

**ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO. 4 CHUNOKOLI, SHAILASHREE VIHAR,
BHUBANESWAR-751021**

**Present: Shri U. N. Behera, Chairperson
 Shri S. K. Parhi, Member
 Shri G. Mohapatra, Member**

Case No. 67/2018

M/s. GRIDCO Ltd.	.....	Petitioner
Vrs.		
DoE, GoO & Others	.....	Respondents

In the matter of: **An application under S. 86(1) and other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Conduct of Business) Regulations, 2004 along with other related rules and Regulations for truing up expenses for FY 2015-16 and 2016-17 in accordance with order dated 22.3.2018 passed in Case No.76 of 2017.**

AND

Case Nos. 62/2020

M/s. GRIDCO Ltd	.....	Petitioner
Vrs		
DoE, GoO & others	.....	Respondents

In the matter of: **Application under Section 86 of the Electricity Act, 2003 read with other applicable provisions for Truing up of expenses of GRIDCO Ltd. for FY 2018-19 in terms of Order dated 22.03.2018 of OERC passed in Case No. 76 of 2017 in respect of ARR & BSP for FY 2018-19.**

AND

Case No.27/2021

GRIDCO Ltd.	.....	Petitioner
Vrs.		
DoE, GoO & Others	.....	Respondents

In the matter of: **Application under Section 86 read with other enabling provisions for truing up of expenses for FY 2019-20 as per direction of OERC vide para 265 of the ARR & BSP order dated 29.03.2019 in Case No.73 of 2018.**

For Petitioner: Shri Gagan Bihari Swain, Director (Fin.), GRIDCO

For Respondent: Shri Ananda Mohapatra, Shri Bibhu Charan Swain of Swain & Sons
Power Tech Pvt. Ltd., Shri R. P. Mahapatra

Nobody is present on behalf of M/s. FACOR, Shri Ramesh Chandra Satpathy, M/s. Adhunik Metalik Ltd., NOCCI, CCPPO, M/s. Vedanta

ORDER

Date of hearing: 22.06.2021

Date of order: 22.10.2021

1. GRIDCO had earlier filed truing of petition for its accounts for FY 2015-16 and 2016-17 and 2017-18 which was registered as Case No. 67 of 2018. Subsequently GRIDCO filed two other applications for truing up of accounts for the years FY2018-19 and FY 2019-20 which were registered as Case No. 62 of 2020 and Case No. 27 of 2021 respectively. The Commission has taken all three petitions in Case No.67 of 2018, Case No. 62 of 2020 and Case No. 27 of 2021 for analogous hearing and disposes of all the three cases by this order.
2. Petitioner GRIDCO has stated that under the existing Bulk Supply Agreements with GRIDCO Ltd., the Distribution Utilities of Odisha are under obligation to purchase power solely from GRIDCO. GRIDCO is the “State Designated Entity” (as approved by the State Government) to arrange for bulk procurement of State share of Power from various Generators for bulk supply to the Retail Supply Licensees of Odisha for eventual retail supply to the Electricity Consumers in the State. GRIDCO is a Deemed Intra State Power Trader and such status of GRIDCO has been upheld by the Hon’ble Supreme Court of India in the Civil Appeal No. 5722 of 2006 (Gajendra Haldia vs. GRIDCO & Others).
3. The applicant has further submitted that allowing truing-up on urgent basis is pivotal for the applicant inter alia to meet its power purchase costs, other uncontrollable costs, and to meet the performance standards during FY 2021-22 as well as for complying with the various directions given by the Commission, which particularly entails expenditure. The steep increase of 13% in per unit power purchase costs from 259.88 P/U (Rs. 7466.64 Crore for 28731.03 MU) as approved by the Commission in its Tariff Order for FY 2019-20, to actual cost of 294.33 P/U (Rs. 8288.21 Crore for 28159.22 MU) without any mechanism for speedy recovery of such major and uncontrollable cost, has severely affected the liquidity position and operational ability of the applicant. Hence, by way of the present application the applicant has set out expenses based on the actual audited numbers for consideration by the Commission.

Truing-Up for the past few years

4. Petitioner stated that in the order dated 21.03.2016 the Commission recognized an amount of Rs.3588.02 Crore towards regulatory assets after truing up exercise upto FY 2014-15. The Commission in the said order also allowed total amortization of regulatory assets

upto 2012-13 to the tune of Rs.2616.95 crore. For the balance gap of Rs.971.07 crore, the Commission allowed it to be amortized which shall be allowed for repayment of loan. The Commission held that the aforesaid amount shall be funded from trading revenue, UI charges, other miscellaneous receipts and budgetary support from the Government of Odisha. The petitioner stated that however, the regulatory assets have not been passed through or recovered in the ARR and bulk supply price of the Applicant over the period.

5. Petitioner submitted that the Hon'ble Appellate Tribunal for Electricity ("APTEL") in its order dated 11.11.2011 in OP No.1 of 2011 in the matter of tariff revision (Suo Motu action on the letter received from Ministry of Power), issued directions to all the State Commissions in India including OERC to ensure that true-up of past expenses is conducted on year to year basis as per the time schedule specified in the regulations. The Hon'ble Tribunal had also directed the State Commissions to ensure that the tariff for the financial year is decided before 1st April of the tariff year. The recovery of the regulatory assets should be time bound and within a period not exceeding 3 years at the most and preferably within the control period. The Hon'ble Tribunal specifically directed that carrying cost of the regulatory assets should be allowed to the utility in the ARR of the year in which the regulatory assets are created to avoid problem of cash flow.

6. As per the Tariff Policy, 2016 notified by the Central Government under Section 3 of the Electricity Act, 2003:

“Uncontrollable costs should be recovered speedily to ensure that future consumers are not burdened with past costs. Uncontrollable costs would include (but not limited to) fuel costs, costs on account of inflation, taxes and cess, variations in power purchase unit costs including on account of adverse natural events.”

7. Petitioner stated that as per the provisions under Section 86 (1) and all other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Conduct of Business) Regulations, 2004, these Truing-up petitions upto the FY 2019-20 towards additional Costs incurred by GRIDCO have been filed for approval.

8. The Commission has taken into consideration the True up filling for the years from FY 2015-16 to FY 2019-20, the summary table for each year of the petitions is given below:

Table - 1

	Particulars	Approved 2015-16	Actual (Audited) 2015-16	Difference
	Items of Expenses			
1	Cost of Power Purchase	5927.67	6188.32	-260.65
2	Employee costs	5.87	6.52	-0.65
3	Repair & Maintenance	0.30	0.14	0.16

	Particulars	Approved 2015-16	Actual (Audited) 2015-16	Difference
4	Administrative and General Expenses	4.13	5.5	-1.37
5	Depreciation	0.42	0.4	0.02
6	Interest Chargeable to Revenue	280.25	532.62	-252.37
7	Other Expenses(ERLDC Fees)		34.03	-34.03
A	Total Expenses	6218.64	6767.53	-548.89
8	Special Appropriation			0
9	Amortization of Regulatory Assets	0	200.53	-200.53
10	Prior period adjustment		249.47	-249.47
11	Repayment of principal (Bank and Commercial Loans)	0		0
12	Pass Through of Power Purchase Dues	838.15		838.15
13	Total Special Appropriation	838.15	450	388.15
14	Return on Equity	0	0	0
B	TOTAL	7056.79	7217.53	-160.74
15	Total Revenue Requirement	7056.79	7217.53	-160.74
16	Revenue from DISCOMs	7057.15	6810.87	-246.28
17	Sale of power through trading			0
18	UI charges			0
19	Misc receipts			0
C	Total revenue	7057.15		7057.15
D	Difference (B-C)	0.36	-406.66	-407.02
20	Add: Approved gap in ARR			0.36
21	True up on adjustment of Approved Gap in ARR			-406.66
23	Cumulative Gap upto 31.03. 2015			-3588.02
24	Cumulative Gap upto 31.03. 2016			-3994.68

Table-2

	Particulars	Approved 2016-17	Actual (Audited) 2016-17	Difference
	Items of Expenses			
1	Cost of Power Purchase	5849.16	6541.91	-692.75
2	Employee costs	7.89	6.92	0.97
3	Repair & Maintenance	0.25	0.13	0.12
4	Administrative and General Expenses	4.12	4.32	-0.2
5	Depreciation	0.72	0.34	0.38
6	Interest Chargeable to Revenue	336.38	572.35	-235.97
7	Other Expenses(ERLDC Fees)		7.54	-7.54
A	Total Expenses	6198.52	7133.51	-934.99
8	Special Appropriation			0
9	Amortization of Regulatory Assets	0	0	0
10	Prior period adjustment		-15.95	15.95
11	Repayment of principal (Bank and Commercial Loans)	0	0	0
12	Pass Through of Power Purchase Dues	468.85		

	Particulars	Approved 2016-17	Actual (Audited) 2016-17	Difference
B	Total Special Appropriation	468.85	-15.95	484.8
13	Return on Equity	0	0	0
B	TOTAL	6667.37	7117.56	-450.19
C	Total Revenue Requirement	6667.37	7117.56	-450.19
14	Revenue from DISCOMs	6709.79	6739.19	29.4
15	Sale of power through trading			0
16	UI charges			0
17	Other sales			0
18	Misc receipts			0
19	Total revenue	6709.79		6709.79
D	Difference (B-C)	42.42	-378.37	-420.79
20	Add: Approved gap in ARR			42.42
21	True up on adjustment of Approved Gap in ARR			-378.37
22	Cumulative Gap upto 31.03. 2016			-3994.68
23	Cumulative Gap upto 31.03. 2017			-4373.06

