission in the tariff order for 2013-14 mentioned the reason for allowing interest impact on loan as a pass through in the ARR (para 202 to

206 of the tariff order 2013-14). In line with the Orders of the previous year, the Commission accepts and allow the claim towards interest on loan availed during 2011-12 due for the FY 2014-15.

272. **Loan during 2012-13:** In the FY 2012-13, GRIDCO has availed an amount of Rs.843.83 crore. As required by the Commission, GRIDCO submitted the cash flow for FY 2012-13. A summarized position of cash deficit of GRIDCO is given below:-

(A) Cash In Flow

| | |
|-----------------------------|----------------------|
| (1) Revenue from DISCOMS | 4916.16 crore |
| (2) Revenue from UI Trading | 519.17 crore |
| (3) Miscellaneous | <u>65.11 crore</u> |
| Total | 5500.44 crore |

(B) Cash Out Flow

| | |
|------------------------|----------------------|
| 1. Power Purchase | 5301.02 crore |
| 2. UI Trading Purchase | 142.96 crore |
| 3. Employees Cost | 3.14 crore |
| 4. A & G expenses | 3.91 crore |
| 5. Loan repayment | 614.71 crore |
| 6. Interest & Finance | 391.43 crore |
| 7. Miscellaneous | 19.90 crore |
| | ----- |
| Total | 6477.07 Crore |

Cash Surplus (+)/Deficit (-) (A) – (B) -973.63 Crore

273. To meet the above cash deficit, GRIDCO has no alternative but to fund deficit through borrowing from different sources.

Commission in principle allows the interest impact on loan amount of Rs.843.83 crore in the ARR for FY 2014-15 claimed by GRIDCO, since cash deficit of Rs.973.63 Cr. as shown above is more than the amount borrowed during FY2012-13.

274. **Loan during 2013-14:** In the FY 2013-14, GRIDCO has availed an amount of Rs.127.50 crore. The Commission allows the interest impact of the above loan as GRIDCO availed the loan to fund the deficit in the cash flow for FY 2012-13 as well as 2013-14.

275. GRIDCO also inherited certain loans at the time of de-merger of GRIDCO into GRIDCO & OPTCL before 2008-09. The outstanding loan position up to 31.03.2008 has been exhibited in the table above. In line with the orders of the previous years, Commission allows interest on such loans excepting interest on State Govt. loans and pension trust fund.

276. With the above observation, interest liability for 2014-15 proposed by GRIDCO and approved by Commission is depicted in the table below:

Table - 49

(Rs. Cr.)

| Sl. No. | Particulars | | 2014-15 | |
|--|---|--|---|-------------------------------|
| | | | Interest due for the year as proposed by GRIDCO | Approval |
| A. Existing Loan as on 01.4.2008 | | | | |
| 1 | State Govt. (WLC) | | 15.60 | - |
| 2 | State Govt. (OPGC Adj.) | | 4.47 | - |
| 3 | NTPC (Govt. Bonds) | | 80.63 | 80.63 |
| 4 | Union Bank of India-III | | | |
| 5 | Union Bank of India-IV | | | |
| 6 | Allahabad Bank-II | | | |
| 7 | Allahabad Bank-III | | | |
| 8 | Dena Bank-II | | | |
| 9 | Andhra Bank-I | | | |
| 10 | Pension Trust Bond | | | |
| | Sub Total | | 100.69 | 80.63 |
| B. Loan availed during FY 2008-09 to meet the Revenue Deficit | | | | |
| 11 | Uco Bank-I (200 cr.) | | 0.00 | 0.00 |
| 12 | Uco Bank-II (100 cr.) | | 0.00 | 0.00 |
| | Sub Total | | 0.00 | 0.00 |
| C. New Loan availed during FY 2009-10 to meet the Revenue Deficit | | | | |
| 13 | Union Bank of India-V-100 cr. | | 11.00 | 11.00 |
| 14 | Union Bank of India-VI-200 cr. | | 3.03 | 3.03 |
| 15 | Andhra Bank-II-200 cr. | | 4.90 | 4.90 |
| 16 | Canara-I-100 cr. | | 0.01 | 0.01 |
| 17 | Canara-II-100 cr. | | 1.88 | 1.88 |
| 18 | Kalinga GB-50 cr. | | 1.52 | 1.52 |
| 19 | Kaur Vysya Bank-50 cr. | | 2.55 | 2.55 |
| 20 | Karnataka Bank-II-100 cr. | | 0.88 | 0.88 |
| 21 | Uco Bank III- 100 cr. | | 2.41 | 2.41 |
| 22 | Uco Bank IV- 113.00 cr. (Sanctioned Rs.200 cr.) | | 4.81 | 4.81 |
| 23 | Dena Bank III- 100 cr. | | 6.02 | 6.02 |
| | Sub Total | | 39.02 | 39.02 |
| D. New Loan availed during FY 2010-11 to meet the Revenue Deficit | | | | |
| 24 | Uco Bank IV- 87.00 cr. (Sanctioned Rs.200 cr.) | | Included in item No.22 | Included in item No.22 |
| 25 | Bank of India-I-100 cr. | | 7.22 | 7.22 |
| 26 | Bank of India-II-200 cr. | | 15.10 | 15.10 |
| 27 | Central Bank-I-100 cr. | | 4.66 | 4.66 |
| 28 | Karur Vysya Bank-II-50 cr. | | 3.55 | 3.55 |
| 29 | Canara Bank-III-200 cr. | | 18.01 | 18.01 |
| 30 | Canara Bank-IV-100 cr. | | 19.32 | 19.32 |
| 31 | Syndicate Bank-II-200 cr. | | 14.52 | 14.52 |
| 32 | Allahbad Bank-IV-200 cr. | | 15.66 | 15.66 |

| Sl. No. | Particulars | | 2014-15 | |
|--|--|--|---|-------------------------------|
| | | | Interest due for the year as proposed by GRIDCO | Approval |
| 33 | Union Bank -VII 100 cr. | | 18.45 | 18.45 |
| 34 | Andhra Bank-III 93.71 cr. (Sanction loan Rs.200.00 cr.) | | 20.06 | 20.06 |
| 35 | IOB-I 200 cr. | | 20.02 | 20.02 |
| | Sub Total | | 156.59 | 156.59 |
| E. Loan availed during FY 2011-12 | | | | |
| 36 | Andhra Bank-III 106.29 cr. (Sanction loan Rs.200.00 cr.) | | Included in item No.34 | Included in item No.34 |
| 37 | Union Bank FDR TL-VIII 132 cr. | | 24.85 | 24.85 |
| 38 | Union Bank SOD 173.11 | | 32.10 | 32.10 |
| 39 | GRIDCO PP BOND-2012 – 100 Cr. | | 13.81 | 13.81 |
| 40 | CPA Adjustment (State Govt. Loan) 162.77 Crore | | - | - |
| 41 | Canara Bank-IV-100 cr. | | Included in item 30 | Included in item 30 |
| 42 | Union Bank -VII 90 cr. | | Included in item 33 | Included in item 33 |
| | Sub Total | | 70.76 | 70.76 |
| F. Loan availed during FY 2012-13 (Upto November, 2012 to meet the Revenue Deficit) | | | | |
| 43 | Union Bank of India-V-104.83 cr. | | Included in item 13 | Included in item 13 |
| 44 | GRIDCO PP BOND-2012 – 40 Cr. | | Included in item 39 | Included in item 39 |
| 45 | Union Bank FDR TL-VIII 113 cr. | | Included in item 37 | Included in item 37 |
| 46 | Real Growth PPB- 50 Cr. | | 5.20 | 5.20 |
| 47. | Loan from OMC – 500 Cr. | | 43.15 | 43.15 |
| 48. | Andhra Bank FDR loan | | 0 | 0 |
| 49 | | | | |
| | Sub Total | | 48.35 | 48.35 |
| F. | GRIDCO Bond during 2013-14 (127.50 Cr.) | | 11.21 | 11.21 |
| G. Finance & Other Charges | | | | |
| 50 | Guarantee Commission | | 10.08 | 10.08 |
| | Sub Total | | | |
| H. | Grand Total | | 436.70 | 416.64 |

Pass through of Arrear Dues

277. GRIDCO proposed expenses of Rs.428.524 cr. incurred/to be incurred till 2013-14 as a pass through in the ARR of 2014-15. The summary of proposed expenses claimed as a pass through is given in table below:

Table - 50

| Summary of Proposed Pass Through Expenses in ARR & BSP for FY 2014-15 | | |
|---|-----------------------|---------------|
| Particulars | (Rs. In Crore) | |
| (I) TTPS (Differential Fixed Cost Arrears from FY 2009-10 to FY 2013-14) (1/5th proposed for Pass Through in ARR for FY 2014-15) | | 123.48 |
| (II) NTPC Arrear Charges from Oct,12 to Mar, 13 | | |
| (A) Arrear Charges Paid in respect of FSTPS-I&II for FY-2012-13 (Oct,12 to Mar, 13) | 6.32 | |
| (B) Arrear Charges Paid in respect of TSTPS-I & II for FY-2012-13 (Oct,12 to Mar, 13) : | 11.04 | |
| (C) Arrear Charges Paid in respect of KhSTPS-I & II for FY-2012-13 (Oct,12 to Mar, 13) | 2.74 | |
| Sub Total (NTPC) (II) | | 20.10 |
| (III) NTPC Arrear Charges from April, 13 to Sep, 13 | | |
| (A) Arrear Charges Paid in respect of FSTPS-I&II for FY-2013-14 (April, 13 to Sep, 13) | 25.44 | |
| (B) Arrear Charges Paid in respect of TSTPS-I & II for FY-2013-14 (April, 13 to Sep, 13) | 46.11 | |
| (C) Arrear Charges Paid in respect of KhSTPS-I & II for FY-2013-14 (April, 13 to Sep, 13) | 13.50 | |
| (D) Arrear Charges Paid in respect of FSTPS-III for FY-2013-14 (April, 13 to Sep, 13) | 8.40 | |
| Sub Total (NTPC) (III) | | 93.45 |
| (IV) Arrear payment towards salary revision charges in respect of TEESTA-V HEP | | 26.52 |
| Arrear PoC charges in respect of PGCIL | | 164.97 |
| Total amount proposed for pass Through in the ARR & BSP for FY 2014-15 | | 428.52 |

278. **Arrear payment to NTPC in respect of TTPS:** GRIDCO has submitted that in addition to the projected power procurement cost, GRIDCO has paid Rs.32.43 Cr. towards additional O&M expenditure for the period 2005-06 to 2008-09 as per the CERC Order dt.12.10.2012 and Rs.0.79 Crore towards differential amount arising out of the revision in the fixed costs for the period from 2004-09 alongwith an arrear towards FPA charges due to revision in transit loss as per CERC order dtd.08.06.2013. GRIDCO has also prayed the Commission for pass through of an amount of Rs.584.15 Crore arising out of differential fixed charge to be paid to NTPC from FY 2009-10 onwards based on the filling of NTPC before CERC on 04.11.2013 in Petition No. 304/2009. The total amount being Rs. 617.37 Crore.
279. However, in order to avoid tariff shock, GRIDCO proposes for recovery of Pass Through in respect of TTPS in a staggered manner and limits the Pass Through amount to Rs. 123.48 Crore (1/5th of the total Pass Through amount of Rs.617.37 Crore) for the FY 2014-15. The balance Arrears are proposed to be recovered in future. GRIDCO submitted that NTPC will raise the total claim and GRIDCO will arrange to make the entire payment to NTPC through short-term borrowing. GRIDCO prays the Commission to allow the repayment of the relevant loan along with interest in the approval of subsequent ARR & BSPs

280. In this connection, the Commission is of the view that the differential amount of Rs.33.22 Crores which has already paid by GRIDCO to NTPC arising out of revision of fixed charge for the period from 2004-09 should be passed in the ARR of GRIDCO for the FY 2014-15 and the balance amount shall be considered only after CERC passes order on the petition of NTPC. Pending such decision, out of the total claim of 617.372 Crore, the amount of Rs.33.22 Crore only is allowed as a pass through expenses for the year 2014-15.
281. **Arrear payment to NTPC in respect of CGS:** GRIDCO submitted that NTPC had claimed an amount of Rs.113.56 Crore (Rs.20.10 Crore for the period Oct, 12 to Mar, 13 and Rs.93.46 Crore for the period April, 13 to Sep, 13) on account of arrear charges in respect of TSTPS-I & II, KHSTPS-I & II and FSTPS-I,II & III. The Commission scrutinised the proposal of GRIDCO and approved the amount of Rs.20.10 Crore only as pass through in the ARR of GRIDCO for 2014-15, which is pertaining to the year 2012-13. The Commission may consider the arrear charges claimed for the year 2013-14 after completion of the year.

Arrear payment in respect of TEESTA-V HEP

282. GRIDCO has submitted that MHPC-TEESTA has been claiming additional arrear of Rs.26.52 Crore towards revision of salary of its employees in terms of the CERC Order dated 06.12.2012 in Petition No.18/MP/2012. GRIDCO is paying the same in 12 equal monthly installments. Accordingly, GRIDCO proposes to claim this amount i.e. **Rs.26.52 Crore** under pass through in the ARR & BSP for FY 2014-15. After scrutiny, the Commission passes this amount in the ARR of GRIDCO for the FY 2014-15.

Arrear Payment in respect of PGCIL Charges:

283. GRIDCO has submitted that due to implementation of PoC Charges w.e.f. 01.07.2011 and its consequential impact on GRIDCO and other States like Jharkhand, West Bengal and Bihar etc. having power generating Companies located in their regions, approached Judiciary Fora to get the necessary relief. PGCIL, the recipient of the PoC Charges objected to the stance taken by the aforesaid States and appealed before the Hon'ble Supreme Court of India. Hon'ble Apex Court directed to transfer all such cases to Hon'ble Delhi High Court for necessary adjudication. Hon'ble High Court of Delhi through their Interim Order dated 30.07.2013 directed GRIDCO to pay the necessary arrear PoC Charges (which GRIDCO was not earlier paying due to its objection to PoC). Accordingly, GRIDCO is paying the arrear PoC Charges amounting to Rs.164.968 Crore to PGCIL as tabulated below:

Table - 51

| PoC Arrears payable by GRIDCO | | | | | Amount (Rs.) |
|-------------------------------|----------|---|------------------|--------------------------|---------------|
| SL. No. | Bill | Month/ Date of Bill | Claimed by PGCIL | Paid/ Admitted by GRIDCO | Outstanding |
| 1 | # | Outstanding Arrear as per PoC Reconciliation as on 30.06.2013 | | | 1,450,986,863 |
| 2 | Bill # 1 | June'13 | 174,306,358 | 117,299,634 | 57,006,724 |
| 3 | Bill # 3 | Year- end Adjustment for Oct'12 to Mar'13 | 47,067,293 | | 47,067,293 |
| 4 | Bill # 4 | Deviation Charges for May'2013 | 22,963 | | 22,963 |
| 5 | Bill # 4 | Deviation Charges for May'2013 | 132,554 | | 132,554 |
| 6 | Bill # 5 | Surcharge on outstanding Bill for | | | |

| PoC Arrears payable by GRIDCO | | | | | Amount (Rs.) |
|--|----------|---|------------------|--------------------------|----------------|
| SL. No. | Bill | Month/ Date of Bill | Claimed by PGCIL | Paid/ Admitted by GRIDCO | Outstanding |
| | | 1st Apr'13 to 30th June' 13 | 40,503,066 | | 40,503,066 |
| 7 | Bill # 1 | July'13 | 169,769,991 | 117,299,634 | 52,470,357 |
| 8 | Bill # 1 | July'13(Diff) | 1,229,012 | | 1,229,012 |
| 9 | Bill # 4 | Deviation Charges for july'2013(Bill Dtd. 22.08.13) | 266,091 | | 266,091 |
| Total Outstanding (till Aug'13) Amount in Crore | | | | | 164.968 |