Table-3

	Particulars	OERC Approval 2017-18	Actuals (Audited) 2017-18	Difference (Approval- Actuals) (Rs. Cr.)
1	Cost of Power Purchase	6419.56	7360.32	-940.76
2	Employee Costs	7.24	7.34	-0.10
3	Repair & Maintenance	0.22	0.24	-0.02
4	Administrative & General Expenses	6.05	7.54	-1.49
5	Interest chargeable to Revenue	300.98	511.43	-210.45
6	Depreciation	0.73	0.82	-0.09
7	Bad Debts (previous year adjustment against written back			0.00
A	Total Expenditure	6734.78	7887.69	-1152.91
8	Prior Period Adjustments			0.00
9	Pass Through of Power Purchase Dues	231.66		231.66
10	Previous Loss			0.00
11	Return On Equity			0.00
12	Repayment of Principal (Bank & Commercial Loans)			0.00
B	Total Cost	6966.44	7887.69	-921.25
13	Revenue : Sale of Power to DISCOM	6972.63	7851.22	-878.59
14	Trading			0.00
15	UI/DSM			0.00
16	Other Income			0.00
17	Misc receipts			0.00

	Particulars	OERC Approval 2017-18	Actuals (Audited) 2017-18	Difference (Approval- Actuals) (Rs. Cr.)
18	Penalty claimed to M/s Vedanta Ltd			0.00
C	Total Revenue	6972.63	7851.22	-878.59
D	Difference (B-C))	6.19	-36.47	-42.66
19	Add approved gap in ARR			6.19
20	True up on adjustment of approved gap in ARR			-36.47
21	Cumulative up to 31.03.2017			-4373.06
22	Cumulative up to 31.03.2018			-4412.35

Table-4

	Particulars	OERC Approval 2018-19	Actuals (Audited) 2018-19	Difference (Approval- Actuals) (Rs. Cr.)
1	Cost of Power Purchase	6951.38	7597.05	-645.67
2	Employee Costs	9.90	10.23	-0.33
3	Repair & Maintenance	0.28	0.31	-0.03
4	Administrative & General Expenses	4.96	8.18	-3.22
5	Interest chargeable to Revenue	212.61	534.33	-321.72
6	Depreciation	1.10	1.12	-0.02
7	Other Expenses			0.00
8	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY 2018-19			0.00
9	Bad Debts (FY 2018-19)			0.00
10	Bad Debts (previous year adjustment against written back			0.00
A	Total Expenditure	7180.23	8151.22	-970.99
11	Prior Period Adjustments			0.00
12	Pass Through of Power Purchase Dues	201.38		201.38
13	Previous Loss			0.00
14	Return On Equity			0.00
15	Repayment of Principal (Bank & Commercial Loans)			0.00
B	Total Cost	7381.61	8151.22	-769.61
16	Revenue : Sale of Power to DISCOM	7197.29	7255.19	-57.90
17	Trading		379.28	-379.28
18	UI/DSM		0.81	-0.81
19	Supplies to others			0.00
20	Other Income		267.40	-267.40
C	Total Revenue	7197.29	7902.68	-705.39
D	GAP allowed by OERC /Difference in Cost and Revenue (Loss as per Audited Annual	-184.32	-248.54	-64.22

	Particulars	OERC Approval 2018-19	Actuals (Audited) 2018-19	Difference (Approval- Actuals) (Rs. Cr.)
	Accounts) (B-C)			
26	Add approved gap in ARR			-184.32
27	True up on adjustment of approved gap in ARR			-248.54
28	Cumulative GAP up to 31.03.2018			-4412.35
29	Cumulative GAP up to 31.03.2019			-4660.91

Table-5

	Particulars	OERC Approval (2019-20)	Actuals (Audited) 2019-20	Difference (Approval- Actuals) (Rs. Cr.)
1	Cost of Power Purchase	7,466.64	8,288.20	-821.56
2	Employee Costs	10.68	9.18	1.50
3	Repair & Maintenance	0.25	0.36	-0.11
4	Administrative & General Expenses	5.11	6.95	-1.84
5	Interest chargeable to Revenue	153.97	536.09	-382.12
6	Depreciation	0.76	0.54	0.22
7	Other Expenses	0	-	
8	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY 2019-20	0		0.00
9	Bad Debts (FY 2019-20)	0		0.00
10	Rebate & DPS		39.8	-39.80
A	Total Expenditure	7,637.41	8,881.12	-1,243.71
11	Prior Period Adjustments	-	-	
12	Pass Through of Power Purchase Dues	86.34	-	
13	Previous Loss	-	-	
14	Return On Equity	-	-	
15	Repayment of Principal (Bank & Commercial Loans)	-	-	
B	Total Cost	7,723.75	8,881.12	-1,157.37
16	Revenue : Sale of Power to DISCOM	7,550.81	7,572.36	-21.55
C	Total Revenue	7,550.81	7,572.36	-21.55
D	GAP allowed by OERC /Difference in Cost and Revenue (Loss as per Audited Annual Accounts) (B-C)	-172.94	-1,308.76	-1,135.82
24	Add approved gap in ARR	-	-	-172.94
25	True up on adjustment of approved gap in ARR			-1,308.77
26	Cumulative GAP up to 31.03.2019			-4660.91
27	Cumulative GAP up to 31.03.2020			-5969.68

9. GRIDCO in its petition for the truing up for FY 2015-16 has stated that the deficit gap during the financial year 2015-16 has arisen mainly due to uncontrollable factors which

were beyond the control of GRIDCO. The higher power purchase cost was due to purchase of costly thermal power owing to lesser availability of low cost hydro power compared to what was approved by the OERC. The hydro power to the tune of 1500 MU was purchased less during the year FY 2015-16. These shortages were compensated through purchase of high cost thermal power from central generating stations like NPTC-Barh, NTPC-FSTPS and KHSTPS. The petitioner had to purchase such thermal power at a higher cost of around Rs.664.24 crore for FY 2015-16. The interest of about Rs.532 crore was incurred for FY 2015-16 against the approval of Rs.280 crore. The petitioner has stated that it suffered contraction in revenue due to less availability of surplus power towards power trading coupled with lower trading rates in the power market. GRIDCO could manage only around 450 MU of surplus power yielding revenue of around Rs.193 crore for FY 2015-16.

10. GRIDCO in its petition for the truing up for FY 2016-17 has stated that the deficit gaps during both financial years 2016-17 has arisen mainly due to uncontrollable factors which were beyond the control of GRIDCO. The higher power purchase cost was due to purchase of costly thermal power owing to lesser availability of low cost hydro power compared to what was approved by the OERC. The hydro power to the tune of 1258 MU was purchased less during the year FY 2016-17. These shortages were compensated through purchase of high cost thermal power from central generating stations like NPTC-Barh, NTPC-FSTPS and KHSTPS. The petitioner had to purchase such thermal power at a higher and additional cost of around Rs.598.19 crore for FY 2016-17 and the interest incurred was to the tune of Rs.572 crore for FY 2016-17 against the approval of Rs.337 crore for FY 2016-17. The petitioner could earn about Rs.108 crore towards power trading and on inclusion of UI/Deviation charges of the total revenue on such activity could be only Rs.244 crore.
11. GRIDCO for FY 2017-18 has shown the Power Purchase Cost of Rs.7360.32 Cr against the approval in the ARR for Rs.6419.56 Cr, thereby an increase of the cost to the tune of Rs.940.76 Cr. The interest cost has also gone up to Rs.511.43 Cr against the approval in the ARR for Rs.300.98 Cr with an increase of Rs.210.45 Cr in the cost. Therefore the total expenses shown in the audited account is to the tune of Rs 7887.69 crore. However, the total revenue collected by GRIDCO during the year 2017-18 stands at Rs.7851.22 Cr against the ARR approval of Rs.6972.63 Cr with a surplus revenue of Rs.878.59 Cr. Taking into consideration the difference in the total expenses of Rs. 7887.69 Cr and revenue of Rs. 7851.22 Cr there is a shortfall of Rs.36.47 Cr. The Commission has

allowed a gap of Rs.6.19 Cr in the ARR. Therefore, the total gap claimed in the truing up petition is Rs.42.65 Cr.

12. GRIDCO for FY 2018-19 has shown the Power Purchase Cost of Rs.7597.05 Cr against the approval for Rs.6951.38 Cr in the ARR., with an increase of Rs.645.67 Cr in the cost.. The interest cost has also gone up to Rs.534.33 Cr against the approval for Rs.212.61 Cr in the ARR with an increase of Rs.321.72 Cr in the cost. However, the total revenue collected by GRIDCO during the year 2018-19 stands at Rs.7902.67 Cr against the ARR approval of Rs.7197.29 Cr with a surplus revenue Rs.705.38 Cr. Considering the difference in the expenses of Rs.769.61 Cr and surplus revenue of Rs.705.38 Cr there is a shortfall of Rs.64.23 Cr. The Commission had allowed a gap of Rs.-184.32 Cr in the ARR. The total gap now comes to Rs.248.55 Cr.
13. GRIDCO for FY 2019-20 has shown the Power Purchase Cost of Rs.8288.20 Cr against the approval in the ARR for Rs.7466.64 Cr, with an increase of Rs.821.56 Cr in the cost. The interest cost has also gone up to Rs.536.09 Cr against the approval for Rs.153.97 Cr in the ARR with an increase of Rs.382.12 Cr in the cost. The total revenue collected by GRIDCO during the year 2019-20 stands at Rs.6711.96 Cr against the ARR approval of Rs.7529.96 Cr with a deficit of Rs.818.00 Cr in the revenue. GRIDCO has also shown earning of Rs. 577.95 Cr from trading, Rs.15.26 Cr from UI/DSM and Rs.267.19 Cr from other income. GRIDCO has also claimed bad debt of Rs. 45.83 Cr, rebate and DPS of Rs. 39.80 Cr, pass through of power purchase due of Rs.86.34 Cr and minor deficit in A&G expenses and adjustment towards changes in fair value of loan, bonds etc. The total gap in the expenses is accordingly shown at Rs.1209.83 Cr. The difference between the total cost of Rs.8933.58 Cr against the total revenue of Rs.7581.45 Cr GRIDCO claimed a deficit of Rs.1352.13 Cr. GRIDCO has further claimed bad debt of Rs.45.83 Cr and adjustment of Rs.6.43 Cr. The total gap excluding bad debt is claimed at Rs.1308.76 Cr.
14. The Commission finds that the petition for the years from FY 2015-16 to FY 2019-20 are mostly similar in nature. The submission of GRIDCO has been shown in this regard from Table 1 to 5. We are discussing in detail the submission of GRIDCO for FY 2019-20 in the following paragraphs.
15. GRIDCO submitted that this Truing Up Petition for FY 2019-20 has been filed, considering the actual expenses reflected in the audited books of Accounts vis-a-vis expenses allowed by Commission in the Tariff Order for FY 2019-20 under different components. Financial Statements prescribed under the Provisions of Companies Act,

2013, duly audited and approved in the 25th Annual General Meeting held on 26.03.2021 along with Auditors Report for FY 2019-20 were submitted with the petition.