284. Accordingly, GRIDCO prays the Commission for pass through of Rs.164.97 Crore towards arrear PoC Charges in the ARR & BSP of GRIDCO for FY 2014-15. After scrutiny, the Commission observed that the arrear PoC charges upto 30.06.2013 amounting to Rs.145.10 Crore has been reconciled between GRIDCO and PGCIL. Further an amount of Rs. 4.71 Cr. towards Year- end Adjustment for Oct'12 to Mar'13 is to be paid by GRIDCO as the year has been completed. Hence, the total amount of Rs.149.81 Crore is passed in the ARR of GRIDCO for the FY 2014-15. The balance amount claimed by GRIDCO may be considered in the next year after reconciliation between PGCIL and GRIDCO.

Summary of pass through expenses in the year ARR & BSP for FY 2014-15

285. The proposed and approved Pass Through expenses in the ARR of GRIDCO for FY 2014-15 relating to Power Purchase Cost are given below:

Table - 52

| Particulars | (Rs. In Crore) | |
|---|--------------------|-----------------------|
| | Proposal of GRIDCO | Commission's approval |
| I) TTPS (Differential Fixed Cost Arrears from FY 2009-10 to FY 2013-14) (1/5th proposed for Pass Through in ARR for FY 2013-14) | 123.47 | 33.22 |
| II) NTPC-ER Arrear Charges from October,2012 to March, 2013 | 20.10 | 20.10 |
| III) NTPC-ER Arrear Charges from April,2013 to September, 2013 | 93.46 | 0.00 |
| IV) Arrear POC Charges in respect of PGCIL | 164.97 | 149.81 |
| V) Arrear Salary revision Charges towards Teesta-V | 26.52 | 26.52 |
| Total amount for pass through in the ARR of GRIDCO for FY 2014-15 | 428.52 | 229.65 |

Reimbursement to OHPC during FY 2014-15

286. The Commission while passing the order in ARR and Tariff application of OHPC for the FY 2014-15 in Case No.82 by 2013 has allowed an amount of Rs.14.32 Crore for the reimbursement by OHPC from GRIDCO during the FY 2014-15 as given in the table below. The Commission approves the same in the ARR of GRIDCO for the FY 2014-15.

Table – 53

| (Rs. in Cr.) | | | | | | | |
|---|-------|-------|-------|-------|-------|-------|--------------|
| Component of Costs | RHEP | UKHEP | BHEP | HHEP | CHEP | UIHEP | Total |
| (a) License fee for use of water for generation of electricity | 0.525 | 0.832 | 1.183 | 0.684 | 0.490 | 1.962 | 5.68 |
| (b) ED on Auxiliary Consumption | 0.05 | 0.08 | 0.12 | 0.07 | 0.05 | 0.20 | 0.57 |
| (c) SLDC charges | | | | | | | 1.67 |
| (d) Application fees and publication expenses | | | | | | | 0.26 |
| (e) Foreign Exchange Fluctuation loss of PFC loan of Balimela HEP | | | 5.99 | | | | 5.99 |
| (f) Contribution to ERPC | | | | | | | 0.15 |
| Total | | | | | | | 14.32 |

Special Appropriation of Repayment of Principal

287. For the FY 2014-15 GRIDCO has proposed Special Appropriation of Rs.2160.80 crore under the following heads:-

Table - 54
Special Appropriation claimed by GRIDCO

| (Rs. in Crore) | | | |
|--|---------------------|---------------|---------------|
| Particulars | Loan Repayment Dues | Interest Dues | Total |
| State Govt. Loan | 159.66 | 295.77 | 455.43 |
| NTPC-GoO Special Bonds (Rs.1102.87 Cr.) | 661.51 | 155.97 | 817.48 |
| Sub-total | 821.17 | 451.74 | 1272.91 |
| Bank Loans | 887.77 | - | 887.77 |
| | 1708.94 | 451.74 | 2160.68 |

State Govt. Loan & NTPC Bond

288. Under this head GRIDCO has shown an amount of Rs.1272.91 crore towards principal and interest dues. However, GRIDCO proposed the following in order to reduce the financial burden as well as to avoid tariff shock to the consumer of the State.

- Repayment of NTPC-GOI Bond dues will continue to be paid by the Govt. of Odisha;
- Repayment of dues to Govt. of Odisha by GRIDCO will be kept in abeyance

289. As such GRIDCO deferred the repayment of Govt. dues of Rs.1217.91 crore and not claimed as a part of ARR for FY 2014-15. The Commission approves the same.

Bank Loan

290. Under this head GRIDCO propose an amount of Rs.887.77 crore towards repayment of Bank loan borrowed from the year 2008-09 to 2012-13.

291. As per the submission of GRIDCO, the total cash deficit from 2008-09 to 2012-13 becomes Rs.5972.71 crore. To meet the cash deficit GRIDCO has availed loan

Rs.4861.70 crore and balance shortfall (about Rs.1111 crore) was met by way of defaulting in payment of interest on State Govt. loan, NTPC bond and also by postponing the payment of power purchase dues to the generators. A table showing approved revenue gap, actual revenue gap, total cash deficit and loan avail is depicted below:

Table – 55

(Rs. Crore)

| FY | Approved Revenue Gap | Actual Revenue Gap (Excluding DISCOMs Default) | BSP Dues defaulted by DISCOMs | Total Cash Deficit | Loan availed to meet deficit |
|----------------|-----------------------------|---|--------------------------------------|---------------------------|-------------------------------------|
| 2008-09 | 410.05 | 276.12 | 163.94 | 440.06 | 300.00 |
| 2009-10 | 882.85 | 1765.90 | 164.22 | 1930.12 | 1213.00 |
| 2010-11 | 806.15 | 816.08 | 297.01 | 1113.09 | 1640.71 |
| 2011-12 | 746.05 | 1144.52 | 290.60 | 1435.12 | 864.16 |
| 2012-13 | 700.58 | 464.31 | 590.01 | 1054.32 | 843.83 |
| Total | 3,545.68 | 4,466.93 | 1505.78 | 5972.71 | 4,861.70 |

292. The Commission took note of the submission made by the licensee. As discussed in the para above the Commission recognized the borrowings by GRIDCO from different banks starting from the year 2008-09 onwards. Hence, the Commission in principle recognizes the repayment schedule as mentioned in TRF-3 towards special appropriation through amortization of regulatory assets as approved by the Commission in Truing up Order under this repayment head.
293. As mentioned above, GRIDCO proposed an amount of Rs.887.77 crore to be recovered through special appropriation. The Commission approves the same under the head special appropriation through amortization of regulatory assets.
294. The Commission in para above have determined the regulatory assets for an amount of Rs.3010.08 crore on the basis of truing up exercise undertaken upto the FY 2012-13 based on the audited accounts. Out of this above amount already Commission have amortized Rs.1019.51 crore upto FY 2010-11 and approved an amount of Rs.709.67 crore pertaining to the FY 2011-12, as discussed in the last tariff orders. Therefore the remaining balance to be amortized works out to Rs.1280.90 crore. From the above amount Commission allow amortization to the extent of Rs.887.77 crore leaving a balance of Rs.393.13 crore to be amortized in future years. This amount of Rs.887.77 crore shall be utilized for repayment of principal during the year 2014-15.
295. The repayment liability of the State Govt. loan as well as Bank loan put a huge burden on the Bulk Supply Price of DISCOMs. The Commission feels that in order to keep the BSP at a reasonable level, the repayment liability should not be considered as pass through in the ARR of GRIDCO so that the revenue requirement of GRIDCO is kept at minimum and DISCOMs will have the benefit of the lower BSP. In this context it is necessary to analyse in depth the generation potential of OHPC and its commercial implication. A large number of objectors have pointed out that by proper planning with regard to storage of water in the reservoir and having satisfied the need for flood control and irrigation in the normal monsoon year OHPC can generate much more than its design energy. We have already provided for generation of 5881 MU and any

generation beyond the design energy available to GRIDCO can be traded with profit and this amount can be made available for repayment of loan. In the current year Tariff Hearing OHPC submitted that GoO directed them to restrict generation. The Commission is, therefore, of the view that lesser generation from OHPC is not so much due to monsoon failure but because of administrative Order issued by GoO from time to time. In the present context the Commission would like to advise the Govt. to revisit its earlier assumption with regard to storage capacity for flood control and irrigation. The Commission is of the view that by proper planning and redesigning of priorities, power generation of OHPC can go beyond the design energy without sacrificing obligation towards flood control and irrigation. The Commission feels that a proper day to day planning and co-ordination with different purchaser within and outside the State, GRIDCO on conservative estimate will be able to trade about 2500 MU of power and generate a substantial amount of revenue, which can be utilised for repayment of principal loan liabilities.

296. In view of this Commission decides the following measures to be taken by GRIDCO:-

- a) A separate head may be created under GRIDCO account where the revenue from trading of surplus power above design energy of OHPC, UI Charges and other miscellaneous receipts, shall be shown as receipts for repayment of principal. Since GRIDCO is fully owned Govt. of Odisha undertaking the State Govt. shall monitor and ensure that the money kept under this separate head is utilised only for repayment of loan.
- b) In case the earmarked fund receipts as mentioned above is not sufficient to meet the repayment obligation of principal amount of loan, the State Govt. may make budget provision for the differential amount and pay the same to Banks/Financial Institutions through GRIDCO.
- c) For the time being repayment of the principal amount along with interest on State Govt. loans and Bonds may be deferred till the financial health of GRIDCO becomes sound.

Hence, in view of the above decision of the Commission, the repayment liability recognised by the Commission through amortisation of Regulatory Asset as stated in the Para above has not been considered as a pass through in the revenue requirement for the year 2014-15.

297. Based on normative parameters for most generating stations and GRIDCO projection for CGP, Co-generation and IPP power, the total availability is estimated at 28038 MU. After deducting the estimated state requirement of 25495 MU, there is a surplus of 2583 MU which GRIDCO can trade. The quantum of surplus may be more if drawal from State Hydro, CGPs, Co-generation plants and IPPs is maximized.

298. The Commission is aware of the past record of GRIDCO in negotiating both ways trading for export of its surplus power as well as import of power at time of need. GRIDCO is also a member of power exchange of the country for participation of both ways trading of power. Apart from bi-lateral trading, UI exchange, GRIDCO also has adopted the banking route for trading of power. In the past, GRIDCO has managed to its best of capability both ways of trading of power for the best interest of Odisha Power Sector. The Commission, therefore, desires that GRIDCO should continue to procure maximum power from CGPs and IPPs of the State and try to trade the surplus power, after meeting the State need. Similarly, at the time of shortage at different

period of the year and different hours of the day, GRIDCO may import power through trading and UI exchange. GRIDCO through SLDC, may have close interaction with OHPC generating stations for backing down their generation to minimum technical limit, at time of Grid Frequency of 49.96 Hz or above and maximize generation at 49.50 Hz or below. GRIDCO may daily analyze the state hydro generation Vs. Grid Frequency at every 15 minutes interval and advise course correction to the generators, if necessary.

299. GRIDCO submitted the cash flow statement for FY 2013-14 (upto January, 2014) as per which the revenue from trading and UI amounts to Rs.717.63 crore for a period of 10 months which is more than the recognized amount of special appropriation of Rs.709.67 crore not considered as pass through in the ARR of 2013-14. Hence, the Commission assumes that during FY 2014-15 GRIDCO may also earn revenue through trading and UI which will be utilized for repayment of the principal amount of loan of Rs.887.77 crore as mentioned in the above para.

Return on Equity

300. GRIDCO proposes Rs.92.00 crore towards Return on Equity (RoE) @ 16% on its Equity Capital of Rs.576.71 crore in line with National Tariff Policy and OERC Tariff Regulations. As submitted by GRIDCO the Govt. of Odisha has provided additional equity amounting Rs.143.73 crore during the FY 2012-13 and reflected in the audited accounts. On scrutiny it is revealed that the above amount is mere book adjustment by writing off the receivable and claims of the State Govt. Hence, there is no infusion of equity as verified from the audited accounts. The Commission therefore disallows the claim of RoE on the above amount of equity. Regarding the balance of Rs.432.98 crore (576.71-143.73) the Commission in principle was not allowing RoE in the previous tariff orders stating the reasons. In line with the earlier orders of the Commission the RoE on the above amount of Rs.432.98 crore is disallowed for the FY 2014-15.

Other Income/ Miscellaneous Receipts

301. During the FY 2014-15 GRIDCO expects to earn an amount of Rs.6.70 crore (at existing approved tariff) from proposed emergency sale of 10 MU to long term customers like NALCO & IMFA as per the MoU signed with these entities. The Commission approves the same.

Receivables from DISCOMs and Others

302. **Securitized Dues:** GRIDCO in its filing submitted that the DISCOMs have defaulted payment of Rs.1485.64 crore by 31.03.2013 towards securitized dues as per the direction of the Commission vide order dated 01.12.2008. The DISCOMs wise default is given below:-

Table – 56

| Particulars | Securitized dues payable by 31-03-2013 | Amount paid & Adjusted by 31-03-2013 | Unpaid as on 31-03-2013 |
|--------------------|---|---|--------------------------------|
| WESCO | 295.68 | 127.38 | 168.30 |
| NESCO | 321.72 | 156.01 | 165.71 |
| SOUTHCO | 209.16 | 38.52 | 170.64 |
| CESU | 1177.68 | 196.69 | 980.99 |
| Total | 2004.24 | 518.60 | 1485.64 |

303. GRIDCO requested the Commission to direct DISCOMs for making regular payment of the securitized dues along with the defaulted dues for improving the cash flow. The securitization order of the Commission dtd.01.12.2008 finalised the amounts outstanding as on 31.03.2005 to be discharged by the respective DISCOMs to GRIDCO in 120 monthly (maximum) equal installments starting from financial year 2006-07 and ending in 2015-16. Therefore GRIDCO submitted the Commission to give suitable direction to the DISCOMs so that the dues will be realised within the terminal years 2014-15 and 2015-16 in line with the Commission's order dtd.01.12.2008.
304. The Commission dealt the issue in the BSP as well as RST tariff orders of previous years. A statement showing the amount approved by the Commission in the ARR amount due as per the securitization order, the amount paid by the licensee over and above the 100% current BST bills, adjustment against the securitized amount and balance default amount is given in Table below:

Table - 57
Dues as per OERC Order Dt. 01-12-2008 and Actual Payment
(Rs. crore)

| Sl No | Particulars | WESCO | NESCO | SOUTHCO | REL Total | CESU | Grand Total |
|----------|--|---------------|---------------|---------------|-----------------|-----------------|-----------------|
| 1 | BST | | | | | | |
| | OB 01-04-99 | 46.18 | 41.66 | 26.50 | 114.34 | 80.16 | 194.50 |
| | From 01-04-99 to 31-03-05 | 118.41 | 194.83 | 47.19 | 360.43 | 605.20 | 965.63 |
| | Sub total | 164.59 | 236.49 | 73.69 | 474.77 | 685.36 | 1,160.13 |
| 2 | DPS on Above | 58.72 | 87.20 | 32.02 | 177.94 | 526.41 | 704.35 |
| 3 | Loan | | | | | | |
| | Principal | 138.46 | 94.64 | 134.36 | 367.46 | 307.61 | 675.07 |
| | Interest | 60.31 | 41.05 | 58.43 | 159.79 | 162.86 | 322.65 |
| | Sub total | 198.77 | 135.69 | 192.79 | 527.25 | 470.47 | 997.72 |
| 4 | Outstanding as on 31-03-2005 vide OERC Order Dated 01-12-2008 (1+2+3) | 422.08 | 459.38 | 298.50 | 1,179.96 | 1,682.24 | 2,862.20 |
| 5 | Average per month | 3.52 | 3.83 | 2.49 | 9.84 | 14.02 | 23.86 |
| 6 | Due from 2006-07 to 2010-11 as per securitisation order | | | | - | | |
| | 2006-07 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2007-08 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2008-09 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2009-10 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2010-11 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2011-12 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | 2012-13 | 42.24 | 45.96 | 29.88 | 118.08 | 168.24 | 286.32 |
| | Total | 295.68 | 321.72 | 209.16 | 826.56 | 1177.68 | 2004.24 |
| 7 | Due from 2006-07 to 2010-11 as per Tariff order | | | | | | |

| Sl No | Particulars | WESCO | NESCO | SOUTHCO | REL Total | CESU | Grand Total |
|-----------|--|---------------|---------------|---------------|---------------|-----------------|-----------------|
| | 2006-07 | 36.83 | 41.36 | 31.91 | 110.10 | - | 110.10 |
| | 2007-08 | 36.83 | 41.36 | 31.91 | 110.10 | 43.23 | 153.33 |
| | 2008-09 | 36.83 | 65.00 | - | 101.83 | 118.00 | 219.83 |
| | 2009-10 | - | - | 19.00 | 19.00 | 151.00 | 170.00 |
| | 2010-11 | - | - | - | - | - | - |
| | 2011-12 | - | - | - | - | - | - |
| | 2012-13 | - | - | - | - | - | - |
| | Total | 110.49 | 147.72 | 82.82 | 341.03 | 312.23 | 653.26 |
| 8 | Excess BSP paid by DISTCOs to be adjusted against securitised dues | | | | | | |
| A | Downward Revision of BST in 2007-08 | 88.31 | 3.32 | 11.07 | 102.70 | 93.37 | 196.07 |
| B | Payment by DISCOMS over and above the current | | | | | | |
| | 2006-07 | 36.83 | 41.36 | - | 78.19 | - | 78.19 |
| | 2007-08 | 4.40 | 41.36 | 9.53 | 55.29 | - | 55.29 |
| | 2008-09 | - | 65.00 | 5.86 | 70.86 | 32.47 | 103.33 |
| | 2009-10 | 2.00 | - | 9.69 | 11.69 | 80.50 | 92.19 |
| | 2010-11 | - | - | - | - | - | - |
| | Total B | 43.23 | 147.72 | 25.08 | 216.03 | 112.97 | 329.00 |
| C | Total (A+B) | 131.54 | 151.04 | 36.15 | 318.73 | 206.34 | 525.07 |
| 9 | Short fall (6-8 C) as per securitisation order | 164.14 | 170.68 | 173.01 | 507.83 | 971.34 | 1479.17 |
| 10 | Short fall (7-8 B) as per tariff order | 67.26 | - | 57.74 | 125.00 | 199.26 | 324.26 |
| 11 | Outstanding Balance (4-8 C) | 290.54 | 308.34 | 262.35 | 861.23 | 1,475.90 | 2,337.13 |

The Commission therefore reiterates that directions given by the Commission vide securitization order dtd.01.12.2008 must be scrupulously followed by DISCOMs.

305. **400 crore NTPC Bond dues:** GRIDCO submitted that the DISCOMs have failed to honour the OERC order dated 29-03-2012 read with corrigendum Order dated 30.03.2012 against the Bond dues of Rs.308.45 Crore. In the said order OERC had directed the REL managed DISCOMs to pay Rs.50 Crore by the end of April 2012 and at least @Rs.10 Crore per month w.e.f. May 2012 so that the entire amount shall be cleared by the end of FY 2012-13 or else the order will stand non-est. The R-Infra managed DISCOMs have paid Rs.60 Crore by 31-10-2013, besides payment of Rs.50 Crore in March 2012 leaving a balance of Rs.198.45 Crore. On this issue the Commission have given direction to both GRIDCO and DISCOMs several times for compliance of the order. The Commission again reiterated the same and directs both GRIDCO and DISCOMs to comply the order dtd.29.03.2012 in case No.107 of 2011.

306. **Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs:** Apart from the outstanding securitized dues as mentioned in the above para, GRIDCO submitted that the FY 2011-12 onwards the DISCOMs have started defaulting in payment of current BSP bill in addition to the yearend adjustment bills payable to GRIDCO because of such failure of DISCOMs the revenue deficit faced by GRIDCO has widened leading to cash crunch. Therefore GRIDCO prays the Commission to prevail upon the DISCOMs for making regular payment of BSP and other dues of GRIDCO. A table showing outstanding dues of BSP and year end adjustment payable by DISCOMs is given as under.

Table - 58
Outstanding Dues relating to Current BSP and Year end Adjustment bills
of DISCOMs payable to GRIDCO
(Rs. in Crore)

| Particulars | WESCO | NESCO | SOUTHCO | CESU | TOTAL |
|-------------------------------------|---------------|---------------|--------------|--------------|---------------|
| BSP Bills- 2011-12 | 210.48 | 53.74 | 5.52 | 20.86 | 290.60 |
| BSP Bills- 2012-13 | 265.06 | 324.95 | - | - | 590.01 |
| Sub Total | 475.54 | 378.69 | 5.52 | 20.86 | 880.61 |
| Year end Adj. Bills- 2008-09 | 69.08 | - | 36.72 | 58.14 | 163.94 |
| Year end Adj.Bills-2009-10 | - | 87.47 | 32.81 | 43.94 | 164.22 |
| Year end Adj.Bills-2010-11 | 46.80 | 22.65 | 60.24 | 167.32 | 297.01 |
| Sub Total | 115.88 | 110.12 | 129.77 | 269.40 | 625.17 |
| Grand Total | 691.42 | 488.81 | 135.29 | 280.26 | 1505.78 |

The Commission directs the DISCOMs to settle the issue with GRIDCO and submit a signed joint reconciliation statement by 31.05.2014.

307. The Commission further directs the DISCOMs to pay the current BSP bill in full by renewing the Letter of Credit (LC) in favour of GRIDCO.