16. GRIDCO has submitted that it made total power procurement of 28159.22 MU with total cost of Rs.8288.21 Crore during FY 2019-20 against the approval of the Commission for 28731.03 MU with approved cost of Rs.7466.64 Crore to meet the State demand. The additional cost of power is an uncontrollable factor and the Commission may approve the same. Further, it is submitted that the Commission vide Para- 297 of the BSP order had allowed revenue gap of **Rs.172.94Crore** for the FY 2019-20.

Analysis of Variance in Power Procurement Cost

17. GRIDCO submitted the detailed analysis of power procurement cost along with the primary reasons of deviation on actual drawal with the corresponding associated costs incurred on power procurement during FY 2019-20 as summarized below:

Hydro

18. GRIDCO submitted that the Commission approved procurement of power from the State Hydro Sources to the tune of 5881.74 MU at the cost of Rs.506.43 Crore including state share from Indravati and Machhkund Hydro Stations. GRIDCO made procurement of 6168.42 MU at a total cost of Rs.548.40 Crore with corresponding increase in the quantum of power by 286.68 MU. The costs paid to OHPC are as per the tariff approved by the Commission in the tariff orders of OHPC. The Petitioner has stated that it has purchased power as per Merit Order Dispatch and submitted that the increase in power purchase cost is an uncontrollable factor and the Commission may approve power purchase cost from OHPC stations as per actual audited accounts.

OPGC

19. GRIDCO submitted that the Commission approved power procurement for a drawal of 2792.78 MU at the cost of Rs.661.78 Crore from Unit- I & II of OPGC for FY 2019-20. GRIDCO procured 2326.85 MU of power at total cost of Rs.642.42 Crore. For Unit- III & IV of OPGC for FY 2019-20, the Commission approved energy quantum of 726.93 MU at the cost of Rs. 109.53 Crore. GRIDCO procured 3788.63 MU of power at total cost of Rs.1028.78 Crore. GRIDCO proposed in the ARR for procurement of 4574.98 MU from the expansion project of Unit- III & IV of OPGC, which became operational with CoD on 03.07.2019 and 20.08.2019 respectively. However, the Commission approved only 726.93 MU from Unit III& IV stations. The costs paid to OPGC are as per the provisional tariff approved by the Commission. The Petitioner stated that it has purchased power as

per Merit Order Dispatch and submitted to approve power purchase cost from OPGC as per actual audited accounts.

TTPS (NTPC)

20. GRIDCO purchased 2999.26 MU from TTPS for Rs 998.85 Crore against 3336.04 MU for Rs 1057.66 Crore approved by the Commission for FY 2019-20. GRIDCO submitted that it scheduled the required energy as approved by the Commission and the price paid towards power procurement is as per the rate approved by the CERC. Therefore, the Petitioner submitted to approve power purchase cost from TTPS as per the audited accounts.

IPPs

21. GRIDCO submitted that OERC approved 8217.30 MU of Power at the cost of Rs. 2028.73 Crore from three IPPs considering the entitlement of State Share of Power as per the Power Supply Agreement executed between the respective IPPs and the State Govt of Odisha. GRIDCO stated that there has been distortion in the actual drawal of power by GRIDCO vis-a vis non supply of the requisite quantum of Power by IPPs. Consequently, there was marginal drawal of power from M/s. Vedanta Ltd and almost no power in reality from M/s. JITPL against the legitimate share/entitlement of the State. GRIDCO submitted that total power supplied by all the IPPs are quite minimal to the tune of 2574.54 MU only at the cost of Rs.822.13 Crore, which is nearly 31% of the total approved quantum for FY 2019-20.
22. GRIDCO submitted that the Commission may also consider the quantum of energy drawal from the IPPs as approved in the ARR being at a higher side compared to the actual drawal made by GRIDCO from these IPPs during FY 2016-17, 2017-18, 2018-19 and 2019-20 as follows:

Table - 6
Power Purchase from IPPs (MU)

IPPs	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		Actual (Avg.)
	OERC	Actual	OERC	Actual	OERC	Actual	OERC	Actual	
M/s. Vedanta Ltd.	5039.45	3246.85	5039.45	970.89	5039.45	902.09	5039.45	747.84	1466.92
M/s GMR Kamalanga Ltd.	1720.03	1371.87	1517.10	1487.50	1842.19	1702.44	2167.28	1814.75	1594.14
M/s Jindal India Thermal Power Ltd.	1007.89	319.25	503.95	250.64	1007.89	261.14	1010.57	11.95	210.75

IPPs	FY 2016-17		FY 2017-18		FY 2018-19		FY 2019-20		Actual
	OERC	Actual	OERC	Actual	OERC	Actual	OERC	Actual	(Avg.)
M/s. Nava Bharat Ventures Ltd.	48.79	-	-	-	-	-	-	-	-
M/s. IndBarath Energy (Utkal) Ltd.	218.00	-	-	-	-	-	-	-	-
Total	8034.16	4937.97	7060.50	2709.03	7889.53	2865.67	8217.30	2574.54	3271.80

23. GRIDCO stated that the above table reveals that the approval for procurement from the IPPs was quite optimistic but there has been less supply of power by the IPPs. IPPs were unable to deliver power as per the approval issued by OERC during FY 2016-17 to FY 2019-20 for which GRIDCO was forced to procure power from other sources at relatively higher cost in order to compensate the non-availability of cheaper/low cost power from the IPPs. GRIDCO has taken necessary steps and filed petition under Section 142 of the Electricity Act, 2003 before the Commission for necessary directions against defaulting IPPs. The Petitioner therefore submitted that the Commission may approve cost from other sources of power to compensate for non-compliance by IPPs.

M/s Vedanta Limited

24. GRIDCO has stated that during the FY 2019-20, M/s Vedanta Limited supplied only 747.84 MU power at a cost of Rs.198.20 Crore, which is 14.84% of its contractual obligation towards State's share (5039 MU) as approved by the Commission. The OERC had approved the drawal of 5039 MU considering the full state share from the IPP in favour of GRIDCO. GRIDCO had submitted the facts of non-supply/minimal supply of power by IPP in its BSP application for FY 2019-20. GRIDCO has stated that despite its several requests, the IPP did not adhere to comply the contractual obligation as per the subsisting Power Purchase Agreement (PPA) dated 19.12.2012 and OERC Order dated 27.01.2016 in Case No.21 of 2015. The non-supply caused great hardship for GRIDCO and it has to procure power from Central Generating Stations at higher variable cost and also through Power Exchanges and Power Banking through bi-lateral arrangements in order to meet the State demand throughout the year at least possible cost. Therefore, the Petitioner has submitted that the Commission may approve cost from other sources of power to compensate for non-compliance by IPP.

M/s GMR Kamalanga Energy Limited (GKEL)

25. GRIDCO has stated that it sourced 1814.75 MU power from M/s GMR at the total cost of Rs.621.88 Crore against the OERC's approval of 2167.28 MU at a cost of Rs.629.76

Crore, with marginal impact on GRIDCO's procurement during FY 2019-20, as compared to other defaulting IPPs. The Petitioner has submitted that the Commission may approve the cost as per actuals for FY 2019-20

M/s. Jindal India Thermal Power Limited (JITPL)

26. GRIDCO submitted that the JITPL supplied only 11.95 MU power (1.18%) against the approval of State share of 1010.57 MU, creating a Gap of 998.62MU. GRIDCO has submitted that the total drawl from the IPP has been quite low with average drawal of 210.75 MU in the preceding four years causing the approved IPP drawal segments of GRIDCO distorted on real time basis. The IPP has ceased supply of power to GRIDCO in the pretext of the case pending before the Hon'ble High Court of Odisha regarding non-supply of linkage coal by MCL etc. GRIDCO had submitted the facts of non-supply/minimal supply of power was not considered by the Commission while approving full quantum of State entitlement of power from the said IPP. Therefore, there was no other alternatives/option left with GRIDCO and hence GRIDCO was forced to source power from other sources at high cost to meet the State demand. The Petitioner submitted to approve the cost from other sources of power to compensate for non-compliance by the IPP.
27. GRIDCO has stated that in comparison to other Central Generating Stations (CGS), as per the Merit Order procurement policy, there has been very low quantum of actual drawal of power when compared to approved quantum by the Commission from the respective IPPs. Despite several requests made by GRIDCO to defaulting IPPs, and also requesting Department of Energy, Government of Odisha to direct IPPs to supply State Entitlement of power as well as for adhering to terms of contracts made between the IPPs and the orders of Commission for supplying full share of power to the State, there has been gross default in supply of power by the IPPs to the State due to which accumulated revenue deficit of GRIDCO has considerably increased over the years, despite the sincere efforts made by GRIDCO to procure least cost power following merit order policy on a continuous basis.

Renewable Sources – State

28. GRIDCO stated that it made procurement of renewable energy from different sources available in the State to the tune of 1276.28 MU with the total cost of Rs.567.95 Crore against the approval of 1467 MU with approved cost of Rs.656.79 Crore. This resulted in less drawal by 13.00% and decrease in total cost by 13.53% under the State category. The renewable power comprising small hydro, biomass energy, solar energy and wind energy

are must run which has been scheduled to meet peak demand of the state. Thus such total cost may be approved.