The summary of the ARR of GRIDCO approved for the FY 2014-15 is given below:

Table – 59
Revenue Requirement of GRIDCO for FY 2014-15
(Rs. in Cr.)

| | Particulars | 2013-14 | 2014-15 | |
|----------|--|----------------|-----------------|----------------|
| | | Approved | Proposed | Approved |
| A | Expenditure | | | |
| | Cost of Power Purchase | 5509.51 | 7550.29 | 5788.75 |
| | Employee costs | 4.99 | 5.95 | 5.73 |
| | Repair & Maintenance | 0.20 | 0.30 | 0.30 |
| | Administrative and General Expenses | 3.36 | 7.79 | 3.88 |
| | Depreciation | 0.35 | 0.26 | 0.26 |
| | Other expenses (ERLDC Charges) | - | Included in A&G | |
| | Interest Chargeable to Revenue (including guarantee commission) | 494.11 | 486.70 | 416.64 |
| | Sub-Total | 6012.52 | 8051.29 | 6215.56 |
| | Less: Expenses capitalized | - | - | |
| | Total expenses (Total of A) | 6012.52 | 8051.29 | 6215.56 |
| B | Special appropriation | | | |
| | Carry forward of Previous Losses through amortization of regulatory assets | - | - | |
| | Repayment of principal for the loan | - | 887.77 | - |
| | Arrear payment of OPGC | - | | |

| | Particulars | 2013-14 | 2014-15 | |
|----------|--|-----------------|------------------------------|-----------------|
| | | Approved | Proposed | Approved |
| A | Expenditure | | | |
| | Arrear payment of OHPC | - | | |
| | Power Purchase related cost of TTPS (NTPC) | 98.70 | 123.47 | 33.22 |
| | Outstanding Govt. Guarantee Commission | - | | |
| | Excess payment made towards FPA for NTPC Station | 59.53 | | |
| | Arrear payment on Teesta Power | - | 26.52 | 26.52 |
| | NTPC ER arrear charges | | 113.56 | 20.10 |
| | Arrear PoC charges to PGCIL | | 164.97 | 149.81 |
| | Reimbursement to OHPC | 8.10 | | 14.32 |
| | Total of B | 166.33 | 1316.29 | 243.97 |
| C | Return on Equity | - | 92.00 | - |
| | TOTAL (A+B+C) | 6178.85 | 9459.58 | 6459.53 |
| D | Less Miscellaneous Receipt | 67.00 | 6.70 | 6.70 |
| E | Less receivable from DISCOMs | - | | |
| F | Less receivable from outside States | - | | |
| G | Total Revenue Requirement | 6111.85 | 9452.88 | 6452.83 |
| H | Expected Revenue (Full year) from DISCOMs | 6113.92 | 7200.84 (existing tariff) | 6456.42 |
| I | GAP (+/-) | (+) 2.07 | (-) 2252.04 | (+) 3.59 |

Escrow Mechanism for DISCOMs

308. The Commission in the RST order for FY 2014-15 have elaborated the prioritisation for release of funds by GRIDCO from Escrow Account to the DISCOMs. The relevant extract of the said order on Escrow Relaxation is reproduced below.

“Escrow Relaxation

(I) From Current Revenue

- (a) Annual Licence Fees to be paid by DISCOMs to OERC in full by 10th April every year as per the Clause 31.1 of the Licence Condition of DISCOMs.***
- (b) (i) Transmission charges, BSP dues, SLDC charges of the current month of the current financial year, (ii) the unpaid amount of transmission charges, BSP dues and SLDC charges of any previous months of the current financial year, (iii) the energy bill of DISCOMs in respect of direct power purchase from CGPs or other agencies, if any and any other charges approved by the Commission from time to time.***
- (c) Monthly Special R&M expenditure under Commission monitored pilot schemes in Smart Metering, Energy Audit and SCADA, as approved by the Commission in the tariff order from FY 2014-15 onwards. The relaxation for successive months would be done only after submission of monthly progress report by DISCOMs to the Commission and GRIDCO.***

- (d) *Monthly R&M expenditure excluding special R&M as approved by the Commission in the tariff order from FY 2014-15 onwards.*
- (e) *Monthly Employees cost as approved by the Commission in the tariff order from FY 2014-15 onwards.*
- (f) *The monthly obligation for repayment of principal and interest in respect of loan obtained/ to be obtained from the financial institutions for Capex programme/system improvement.*
- (g) *Average monthly obligation of the defaulted arrear transmission charges, BSP dues of the previous financial years, if any.*
- (h) *The balance amount towards arrear of BSP dues worked out upto 31.3.2005 as approved in the securitization order of the Commission dated 01.12.2008.*

(II) *From Arrear Revenue*

The collection to be made out of the arrear outstanding as on 01.4.2014, would be utilised towards payment of the outstanding NTPC Bond dues. After NTPC dues have been cleared the arrear collection would be adjusted against the outstanding securitized dues, as per the Order of the Commission dtd. 01.12.2008.

- *GRIDCO and the Distribution companies are also required to adhere strictly to the following guidelines while relaxation of Escrow is made:-*
 - (i) *GRIDCO is to strictly comply with the above prioritisation of the operation of Escrow account. In case GRIDCO makes any deviation to the above prioritisation, then any financial liability arising out of that relaxation will be entirely borne by GRIDCO on its own and cannot be allowed as a pass through in its ARR.*
 - (ii) *GRIDCO is to relax escrow for an amount of Rs.1 Cr. towards Special R&M under Commission monitored Smart Metering and Energy Audit Schemes for the first month of the scheme without requirement of any permission from the Commission. However the relaxation for successive months would be done only after submission of monthly progress report by DISCOMs to the Commission by 10th of next month. GRIDCO would accord the relaxation subsequently from the second month onwards only after permission is received from the Commission.*
 - (iii) *GRIDCO is to relax escrow towards repair and maintenance in each month to DISCOMs proportionately based on the figures approved in the ARR of the respective financial year, considering the revenue deposited in escrow and the LC limit allowed by the banks to DISCOMs taken together. If the DISCOMs fail to draw the amount earmarked towards R&M for a particular quarter by the end of its succeeding quarter, then the claim of DISCOMs will automatically lapse and the unutilized amount for a lapsed quarter shall not be carried over to next quarter.*
 - (iv) *WESCO, NESCO, SOUTHCO and CESU should open letter of credit in the form prescribed by the bank and communicate the same to GRIDCO.*

- (v) *In each month WESCO, NESCO, SOUTHCO and CESU should give the following statements to GRIDCO:*
- a. *Amount of revenue collected*
 - b. *Amount deposited in escrow account*
 - c. *Amount paid to GRIDCO, OPTCL, SLDC*
 - d. *Amount drawn towards R&M cost, Employees cost, Special R&M*
 - e. *Amount diverted from SOD account.*
 - f. *Statement of arrear collection out of the amount outstanding at the beginning of the year and deposited in escrow account.*

• ***Audit of Escrow account by Independent Auditors***

The Commission on 06.05.2013 awarded the work of independent Escrow Audit of five distribution divisions under four DISCOMs for the FY 2012-13 (01.10.2012 to 31.03.2013) to two nos. of Chartered Accountant Firms. They are (i) BED, Baripada under NESCO (ii) PED, Paradeep under CESU (iii) RED, Rayagada under SOUTHCO (iv) RED, Rourkela under WESCO (v) Rourkela Sadar Electrical Division under WESCO. The auditor submitted the report by 05.10.2013. The observations of the auditors were communicated to the DISCOMs for their compliance. The important observations of the auditors are mentioned below:

- (a) *There is no system in place at divisions to ensure that all the regular consumers have been billed for the month.*
- (b) *There is no system in place to ensure that the amount collected from consumers is properly booked under the heads on which they have been billed.*
- (c) *In some of the cases money deposited in the division office by the bill collectors is less than the money collected and is being deposited subsequently after the verification by the division office in a different date.*
- (d) *The exact amount of money collected on account of ESCROW and NON-ESCROW account is not deposited on day to day basis in the respective Bank account. The amount is being deposited on an approximate basis and duly adjusted in subsequent month after preparation of the assessment report.*
- (e) *The money collected is not deposited within the schedule time of 48 hours.*
- (f) *Money due to be collected at the month are extended till the 7th of the next month. The money so collected is shown as previous month receipt by putting the month end date on the money receipt.*
- (g) *The time lag between the collection and deposit by the bill collector in certain cases varies from 8 to 10 days which amounts to teeming and lading practice.*
- (h) *The money collected by the bill collectors is not segregated between current bill and arrear bill collection.*

The Commission further directed GRIDCO to undertake the work of Escrow Audit of all four DISCOMs at Division level along with audit of escrow account at corporation level pertaining to the financial year 2012-13 and submit the report to the

Commission by the end of the March, 2014. The Commission further directs GRIDCO to conduct Escrow Audit of DISCOMs on a continuous basis and submit the report to the Commission for a proper monitoring of the escrow mechanism approved by the Commission in the tariff order of every year.”