Central Hydro

29. It is stated that it procured 1085.80 MU of Central Hydro Power during FY 2019-20 at the cost of Rs.310.02 Crore, against 912.27 MU at a cost of Rs.217.68 Crore approved by the Commission thereby incurring additional cost of Rs.92.34 Crore with additional drawal of 175.35 MU. GRIDCO has stated that tariff for the Central Generating Stations and the Stations outside the national border supplying energy are being determined by CERC, CEA with due consultation with the Ministry of External Affairs. GRIDCO was permitted to draw the state's share from these Stations at the approved tariff.

GRIDCO has submitted that hydro power stations are must-run stations and GRIDCO is obligated to meet peak demand of the state. Tariff of power procured from Central Hydro stations, i.e. Chukha, Tala were considered based on the directives of Ministry of External Affairs and PTC, which have been approved by the Commission. Tariff of Teesta is based on CERC orders. Accordingly, the Commission may approve costs of power procured from the central hydro sources based on actual audited accounts.

NTPC ER Stations

30. GRIDCO has submitted that in absence of requisite drawl from two defaulting IPPs i.e. M/s. Vedanta Ltd and M/s. JITPL for prolonged period, resulted in shortage of 68.67% of power approved by the Commission. Therefore, the petitioner had to source power from other available sources. In order to provide quality 24x7 power supply to DISCOMs and to consumers of the state, GRIDCO was forced to manage the State demand by procuring power at comparatively higher rate from NTPC Stations by incurring total cost of Rs.2011.73 Crore during FY 2019-20, creating revenue gap of Rs.277.91 Crore over the approved Costs of Rs.1733.82 Crore for NTPC ER stations, allowed by the Commission. The additional procurement of 213.92 MU Power from NTPC Stations with differential cost of Rs.277.91 Crore was incurred due to non-supply of low-cost Power by IPPs with avg. rate of Rs.246.89P/U as duly approved by the Commission for FY 2019-20.
31. GRIDCO submitted that it procured additional power from NTPC ER stations by drawing power beyond the quantum approved for the respective generating stations as well as through bilateral banking arrangement to the maximum possible extent and also met the balance requirement by procurement through Energy Exchanges.

32. GRIDCO has stated that, the actual quantum of power drawn from NTPC stations exceeds the quantum approved by the Commission by nearly 4%, due to substantial reduction in the supply by the IPPs. The approved quantum of 8217 MU, was substantially reduced to the actual drawal of 2574 MU during the period. However generation from State hydro stations, supplying low cost power, was nearly 4.87% excess over the quantum approved by the Commission.
33. GRIDCO has stated that it was compelled to make procurement through open access & energy exchanges for making the drawal to the tune of 1123.91 MU at a cost of Rs.443.66 Crore at an average price Rs.3.95/Kwh (approx.) as the only recourse left for GRIDCO to meet the State demand in absence of supply of Power by the defaulting IPPs. As regards cumulative drawal from different stations, GRIDCO has submitted that it took all possible measures to optimize its procurement cost because of the less supply by the defaulting IPPs, which have been replaced by high cost CGS Thermal power, following the merit order procurement policy on a continuous basis during FY 2019-20 in order to extend steady power supply in the state.

Force scheduled situations

34. GRIDCO has stated that Commission had not approved any power from FSTPS III and KhSTPS-I due to high variable cost of power of these stations and availability of low-cost power from other sources (including IPPs) to meet the state demand. However, in spite of non-scheduling by GRIDCO in the normal course, there was forced scheduling from these stations by RLDC for running these high cost plants at technical minimum which were beyond the control of GRIDCO. As these events are uncontrollable, the total costs incurred towards power procurement from all NTPC stations may be approved.
35. GRIDCO submitted that the Commission in the Tariff order for FY 2019-20 allowed the Fixed Cost of FSTPS III, KhSTPS I and had not approved any energy from these two respective stations. Petitioner submits that it had consistently followed MoD principles in scheduling power from these sources and was compelled to source from this station due to non supply of approved quantum of Power by the defaulting IPPs. The Petitioner has submitted that the Commission may approve cost of these plants based on actuals and costs incurred thereof.

Table - 7
Power procured from IPPs for 2019-20

IPP Name	Approved (MU)	Actual power procured (MU)
M/s Vedanta Ltd.	5039.45	747.84
M/s GKEL	2167.28	1814.75

IPP Name	Approved (MU)	Actual power procured (MU)
M/s JITPL	1010.57	11.95
Total	8217.30	2574.54

36. GRIDCO has stated that the power procurement cost incurred during FY 2019-20 was to the tune of Rs.8288.21 Crore with energy of 28159.22 MU against the approved cost of Rs. 7466.64 Crore with 28731.03 MU to meet the State demand. This resulted in differential cost of Rs.821.57 Crore, which was uncontrollable, primarily due to non-supply of the requisite State share of Power by defaulting IPPs and revision in Tariff of Central Generating Stations.

37. GRIDCO has submitted that fixed cost is a sunk cost for GRIDCO, which is paid even if it does not source power from FSTPS and KhTPS as per the terms of PPA. The Commission in its previous tariff orders had approved fixed cost from these stations despite nil or some quantum of energy approved from these stations. The tariff order for FY 2019-20 states the following:

“No energy is considered for State drawal. Full fixed cost is allowed”

38. GRIDCO submitted summary of the approved power procurement and actual cost in the following table.

Table - 8
Approved Power procurement and Cost by OERC

Year	Approved	FSTPS-I & II	FSTPS-III	KhTPS-I	KhTPS-II
2017-18	Power (MU)	679.09		880.76	270.61
	Fixed cost (Rs Cr.)	121.68	95.20	91.98	30.28
2018-19	Power (MU)	-	-	854.37	271.69
	Fixed cost (Rs Cr.)	131.91	90.52	95.65	30.29
2019-20	Power (MU)	1549.02	-	-	269.22
	Fixed cost (Rs Cr.)	131.91	90.52	95.65	30.29

39. GRIDCO has submitted that various Gas based plants in the country are idle due to high cost of gas but the Regulatory Commissions in various states are approving fixed cost of these plants. The Commission may consider a similar stance taken by other ERCs on passing fixed cost in the tariffs.

40. GRIDCO stated that in the judgment of Hon’ble APTEL in Appeal No. 255 of 2014 in the matter of Damodar Valley Corporation versus Jharkhand State Electricity Regulatory Commission, regarding disallowance of Power purchase cost, Hon’ble APTEL held that fixed charges need to be paid and approved even if power is not scheduled. Accordingly the Commission may approve the total cost of FSTPS and KhTPS for FY 2019-20.

41. The power Purchase costs for FY 2019-20 as approved by the Commission and actual audited figures of GRIDCO are depicted in the tabular form below:

Table - 9
Power Purchase Cost for FY 2019-20 (MU & Rs. Cr.)

Generators	OERC's APPROVAL			Actuals/Audited of GRIDCO		
	Energy	Total Rate	Total cost	Energy	Total Rate	Total cost
	MU	P/U	Rs.in Cr.	MU	P/U	Rs.in Cr.
State Hydro (Old)	3676.86	87.31	321.01	3673.66	79.89	293.49
Indravati	1942.38	88.52	171.94	2188.21	86.30	188.84
Machhkund	262.50	51.33	13.48	306.55	51.33	15.74
ERPC Fund Contributions	-	-	-	-	-	0.16
Reimbursement of Income Tax for 2018-19	-	-	-	-	-	49.02
ARR Application, Publication Expenses	-	-	-	-	-	0.50
Total Hydro	5881.74	86.10	506.43	6168.42	88.90	548.40
OPGC 1 & 2 nd Unit	2792.78	236.96	661.78	2326.85	276.09	642.42
OPGC 3 & 4 th Units	726.93	150.68	109.53	3788.63	271.54	1028.78
TTPS (NTPC)	3336.04	317.04	1057.66	2999.26	333.03	998.85
IPPs	8217.30	246.89	2028.73	2574.54	319.33	822.13
Renewable Sources						
Small Hydro	417.00	382.21	159.38	299.66	369.56	110.74
OPGC Hydro (Kendupatana) (2007-08 to 2014-15)	-	-	-	-	-	0.45
Biomass	80.00	578.00	46.24	66.60	518.46	34.53
Wind	290.00	294.40	85.38	319.41	314.46	100.44
Solar	680.00	537.94	365.80	590.62	544.82	321.79
Total RE	1467.00	447.71	656.79	1276.28	445.00	567.95
Total Infirm Power	-	-	-	524.38		-
TOTAL STATE	22421.79	223.93	5020.92	19658.37	234.43	4608.52
CHUKHA	267.54	246.19	65.87	269.90	241.09	65.07
Tala HPS	135.76	221.52	30.07	125.71	215.65	27.11
Teesta-V	508.97	239.19	121.74	563.55	292.60	164.89
Mangdechhu	-	-	-	126.64	418.08	52.94
Total Central Hydro	912.27	238.61	217.68	1085.80	285.52	310.02
TSTPS St-I	2215.16	280.06	620.38	1584.93	329.00	521.45
TSTPS St-II	1363.57	256.25	349.41	1174.14	282.37	331.55
FSTPS I & II	1549.02	315.13	488.14	1188.74	404.05	480.31
FSTPS III	-	384.58	90.52 *	350.50	553.32	193.94
KhTPS St-I	-	339.45	95.65 *	746.79	343.86	256.79
KhTPS St-II	269.22	333.23	89.71	344.87	275.26	94.93
DSTPS	-	-	-	203.38	337.72	68.69
Barh-II	-	-	-	-	-	-1.89
RRAS (NTPC)	-	-	-	-	-	-4.43
Kanti Bijlee Utpadan Nigam	-	-	-	17.54	-	70.41
Total Central Thermal	5396.97	321.26	1733.82	5610.89	358.54	2011.73
Banking of Power	-	-	-	371.34	95.45	35.44

Generators	OERC's APPROVAL			Actuals/Audited of GRIDCO		
	Energy	Total Rate	Total cost	Energy	Total Rate	Total cost
	MU	P/U	Rs.in Cr.	MU	P/U	Rs.in Cr.
Procurement through Exchange	-	-	-	1123.91	394.75	443.66
Deviation payable-EREB	-	-	-	308.92	388.30	119.95
Total Central Sector	6309.24	309.31	1951.50	8500.85	343.59	2920.80
PGCIL Tr Charge			492.02			755.87
ERLDC Charges			2.20			3.01
TOTAL GRIDCO	28731.03	259.88	7466.64	28159.22	294.33	8288.21

NB: * No energy is considered for State drawal. Full fixed cost is allowed

Finance & other costs

42. GRIDCO has submitted that it incurred Finance, A&G and other related costs under different components during the FY 2019-20 to discharge its functions effectively, exercising adequate effective measures with optimal utilization of its scarce funds. The details of the costs incurred during FY 2019-20 are summarized below:

Table - 10
Finance & other costs (Rs. in Crore)

Cost Components	GRIDCO Submission	OERC Approval	Actual Audited	Difference
Employee Cost	12.84	10.68	9.18	1.50
Repairs & Maintenance	0.25	0.25	0.36	-0.11
Administrative and General Expenses	6.66	5.11	6.95	-1.84
Interest chargeable to Revenue	409.41	153.97	536.10	-382.13
Less : Capitalization	0.00	0.00	0.00	0.00
Less : Interest receivable from DISCOM	0.00	0.00	0.00	0.00
Net Interest	545.15	153.97	536.10	-382.13
Depreciation	0.76	0.76	0.54	0.22

43. GRIDCO has submitted that GRIDCO incurred Employee Cost to the tune of Rs.9.18 Crore against the approved cost of Rs.10.68 Crore. GRIDCO incurred Repairs & Maintenance expenses to the tune of Rs.0.36 Crore against approval of Rs. 0.28 Crore accorded by the Commission.
44. GRIDCO incurred A&G expenses to the tune of Rs.6.95 Crore against Rs.5.11 Crore approved by the Commission. The increase in costs is on account of increase in Professional fee relating to cases pending before various forums and other expenses incurred during the year. It may be mentioned that the Commission approved Rs.6.05 Crore for the FY 2017-18.

45. GRIDCO charged Depreciation of Rs.0.54 Crore on its Assets against the approval of Rs.0.76 Crore.
46. GRIDCO incurred Finance Costs to the tune of Rs.542.72 Crore during FY 2019-20 as detailed below:

Table - 11
Finance Cost

Particulars	Cost (Rs Cr)
Interest on Loans	410.43
Interest on Bonds and Debentures	98.24
Guarantee Fees	27.66
Bank Charges	-0.23
Sub Total	536.10
Fair Value Changes for Loan (As per IND AS Provision)	6.43
Fair Value Changes for Bonds and Debentures	0.20
Total	542.72

47. GRIDCO submitted that the Commission allowed Rs.153.97 Crore in the ARR for FY 2019-20, against the total proposed financial cost of Rs.409.41 Crore, thereby leaving a gap of Rs.255.44 Crore. The actual audited figures for Finance Cost of GRIDCO for FY 2019-20 are Rs.536.10 Crore which may be allowed in the true up for the FY 2019-20.
48. GRIDCO stated that revenue deficits of GRIDCO for the past periods recognized into Regulatory Assets are not converted into tangible form, neither generating any funds nor any income, to the tune of Rs.3588.02 Crore as on 31.03.2015 as reflected in ARR & BSP order for FY 2016-17. GRIDCO has accumulated loss of Rs.6063.65 Crore as on 31.03.2020 depicting a negative net worth over the years due to absence of Cost reflective Tariff. Due to financial deficit, GRIDCO was compelled to avail Bank loan of Rs. 1500 Crore during FY 2019-20, at the competitive MCLR rate in the range of 8.20 % to 8.50% with State Govt. guarantee. The Commission may consider the impact of delay in passing of True up orders on working capital cost of petitioner.
49. GRIDCO submitted that the revenue gap created due to gap between the procurement costs and sale of power, Payment obligations of principal and interest on borrowings, gap allowed by Commission in the tariff order, are the primary reasons for resorting to borrowings by GRIDCO from financial institutions. Bank borrowings have become instrumental, as the only recourse to meet the contractual obligation of paying the Generators' dues by the scheduled date to avoid power regulation and to avail rebate through SOD account and other short- and long-term loans from Banks. Borrowing working capital from banks on the one hand helps in earning rebates from generators by making timely payment of dues and on the other hand reduces high cost late payment surcharge obligation on delay in payment, thus reducing the cost for DISCOMS and

ultimately the end consumers. Further, time lag in payment of BSP dues by the DISCOM Utilities and consequential lag in paying the dues in installment, at times have constrained GRIDCO to resort to bank borrowings to honour the contractual obligations in order to ensure uninterrupted power supply in the State.

50. GRIDCO submitted that it has endeavored regular follow up actions for collection of arrears from DISCOMS even though arrears had accumulated over the years. GRIDCO was compelled to extend Escrow relaxation to DISCOMs to meet their Salary, Repair & Maintenance and other expenses as approved by the Commission in order to manage steady power supply in the state. Details of the revenue Gap approved by the Commission in the ARR and the Truing up Gap during the period from FY 2015-16 till FY 2019-20 are summerised in the following table

Table - 12
Gap as per ARR and True Up (Rs Crore)

Financial Year	Gap as per ARR	Gap as per true up
2015-16	0.36	-406.66
2016-17	42.42	-381.20
2017-18	6.18	-36.47
2018-19	-184.32	-248.56
2019-20	-172.94	-1308.77
Total	-308.30	-2381.66

51. GRIDCO stated that from the above table it is revealed that there has been cumulative revenue gap of Rs.2381.66 Crore against the gap of Rs.308.30 Crore approved by the Commission. GRIDCO has accumulated Loss of Rs. 6063.65 Crore as on 31.03.2020. The major reasons of loss of GRIDCO are due to non-approval of Cost reflective tariff, Carrying costs on regulatory assets over the years which have adversely affected the working capital requirements over the years. GRIDCO was compelled to make borrowings of Rs.1300 Crore, Rs. 1015 Crore, Rs. 935 Crore and Rs. 1500 Crore during FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20 respectively.
52. GRIDCO stated that the Commission has given directives for trading of surplus power and meet the repayment obligations and to ultimately reduce the interest burden. GRIDCO has submitted that due to the subdued trading market, GRIDCO could earn a little surplus over the years which are quite insufficient for meeting the contractual obligations. Average sale price in exchange received by GRIDCO for FY 2019-20 was Rs 2.65 per unit. The commission may also consider that non collection of outstanding dues may not be the only factor that resulted in borrowing by GRIDCO from financial institutions, rather other key factors like the revenue gap/deficit and its corresponding funding in meeting contractual obligations to the generators created over the years, have

become the major contributing factors compelling GRIDCO to avail Finance from Banks / Financial Institutions with the Guarantee extended by Govt. of Odisha. Due to these facts the commission may consider to minimize the revenue deficit and its impact on DISCOMS and future consumers of the state.

Principal Repayment of Loan

53. GRIDCO submitted that inspite of continuance of severe financial crunch over the years and revenue shortfall over last couple of years, GRIDCO has been able to maintain steady power supply in the state by resorting to finance from Banks. GRIDCO had made repayment of Rs.1177.95 Crore towards Principal repayment of loan during the FY 2019-20. In this respect, it is submitted that the OERC approved the repayment of principal obligations of Rs.99.92 Crore in the Tariff order for FY 2010-11.
54. The Commission in the BSP order for FY 2019-20 mentioned that proposed Repayment of loan Principal during FY 2019-20 may be met from “Separate Fund” to be created out of the revenue earned from Trading of surplus Power, funds earned through sale of low cost hydro power over and above design energy of OHPC Hydro Stations, Earnings from UI/ DSM Charges and Budgetary Support from Government of Odisha.
55. GRIDCO submitted that the Commission has been issuing such advisories / directions, but the recouping GRIDCO’s dwindling finances through above suggestions has not been realized because of the following reasons:
- Earning of any surplus Revenue from Power Trading has not been up to the mark because of the very low prices prevalent in the present subdued Power Market which has been the case for last couple of years with almost no possibility of improvement soon. Even after taking the Trading Revenue into account, GRIDCO could manage to earn very nominal revenue, by trading above the variable cost as reflected in its Books of Accounts.
 - Unscheduled Interchange (UI) mechanism is essentially a disciplinary instrument, but not a commercial device to earn any additional revenue. Therefore, assumption of UI charges by the Commission as a source of earning revenue may not be feasible. Besides, the disciplined behavior of Grid Constituents, of late, has led to drying up of receipt of incentives in this front.
56. GRIDCO has submitted that Government of Odisha has not provided any Budgetary Support/Subsidy/Grant to GRIDCO except Government Guarantee to facilitate GRIDCO

to avail loan from Banks/Financial Institutions. No budgetary support from the State Government was available during FY 2019-20.