Design for Bulk Supply Pricing Philosophy

309. A significant issue in the power sector in Odisha today is the changing nature of the consumer mix in the four distribution companies and its impact on power tariff. While the four Distribution Companies in Odisha were carved out of different areas of the State with varying consumer mix, electricity consumers throughout the State are being charged an uniform rate for supply of power. The changing consumer scenario has, however, created regional imbalances as far as the revenues and financial health of the DISCOMs is concerned. The demand of Odisha is in increasing trend due to rise in demand on account of industrialization and massive rural electrification envisaged under Rajeev Gandhi Grameen Vidyut Yojana (RGGVY) and Biju Gramya Jyoti Yojana (BGJY).
310. However, in EHT & HT load growth is mostly restricted to Western and North-Eastern/Central Odisha, largely due to exploitation of minerals for production of iron, steel and aluminum etc. On the other hand, the Southern part of the State is not witnessing growth of HT and EHT load due to absence of such natural resources. Therefore, while HT & EHT sales in WESCO & NESCO are 51.82% & 45.77% respectively, in case of CESU & SOUTHCO it is 43.02% & 24.86% respectively.
311. South Odisha is also disadvantaged from the point of view of the nature of electricity consumption. As a forest dominated region with a tribal population, it has poor economic capacity for utilization of electricity. Therefore, SOUTHCO is entirely dependent on low-voltage consumers, mostly domestic, for its revenues. Further, due to massive rural electrification numbers of consumers are increased in SOUTHCO without much increase of revenue.
312. Due to introduction of open access from 1.4.2008, it is difficult to forecast about the quantum of energy which shall move between utilities. The expected revenue earning from EHT and HT group of consumers of capacity 1 MW and above may undergo a change affecting the overall finance of DISCOMs. The Bulk Supply Price now being determined is essentially being designed with the expected earning of revenue by the DISCOMs to meet the power purchase liabilities of GRIDCO, Transmission charges of OPTCL and SLDC expenses.
313. Moreover, distribution companies with higher sale at EHT/HT have been found to be inefficient in reducing LT losses. They try to manage with revenue earned from EHT/HT consumers from the margin available to them between BSP and consumer tariff. The difference between purchase price and the revenue is the margin of the companies. Essentially this margin should be used for cross-subsidy among the companies.
314. OERC has been following a uniform retail tariff policy. Considerations of public interest for consumers of the entire State warrants continuance of a uniform retail tariff policy, and a retail tariff for each distribution licensee based solely on its ARR and its expected revenue ought not to be considered in isolation. The law requires the Commission to take into consideration not only the annual revenue requirement and the expected revenue of the distribution licensee but also such policy inputs for safeguarding consumers interest one of which is a uniform retail tariff for the whole

State, vide Section 61(d) of the Electricity Act, 2003. Moreover, uniformity of retail tariff for the whole State is in line with the National Tariff Policy; vide Para 8.4(2) thereof. Only when distribution licensees show appreciable rise in their respective levels of efficiency by reducing distribution losses, both technical and commercial, a question of rewarding efficiency by a differential retail tariff may arise. This is not the case now. Besides, the benefit of differential Bulk Supply Price has been an accepted practice, as the State transmission network serves the whole State as a single backbone system and the consumers of Odisha have been paying for the cost of this transmission system uniformly. The distribution companies have little contribution towards the growth and development of the EHT industries and yet a distribution licensee would reap substantial higher revenue than another distribution licensee by virtue of mere concentration of EHT industries in its area. It is just and proper that differential Bulk Supply Price should be higher for the DISCOMs with higher concentration of HT/EHT industries than for those with little HT/EHT load. Therefore, with differential Bulk Supply Price there is no necessity of shifting away from the uniform retail tariff prevailing in the state of Odisha.

315. Until we move away from the uniform RST structure, the higher bulk pricing mechanism should give a signal to the utility having higher EHT & HT concentration that improved performance at LT through higher LT sale would enable that utility to get power at a lower rate. That is to say, such utility should endeavour to convert lost units to billing units at LT resulting in reduction of commercial loss, which needs to be encouraged.
316. Tariff is essentially intended to balance the conflicting interest of various stakeholders like the distribution licensees and various groups of consumers as well as the generators. Some amount of judgment is to be exercised while determining the bulk supply price for distribution utilities. The process has to be fair, transparent, with sound logic, so that the revenue earned by the utilities are adequate to service all their expenditures like the cost of employees, servicing the interest burden, meet return on equity in addition to meeting the cost of power purchase which constitute a substantial part of their revenue requirement.
317. At this point, we are taking into consideration the extent of revenue that a distribution utility is likely to earn for sale of power to HT & EHT groups of consumers. Besides, the volume of sale at LT is an important criterion where the loss level is high and the expected revenue realisation is low. Thus, the Bulk Supply Price (BSP) is fixed in a manner that makes all the distribution utilities more or less financially viable.

Demand Charges

318. Like the ARR approval of GRIDCO for FY 2013-14, there shall not be any levy of separate maximum demand charges upto the permitted SMD for the distribution companies for the FY 2014-15. Permitted SMD would mean monthly SMD recorded upto maximum of 10% over the approved SMD in the current tariff order to take care of monthly variations. Any excess drawl over the permitted SMD will have to be paid @Rs.250 per KVA per month. This is again subject to the condition that the annual average SMD shall be limited to the SMD approved in the order. This is necessary to maintain the load planning and system stability. In case the annual average SMD is more than the approved SMD, then overdrawal amount shall attract the penalty @ Rs.250 per KVA per month, notwithstanding the fact that a utility might have paid the SMD charges for exceeding the permitted SMD in any month.

Determination of Bulk Supply Price

319. GRIDCO has proposed energy charge @ 348.23 P/U to be levied on the DISCOMs towards their purchase of power. The Commission determines the Bulk Supply price such that with the expected estimated revenue at the disposal of the utilities, they shall be in a position to pay the power bills, the transmission charge bills including SLDC charges and meet their statutory obligations including meeting the expenses towards establishment, maintenance and other allied expenses.
320. The Commission has determined the revenue requirement of DISCOMs for FY 2014-15 considering the approved BSP. The revenue gaps of the four DISCOMs for the FY 2014-15 considering the approved BSP are given below:

| | | |
|---------|---|--------------------|
| CESU | - | (+) Rs.15.17 Crore |
| NESCO | - | (-) Rs.29.91 Crore |
| WESCO | - | (+) Rs. 6.48 Crore |
| SOUTHCO | - | (+) Rs. 1.03 Crore |

The surplus revenue likely to be earned by CESU, WESCO and SOUTHCO should be treated towards liquidation of past power purchase dues of GRIDCO. In case of NESCO since there is a negative gap of Rs.29.91 Crore, the same would be adjusted against the Regulatory Asset determined by the Commission in truing up exercise.