57. GRIDCO has submitted that analysis of revenue generated during the FY 2019-20 from sale of excess energy over the design energy of OHPC Stations and the net trading surplus for principal repayment obligations indicate the following details :

Table - 13
Sale of Power & Trading of Power

Particulars	Units
1.Sale of Power over Design Energy of OHPC Stations	
Actual Energy drawal of all Stations during FY 2019-20	5861.87 MU
Design Energy of all Stations	5619.24 MU
Surplus Energy	242.63 MU
Potential Revenue@ (Approved Avg. Sales Price 270.47 P/U, Less : Avg. cost of OHPC Stations i.e., 88.90 P/U	Rs.44.05 Crore
2.Trading of Surplus Power	
Actual Energy sold through Trading during FY 2019-20	1727.86 MU
Avg. Selling Price earned through Trading during FY 2019-20	334.48 P/U
Avg. Cost of Procurement of Power during FY 2019-20	294.33 P/U
Excess of Avg. Selling Price over Avg. Cost Price	40.15 P/U
Potential Revenue on Trading	Rs.69.37 Crore
Total Potential Revenue (1+2)	Rs.113.42Crore

58. GRIDCO has stated that on analysis of the above table, it transpires that potential revenue of Rs.156.28 Crore which is included in the total revenue of Rs.8288.21 Crore for the FY 2019-20 had compensated the differential costs due to non-supply by two defaulting IPPs. Had the requisite approved quantum of supply been made by all the Generators at the applicable rate as reflected in the Tariff Order of the Commission, GRIDCO could have recovered all costs at the approved Tariff. In such a situation, GRIDCO would have been able to generate excess net revenue of Rs.156.28 Crore. This amount is however minimal to meet the principal repayment obligations of Rs. 1177.95 Crore for the FY 2019-20 by making sale of surplus energy over the Design energy of OHPC Stations and through Energy exchange.
59. GRIDCO has stated that under these compelling and financial distressed situations for a prolonged period, GRIDCO continued to absorb the major deficits of the sector as a whole, without maintaining any reserves and surplus to meet its financial obligations. GRIDCO therefore submitted for allowing the actual repayment of loan to the tune of Rs.1177.95 Crore against the earlier proposal of Rs.1016.93Crore for FY 2019-20.
60. GRIDCO stated that the Commission vide Para 308 in the BSP Order for FY 2020-21 had directed for submission of details of revenue earnings from sale of power through trading,

UI and other sources of income for FY 2015-16 to FY 2019-20. Details are submitted in the following table:

Table - 14
Total Income for GRIDCO

Financial Year	Sale to DISCOM Utilities		Trading		DSM/UI		Total Income	
	MU	Rs.(Cr.)	MU	Rs.(Cr.)	MU	Rs.(Cr.)	MU	Rs.(Cr.)
2015-16	22993.13	6530.39	395.86	163.44	759.71	82.96	24148.70	6776.80
2016-17	23543.01	6444.58	401.16	123.90	174.95	23.42	24119.12	6591.91
2017-18	24616.92	7122.97	306.91	143.23	53.35	39.48	24977.18	7305.68
2018-19	25530.71	7316.40	731.09	379.28	3.80	0.81	26265.60	7696.48
2019-20	24616.62	6711.96	1727.91	577.95	59.31	15.26	26403.83	7305.17

61. GRIDCO submitted that summary of the Truing up petitions filed before the Commission in the following table:

Table - 15
Summary True-Up

Particulars	Amount (Rs Cr)
1. Gap approved up to 31.03.2015	(3588.02)
2. Truing up Gap Submitted for FY 2015-16	(406.66)
3. Truing up Gap Submitted for FY 2016-17	(381.20)
4. Truing up Gap submitted for FY 2017-18	(36.47)
5. Cumulative Truing up Gap submitted up to FY 2017-18	(4412.35)
6. Truing up Gap calculated for FY 2018-19	(248.56)
7. Total Cumulative Truing up Gap calculated up to 31.03.2019	(4660.91)
8. Truing up Gap submitted for FY 2019-20	(1308.77)
9. Total Cumulative Truing up Gap calculated up to 31.03.2020	(5969.67)
10. Principal Repayment of loan during FY 2019-20	1177.95

62. GRIDCO therefore prayed the Commission to approve and allow recovery of **Truing-up Gap of Rs.1308.77Crore for FY 2019-20 and total Cumulative Truing Up gap of Rs.5969.67 Crore up to FY 2019-20.**

Objections and Rejoinders

63. The objectors have filed their objections in case Nos.67/2018, 62/2020 and 27/2021 all relating to the truing up expenses of GRIDCO covering the years from 2015-16 to 2019-20.
64. **Submissions by Sri R P Mahapatra**

In the present application GRIDCO has claimed an amount of Rs.1177.95 crore towards repayment of principal during FY 2019-20. However the Commission in its order dated 29.03.2019 towards determination of BSP of GRIDCO for FY 2019-20 has not allowed any amount towards repayment of principal (bank and commercial loans). The GRIDCO

in its petition has submitted that the applicant is required to be adequately compensated as per regulations with the amount equal to the approved truing up gap for substantive operation as state designated entity to supply quality power to the state consumers through the DISCOM utilities in greater interest of justice. The EA, 2003 does not envisage any such classification and any shortfall/ loss incurred by GRIDCO has to be borne by the state Government as the owner of GRIDCO. The GRIDCO may clarify the variation in the cost of drawal of power to the tune of Rs.821.56 crore, less drawal from IPP, more drawal from central thermal power stations, drawal through exchange when no approval was given and also increase in PGCIL transmission charges from Rs.492.02 crore to Rs.755.87 crore. The GRIDCO should have sought approval from the Commission before incurring such variations. GRIDCO in the present application has not given any submission regarding liquidation of huge arrear dues (Rs.7297.92 crore as on 31.05.2019) receivable by GRIDCO from the DISCOMs. GRIDCO is responsible for projecting the requirement of power in the state and taking necessary action for identifying sources for procurement of the same under merit order which they have failed to do.

Submissions by TPNODL

65. TPNODL submitted that the regulatory assets approved by the Commission in favour of GRIDCO to the tune of Rs.3588.02 crore has not been recognized by the petitioner in their book of accounts. If such regulatory assets are allowed by the Commission, this will have cascading effect on the ARR of the distribution utilities by way of substantial increase in power purchase cost. The RST will consequently increase which has already been hiked to the tune of 21% in the recent past. The main reason for the gap is due to unavailability of the cheap power from the IPPs. The State government may devise the means of finance through financial restructuring of transition financing with no interest burden.

Submissions by TPWODL and TPSODL

66. GRIDCO has submitted for the total truing up gap of Rs.5969.67 crore upto the year 2019-20 from the opening gap of Rs.3588.02 crore as on 31.03.2015. The difference between the approval and actual is mainly under the heads power purchase, interest on loan and sale of energy. The major difference of the purchase by GRIDCO from costly sources is due to less supply from IPPs. On analysis of the power purchase approved by the Commission and actual purchase by GRIDCO it is revealed that there is a less purchase of about 571.81 MU, but GRIDCO has still paid Rs.821.60 crore more than the approved amount. GRIDCO had access to free power of 524.38 MU with zero cost and could avail cheaper power from KhTPS-I with average rate of 2.16/unit to the tune of

746.79 MU. GRIDCO had also purchased higher quantum with higher rate in case of TSTPS-I, TSTPS-II and FSTPS-I & II. GRIDCO has paid transmission charges to PGCIL amounting to Rs.755.87 crore against the approved amount of Rs.492.02 crore even though the quantum of power procured is less than the approved quantum. The GRIDCO need to give justification for sourcing less power from cheaper source, such as hydro, IPPs and central thermal stations during these years.

As regards interest during FY 2015-16 to FY 2019-20, the Commission approved Rs.1284.19 crore against GRIDCO proposal of Rs.2852.12 crore. The Commission has disallowed Rs.1567.93 crore on the ground that the outstanding dues from four DISCOMs is Rs.4039.82 crore as on 30.11.2018 which may be collected to meet the power purchase dues. The Commission in line with earlier orders disallowed the interest on further loans taken after 2015-16. Therefore, the interest on loan may be limited to approved quantum. TPWODL further submitted that the regulatory assets approved by the Commission in favour of GRIDCO to the tune of Rs.3588.02 crore has not been recognized by the petitioner in their book of accounts. If such regulatory assets are allowed by the Commission this will have cascading effect on the ARR of the distribution utilities by way of substantial increase in power purchase cost.

Submission by TPCODL

67. TPCODL submitted that the huge gap of Rs.5969.68 crore as sought by the GRIDCO if allowed will have adverse impact on tariff. In line with the judgement of Hon'ble APTEL the recovery of regulatory assets should not be more than three years and the impact on tariff of consumers in this scenario has been worked out to the extent of Rs.1.07/Kwh for each of the three years. Any transfer of true up cost of GRIDCO for past ARRs will entail substantial tariff hike which may not be allowed. In terms of the provisions of the vesting order no past liabilities of GRIDCO has been transferred to TPCODL which may not be passed through now. In the vesting order of TPWODL it is mentioned that in case of true up exercise done for any year earlier to the year of effective date of takeover, any financial gain or loss arising as a result of true up exercise shall be retained by the WESCO utility/residual company. TPCODL submitted that the past claims of GRIDCO may not be maintainable as tariff orders fixing GRIDCO tariffs have assumed finality and any allowance of such past costs would tantamount to reopening concluded tariff orders which would be bad in law.

Submission by UCCI and Swain & Sons

68. The Commission in the ARR and BSP order for 2016-17 have determined truing up gap of Rs.3588.02 crore as on 31.03.2015 which however has not been considered as a pass through in the ARR and the Commission directed that this amount shall be funded through trading revenue, UI charges, other miscellaneous receipts and budgetary support from government of Odisha. The Commission has not considered the amortization of regulatory assets as a pass through in the ARR vide the BSP order for FY 2016-17. In the present scenario since the new licensees have already taken over and started with a clean balance sheet without any burden of earlier revenue gap it may not be possible for them to bear the burden because of increased BSP. The creation of regulatory assets arising out of truing up exercise of GRIDCO is hereby objected. This burden of truing up gap has not been discussed or deliberated by GRIDCO, Government, earlier utility management and Tata Power management. Since the GRIDCO could not bring out the above issue at appropriate time during DISCOM restructuring and grant of new license, the present petition is time barred and no tangible outcome is foreseen and therefore the present petition is liable to be rejected.

Submission by Sri Ananda Mohapatra

69. There are no provisions in the Act, Regulations or notifications of the Commission to admit, consider, approve and determine the ARR and BSP of GRIDCO. Therefore, there is no question of carrying out the truing up proceeding of GRIDCO and hence the petition may be rejected. GRIDCO has not given proper reply on other business, non accounting of inadvertent power injected by CGP into the state grid, the amount paid by GRIDCO under DSM regulation, reimbursement of income tax by GRIDCO to OHPC, compensatory clause of PPAs executed with IPPs and the cost of the sale of 5 MW power to CSPDCL by OHPC from HHEP, Burla being included in the ARR of GRIDCO.

Reply of GRIDCO to the submission of R P Mahapatra

70. GRIDCO stated that as regards the surplus revenue to meet the repayment the Commission in Para 296 of the Tariff Order for FY 2019-20 has directed for meeting of the principal repayment obligations through revenue from sale of excess power over the design energy of OHPC Stations, UI Charges and other miscellaneous receipts. Trading Market has been subdued during last couple of years. GRIDCO could be able to make sale of its high cost entitled surplus power only when the Trading Price had exceeded the Variable Charges of the Costly NTPC ER Station after meeting the State demand. Thus, there is hardly any surplus revenue to meet the repayment obligations of GRIDCO as the

revenue on the above heads have been duly considered in the annual accounts with revenue deficit / loss of Rs. 1352Crore during the FY 2019-20.

71. As regards the status of GRIDCO as a “Deemed Intra State Trader”, GRIDCO’s role in the Odisha Power Sector is not merely limited to a Power Trader but goes much beyond as GRIDCO shoulders the responsibility of procurement and supply of Power to the four DISCOM Utilities in order to meet the State demand, ensuring uninterrupted power supply to the State Consumers, GRIDCO has been notified by the Govt. of Odisha as the **“State Designated Entity”** to procure power from various sources to ensure power Sale to State Grid, GRIDCO procures the State (Odisha) Share of Power from the Central Generating Stations on behalf of the State Government, GRIDCO holds 49% of Government Equity in the Four DISCOM Utilities. Moreover, GRIDCO strictly undertakes all its operations under the Regulatory Provisions of the OERC, CERC & the Electricity Act, 2003 to sub-serve the Public Interest which may not be true in case of a Power Trader who looks after business interest only. Being a Deemed Power Trading Licensee, GRIDCO has always complied with the directives of Commission and serves the State Power Sector, even with its adverse financials in order safe-guard the Public Interest.
72. As regards the short supply by IPPs, resulting in higher procurement from other approved sources to meet the shortfall energy by GRIDCO, GRIDCO, being functioning as “State Designated Entity” has taken adequate proactive steps for availing State share of power from the defaulting IPPs by filing various applications before the Commission and taken other effective measures regarding non-compliance of the Commission’s directives by defaulting IPPs, through claiming compensation from M/s. Vedanta limited in order to recover the additional costs on procurement of costly power for extending uninterrupted power supply to State consumers. JITPL, one of the defaulting IPPs had ceased supply of power to GRIDCO in the pretext of the pendency of case before the Hon’ble High Court of Orissa, non-supply of linkage coal by MCL, etc.
73. Regarding excess drawal of power of 213.92 MU from NTPC Stations, it is submitted that the reasons for the same are attributable to factors including force scheduling made for operating the costlier plants at technical minimum and also compelling GRIDCO to avail power supply from these power stations to meet the state demand in case of default in supply of power by IPPs. It is pertinent to mention here that during 1st half of FY 2019-20, there was shortage of power to meet the State demand and accordingly, GRIDCO was compelled to source power from Power Exchange. Esteemed Stakeholder may also consider that GRIDCO could arrange 371.34 MU of power through bilateral banking

arrangement, which were settled during 2nd half of FY 2019-20 in order to optimize the procurement costs.

74. Regarding differential PGCIL Transmission Charges, GRIDCO has incurred the CTU Charges as per the CERC Regulations in force.
75. As regards liquidation and non-payment of arrear dues by DISCOM Utilities and relaxation of Escrow Account, GRIDCO levies applicable Delayed Payment Surcharge (DPS) as approved by the Commission for the respective years' ARR & BSP Orders for the outstanding dues. It is submitted that the Distribution Segment is the important link in the Power Sector Value Chain. With regard to the outstanding BSP Dues payable by DISCOM Utilities to GRIDCO, GRIDCO has made constant follow up with DISCOMs for settlement of their outstanding dues.
76. GRIDCO stated that the four DISCOM utilities have been privatized with transfer of day to day management control with 51% shareholding in the respective DISCOM Utilities for bringing efficiency in the Distribution sector. The Commission in the vesting order has stipulated for recovery of arrear dues from the consumers over stipulated period for settlement of past dues of GRIDCO. In view of the above, GRIDCO is quite optimistic with the recent privatization and anticipate improvement in the overall operational and financial performance of the DISCOM Utilities in the coming future resulted in settlement of Past dues of GRIDCO.

As regards execution of long term Power Purchase Agreements, GRIDCO stated that the PPAs were executed with Central Thermal Stations as per the 17th EPS to meet the State demand. There is surplus scenario on PAN India basis due to lack of Industrialization as planned for.

Reply of GRIDCO to the Submission of TPWODL, TPSODL and TPNODL

77. GRIDCO submitted that the contentions regarding applicability of truing up of Utility prior to vesting seems not to be justified as the actual costs incurred on power procurement have not been reflected in the tariff of GRIDCO for the past years. The contentions regarding short supply by IPPs, resulted in procurement of the shortfall energy by GRIDCO from costly sources, it is submitted that GRIDCO, functioning as "State Designated Entity" has taken adequate proactive steps for availing State share of power from the defaulting IPPs by filing before the commission on the non-compliance of Commission's directives, claiming compensation from M/s. Vedanta limited in order to recover the additional costs, in order to extend uninterrupted power supply to State consumers. GRIDCO procures low cost power from OHPC stations as per the approval

with respect to quantum of energy and rate approved for respective OHPC Stations by the Commission. Drawal of Hydro power by GRIDCO predominantly based on the availability of hydro Power for any year, which were less during FY 2015-16, FY 2016-17 & FY 2017-18 because of low hydro availability. Further, GRIDCO has procured excess energy than the approval for FY 2018-19 & FY 2019-20 as follows :

Table No.16

Year	Energy approved (MU)	Energy Drawal (MU)
FY 2018-19	5881.74	6154.32
FY 2019-20	5881.74	6168.42

78. It transpires from the above that hydro power being the cheapest power of the energy procurement basket of GRIDCO depends on hydro availability for any year, irrespective of approval of OERC which is based on design energy of respective hydro stations. GRIDCO, being committed to the State for extending uninterrupted power supply has imported power from other States through bilateral banking arrangement in the preceding five years as follows:

Table - 17

Statement of Energy availed through Bi-lateral Banking

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Energy Availed through Banking (MU)	727.83	243.74	176.45	550.94	371.34

79. As revealed from the above table the increased cost of power supply have been compensated to the extent possible through power banking arrangement during shortfall period of all the past five years, which has favoured GRIDCO to optimize its cost of power supplied to the DISCOM Utilities. GRIDCO makes payment of the generator bills of the respective Central & State generators at a tariff, which is being approved by CERC, OERC for the respective Financial Year. Further, at times other levies / charges, subsequently approved by the respective Commission for the generating stations for the preceding year(s) are being paid by GRIDCO as GRIDCO is contractually liable to make payment of the same. The above factors have resulted in additional costs being paid by GRIDCO as uncontrollable costs, not being approved by the Commission and also not considered in Tariff for the respective financial year.
80. Regarding the proposition of disallowance of interest costs on further loans availed by GRIDCO after FY 2015-16, GRIDCO stated that it has taken all possible efforts by communicating DISCOM utilities for recovery of outstanding dues towards settlement of outstanding BSP dues of GRIDCO. The BSP dues of all the DISCOMs could not be settled even though revenues are escrowed. Further, in spite of shortfall in payment of

BSP dues, GRIDCO was to extend Escrow relaxation for meeting the Employees, R&M& other costs on month to month basis. Disallowance of finance costs on loans availed during FY 2015-16 & onwards on the contention of early recovery/settlement of outstanding dues, GRIDCO would not have relieved from its contractual obligations of payment of generators dues in absence of any reserves and surplus to meet the deficit. It may also be considered that the repayment obligation could not be met in absence of adequate revenue from sale of surplus power through trading / UI mechanism as per the directives of the Commission. These factors compelled GRIDCO to avail bank loan through State Govt. guarantee to make the financing of the revenue deficit over the period. Regarding the outstanding dues of GRIDCO from DISCOMs, esteemed stakeholder may consider that GRIDCO has intimated the Commission during the vesting process of the utility towards total receivable of GRIDCO of Rs. 2906.11 crore from WESCO Utility as on 30.09.2020.

GRIDCO submitted that in para-3 of ARR & BSP Order for FY 2016-17, the Commission considered the True up Gap upto FY 2014-15 of Rs. 3588.02 crore as on 31.03.2015. This has not been considered as a pass through on the ARR & the Commission have directed that the amortized amount shall be funded through Trading revenue, UI charges & Other Misc. receipt. The above earmarked revenue as realized during the FY have been duly considered appropriately in the financials for the respective FY, leaving no balance for further recovery of the regulatory assets. Further, it may be considered that no budgetary support from Govt. of Odisha has been availed since the inception of GRIDCO on 01.04.1995. Accordingly, GRIDCO has not recognized regulatory assets in its books of accounts.

Reply of GRIDCO to the submission of TPCODL

81. As regards on the adverse impact on tariff, it is submitted that, the Hon'ble Appellate Tribunal for Electricity ("APTEL") in its order dated 11.11.2011 in OP No.1 of 2011 in the matter of tariff revision (Suo motu action on the letter received from Ministry of Power), issued directions to all the State Commissions in India to ensure that true-up of past expenses is conducted year to year basis as per the time schedule specified in the regulations. The Hon'ble Tribunal had also directed the State Commissions to ensure that the tariff for the financial year is decided before 1st April of the tariff year. The recovery of the regulatory assets should be time bound and within a period not exceeding 3 years at the most and preferably within the control period. The Hon'ble Tribunal specifically

directed that carrying cost of the regulatory assets should be allowed to the utility in the ARR of the year in which the regulatory assets are created to avoid problem of cash flow.