321. The details of Bulk Supply Price as well as the quantum of energy approved by the Commission for each DISCOM are presented in a table below:

Table – 60
Bulk Supply Price and Quantum of Energy for FY 2014-15

| Name of the DISCOMs | Quantum of Energy for sale during FY 2014-15 (MU) | Total Revenue for FY 2014-15 (Rs. Crore) | Bulk Supply Price approved for FY 2014-15 (P/U) | Existing Bulk Supply Price i.e. approved for FY 2013-14 (P/U) |
|----------------------------|--|---|--|--|
| CESU | 9040.00 | 2395.60 | 265.00 | 259.00 |
| NESCO | 5330.00 | 1492.40 | 280.00 | 290.00 |
| WESCO | 6820.00 | 1950.52 | 286.00 | 294.00 |
| SOUTHCO | 3340.00 | 617.90 | 185.00 | 180.00 |
| Total | 24530.00 | 6456.42 | 263.21 | 265.27 |

322. As against GRIDCO's total net revenue requirement of Rs.6452.83 crore after adjustment of miscellaneous receipts of Rs.6.70 crore, it will recover Rs.6456.42 crore from DISCOMs through energy charges for the year 2014-15.
323. The above approved revenue has to be realized by GRIDCO from the DISCOMs through escrow mechanism indicated earlier. In case of any default in monthly BSP dues by the DISCOMs, they are liable for imposition of power regulations. It is directed that GRIDCO should resort power regulation to the DISCOMs to the extent of non-payment of monthly BSP dues.
324. Consequent upon the reform of the power sector in 1996, the assets of GRIDCO and OHPC were revalued and handed over to these entities. As a result there was substantial increase in provision towards depreciation, interest on State Govt. loans/Bonds and Return on Equity which has a direct bearing on Retail tariff. Based on the recommendation of Kanungo Committee, the State Govt. vide Notification No.1068/E dated 29.1.2003 kept the up-valuation of asset in abeyance since financial year 2005-06 or till sector turns around whichever is earlier. Due to various reasons,

the power sector has not turned around yet. Accordingly, as per the recommendation of OERC, the State Govt. extended the benefit till the financial year 2010-11, vide Govt. Notification No.R&R-I-15/2009/81 dated 06.1.2010. In response to Commission's letter No.4440 dated 19.7.2010, the Energy Department, Govt. of Odisha vide their letter No.R&R-1-9/2010/2404 dated 21.3.2011, extended the support till financial year 2012-13 and stated that a review should be made by the State Govt. and on that basis a view could be taken on the need for further extension of these measure. Further, Commission in letter vide No.JD(FIN)/175/02/4617 dated 28.12.2012 recommended the Govt. of Odisha to extend the same concession for FY 2013-14 and onwards so that effect of up-valuation is not considered while determining the tariff for the ensuing year. The Govt. of Odisha vide letter No.R&R-25/2013/94 dtd.25.03.2013 stated that the suggestion of the Commission to keep the support of the Govt. in the matter of keeping the effect of upvaluation asset of GRIDCO/OPTCL and OHPC, allowing the moratorium on debt services to the State Govt. till the sector turns around has not been agreed to the Govt. in Finance Deptt. However, steps have been taken by the Govt. in this regard to other recommendation of the Commission in their letter No.4440 dtd.19.04.2010 and the proposal will be placed before the Cabinet for approval after which notification will be issued.

325. The Commission is of the opinion that the policy decision of the State Govt. in the matter as stated above has a substantial bearing on Retail Supply Tariff. Accordingly, Commission in its letter vide No.Dir(T)-175/02/77 dt.16.01.2014 stated that the Govt. notification on this issue has not yet received. Pending such notification from the Govt., the Commission recommended to extend the concession for FY 2014-15 and onwards so that the effect of upvaluation is not considered while determining the tariff for the ensuing year. The Commission has also send a reminder to this effect vide No. Dir(T)-175/02/428 dtd.13.03.2014 to the Govt. of Odisha for a reply.
326. The State Govt. is yet to give reply to this letter of the Commission. Pending any reply from the State Govt. the Commission assumes the extension of benefit for FY 2014-15 and onwards at least upto the end of 12th Plan Period i.e. upto FY 2016-17.

Charges for Overdrawl of Energy

327. GRIDCO in its application proposes that any excess drawl of energy by a Distribution and Retail Supply licensee during a month over and above the approved drawl would be payable on provisional basis at the highest OERC approved power purchase rate fixed for a station for the FY 2014-15 (which includes transmission charges & transmission loss) on a monthly basis instead of the normal differential BSP applicable to the respective DISCOMs subject to final year-end adjustment considering the highest power purchase rate/cost including the rate(s) of energy drawn through UI route of the month plus transmission charges and transmission loss.
328. The Commission has already framed suitable guidelines/regulations for intra-state ABT, which will be binding on all the users of the system. As the Commission have introduced Intra-state ABT between GRIDCO and DISCOMs, in the 1st phase (in a separate order), the issue of overdrawl / underdrawal of energy will be adjusted as un-scheduled interchange. The schedule energy shall be billed by GRIDCO and paid by DISCOMs as per the present Tariff Order of the Commission. Any deviation from the scheduled energy shall be billed by SLDC and paid by DISCOMs as per the prevalent UI rate.

Rebate

329. For payment of bills through a letter of credit or by cash within two working days (excluding holidays under N.I. Act), a rebate of 2% shall be allowed. If the payments are made by a mode other than through a letter of credit but within a period of one month of presentation of bills by the Distribution Licensee, a rebate of 1% shall be allowed.

Late Payment Surcharge

330. In case payment of bills by the licensees is delayed beyond a period of 1 month from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied by GRIDCO on the unpaid amount.

Duty and Taxes

331. The Commission approves that statutory levy/duty/tax/cess/toll etc. imposed under any law from time to time shall be charged over and above the bulk supply price fixed by the Commission.
332. The Bulk Supply Price in respect of GRIDCO as indicated below will be applicable for FY 2014-15 or until further orders.

| Name of the DISCOMs | Paise/ Kwh |
|----------------------------|-------------------|
| CESU | 265 |
| NESCO | 280 |
| WESCO | 286 |
| SOUTHCO | 185 |

333. In view of the coming general election to Lok Sabha and State Legislative Assembly it was decided in the 39th Meeting of FOR held at Chandigarh on 18.01.2014 that a reference shall be made on behalf of all SERCs and CERC to the Election Commission regarding the release of Tariff Order during the currency of Model Code of Conduct. Accordingly a reference in this regard had been made by Chairman FOR on 20.01.2014 to the Election Commission of India. The Election Commission of India in their reply dtd. 17.02.2014 stated that Model Code of Conduct is applicable to Electricity Regulatory Commission as has been done during last Lok Sabha Election in the year 2009. In case any Commission requires relaxation then the matter may be referred to the Election Commission.
334. In view of the above the Commission decides as follows:
Since the last date of election in Odisha is 17th April, 2014 and this may get extended by a day or two in case of re-polling the Commission decide to pass the Order on 22.03.2014 but it will be kept under sealed cover for release to the general public on the day following the last day of election in Odisha (including day of re-polling). The Secretary, OERC shall take appropriate action to release the order as directed above. The Tariff Order shall be effective from 1st April, 2014.
335. The application of GRIDCO in Case No.84/2013 is disposed of accordingly.

Sd/-

(S. P. SWAIN)
MEMBER

Sd/-

(B. K. MISRA)
MEMBER

Sd/-

(S.P. NANDA)
CHAIRPERSON