82. Considering the above directions of Hon'ble APTEL, the Commission may consider for conducting the truing up of un absorbed expenses from FY 2015-16 to FY 2019-20 with cumulative truing up amount of Rs 5969.67 Crore. Further, it is submitted that BSP passed on to the DISCOMs need to absorb uncontrollable costs relating to power procurement and all other uncontrollable costs in the regulated regime so as to avoid any eventuality for drawal of State's share of power. It is further submitted that cumulative True up gap of Rs. 3588.08 crore duly approved by commission up to FY 2014-15, with further increase in gap of Rs. 2381.65 crore during FY 2016-17 to FY 2019-20, resulted in cumulative gap of Rs. 5969.67 crore, which has adversely affected the Financials of GRIDCO leaving any reserved & surplus to meet the revenue gap/deficit. The unabsorbed uncontrollable costs in the past years are the primary reasons of such gap, which needs to be passed on to the RST at the earliest possible period so as not burden the future consumers. Further, the averment regarding fixation of the BSP based on DISCOMs capacity to pay contradicts the principle of determination of cost reflective tariff.
83. As regards transfer of past liability of GRIDCO by TPCODL it is submitted that liabilities created on account of true up amortization are not being considered as past liabilities and the same need to be considered for BSP determination of GRIDCO depending on the recovery trajectory specified by the Commission. Further, Tariff policy stipulates:
- “Recovery of outstanding Regulatory Assets along with carrying cost of Regulatory Assets should be time bound and within a period not exceeding seven years. The State Commission may specify the trajectory for the same.”*
84. As regards the vesting order of the commission for the DISCOMs it is directed by the Commission that treatment of *true-up of past period i.e. for period prior to taking-over or Effective Date, if any, shall be done by the Commission in a manner that will not cause any financial gain or losses to the utility.*
85. The above directions of the Commission in the vesting orders of TPSODL, TPNODL and TPWODL, transpires that truing up of respective DISCOMs have been specified which has wrongly misconceived by TPCODL for the applicability to GRIDCO, as the commission's directives stipulates for further treatment of true up of respective DISCOMS for the past years with clarity on transfer / absorption of profit / loss resulted on account of truing up for the past years. It may be considered that any

Regulatory Asset of GRIDCO may be passed on in the Tariff, which will not be loaded on DISCOMs.

86. As regards truing up gap of Rs. 3588.02 crore as on 31.03.2015, which has not been considered as a pass through on the ARR & the Commission has directed that the amortized amount shall be funded through Trading revenue, UI charges & Other Misc. receipt. The above earmarked revenue as realized during the FY have been duly considered appropriately in the financials for the respective Financial Year , leaving no balance for further recovery of the regulatory assets. Further, it may be considered that no budgetary support from Govt. of Odisha has been availed since the inception of GRIDCO on 01.04.1995.
87. As regard to the objection relating to the impact of past true-ups of GRIDCO, Truing up of unrecovered costs for the past periods need to be adjusted in normal/ supplementary tariff in the subsequent financial years. Moreover, the contention of the Stakeholder regarding the finality of BSP for the past FY would contradict the truing up process as the same depends on the comparison of the commission's approved costs with actual figure with due analysis , being duly approved by the Commission.

Hon'ble APTEL has pronounced the Order in the Appeal No.58 & 59 of 2007 in the matter of WESCO Vrs. OERC, the Hon'ble APTEL has observed that the GRIDCO is entitled for true up and the regulatory treatment of past *losses and liabilities for the purpose of determination of tariff*.

Reply of GRIDCO to submissions of UCCI and Swain & Sons

88. The Commission in the ARR and BSP order for 2016-17 have determined truing up gap of Rs.3588.02 crore as on 31.03.2015 which however has not been considered as a pass through in the ARR and the Commission directed that this amount shall be funded through trading revenue, UI charges and other miscellaneous receipts. The burden of earlier revenue gap on the operating company needs to be recovered at the shortest period preferably during the control period with least impact on RST. The National Tariff Policy, 2016 states that the recovery of outstanding regulatory assets along with carrying cost of regulatory assets should be time bound and within a period not exceeding seven years. The state Commission may specify the trajectory for the same. The ATE in their order dated 11.11.2011 have directed that the recovery of regulatory assets should be time bound and within a period not exceeding three years at the most and preferably within the control period. The contention of the objector that the truing up petition is time barred is not correct as the true up petition can only be filed after the audit of accounts are

completed. As regards the trading of surplus power, it has very little significance as it is not possible to trade the entire surplus power in the subdued energy market.

Reply of GRIDCO to the submission of Ananda Mohapatra

89. GRIDCO stated that as regards the non filing of the Truing up petition for the FY 2017-18, the Truing up petition has been filed before the Commission on 16.02.2019 along with the compliance to the tariff petition for FY 2019-20 which was registered as Case No.67/2018.
90. GRIDCO as per the notification by the Govt. of Odisha dated 17.08.2006 functions as State designated Entity. As per the Notification, GRIDCO is entrusted with the task of supplying power to DISCOMs for meeting the state demand, and as a matter of regulation as applicable to DISCOMs. GRIDCO is equally entitled to make true up of its uncontrollable power & other costs in absence of direct procurement of power made by the Distribution licensee from generators as per the applicable provisions of Electricity Act. Accordingly, GRIDCO has filed truing up application before the Commission within the scope and ambit of applicable Regulations.
91. GRIDCO has entered into long term PPAs with Central & State generators, duly approved by the Commission in order to meet the state's peak demand in the long run, keeping in view the demand in the domestic & industrial segment of the State. The PPAs stipulates to avail the state share of respective quantum of power with obligations to pay both variable charges & fixed cost of the respective station, being approved by respective Central & State Commission, which GRIDCO is contractually obliged to make payment of the Fixed cost allocated in its favor on the basis of share allocation irrespective of less/ Nil schedule made by GRIDCO due to surplus power at any point of time after meeting the State demand. Thus, the contentions regarding the surplus power created after meeting the state demand needs to be sold at the price that would recover the full cost, may not hold good for all times due to the subdued energy market continuing since last couple of years.
92. GRIDCO stated that it is imperative for the Distribution licensees, to be supplied with adequate quantum of power to meet their peak demand to the extent possible out of the state share of power, for which GRIDCO is compelled to make adequate no. of PPAs with generators from different sources to meet the State demand in the long run. The surplus power generated during the surplus situations are being traded subject to the condition that the market price prevailing in the energy exchange exceeds the variable cost and applicable PoC charges along with transaction costs.

93. GRIDCO has not ever been involved in the exclusive business of trading of power. The surplus power results only in the long run, mostly in the off peak hours. It is absolutely necessity to meet the state demand in the peak hours and also to meet the deficit situation, when there is outage of one or more stations due to Annual maintenance, unforeseen breakdown, Shortage of coal for any other technical problems. Further, flow of inadvertent power into the system does not attract any cost as per the order issued by APTEL.
94. GRIDCO has filed the petition before the Commission regarding the matter of non-supply of power by the defaulting IPPs along with intimation to Govt. of Odisha for availing the State's share of power as approved by the Commission. Considering the above facts, GRIDCO had projected less quantum of energy procurement in its ARR & BSP application, based on the trend of actual supply by the IPPs during the corresponding previous period, in order to make the BSP determination process more realistic. However, the Commission has allowed the full state's share of entitlement of power from the IPPs, even though they were in continuous default in supplying the requisite quantum of power. Further, GRIDCO had taken legal recourse against the defaulting IPPs and has filed applications before the Commission for safeguarding the interest of consumers at large and has always taken all-round concerted efforts with Govt. of Odisha for availing the state share of power. Moreover, JITPL, one of the defaulting IPPs had ceased supply of power to GRIDCO in the pretext of the pendency of case before the Hon'ble High Court of Orissa, non-supply of linkage coal by MCL, etc. GRIDCO has claimed compensation from Vedanta ltd towards short supply of power as per the directives of the Commission. Compensating the power purchase dues after adjustment of income through the surplus trading of power carries very little significance as it is not possible to trade the entire surplus power in the subdued market, continuing since last couple of years, rather GRIDCO always endeavors to make sale of the surplus power at the optimum price prevailing at any point of time , when it exceeds the variable cost of the costly NTPC ER stations, in order to compensate/ recover fixed cost to the maximum possible extent.
95. The tariff of OHPC is being determined by the Commission, and the same is applicable for GRIDCO for procurement of state's share of Hydro Power.
96. GRIDCO makes payment towards procurement of power from the central and state generators for their respective stations with procurement tariff as approved by the respective Commission along with subsequent tariff modification with respect to FSA,

Year and Adjustment and other costs being approved by the respective Commission as per PPAs and as per the approved Truing up order for the corresponding previous FY.

97. GRIDCO has not considered the accounting of regulatory assets in its books of the requisite amount. The guidelines of National Tariff Policy connote the recovery of regulatory assets over specified period to meet the gap / shortfall created in the past period, to recover the unabsorbed cost at the shortest possible time period.
98. As regards balance energy, GRIDCO has procured 28159.22 MU (including power availed through banking - 371.34 MU, exchange 11.23.91 MU , UI EREB – 308.92 MU which were not approved in the ARR) to meet the state demand and with total sale (DISCOMs 24616.62 MU, Trading 1727.91 MU , UI -59.31 MU, Banking 611.72 MU, other sales to CGPs 145.44 MU) parting balance of 998 MU, which may be considered as transmission loss during the FY 2019-20.
99. As regards verification of the Directors' Report by the Statutory Auditors , it is submitted that the Directors' Report are presented before the members in the AGM, which need not require any comments by the Statutory Auditors as the Annual Report containing Auditor's Report, Financial Statements, Notes to Accounts which are placed in Annual General Board Meeting of Corporate Entity . However, for shake clarity & brevity, GRIDCO has duly complied the Statutory Provisions as applicable and moreover, the Annual Accounts of GRIDCO are being audited by CA &G with review of Financial Statements, Statutory Audit Report for the respective Financial year.
100. The comment towards commitment of Fraud is quite improper and irrelevant. Further, Clause 22 of the Directors' Report makes disclosures regarding measures taken towards conservation of energy in the Directors' Report section of the Annual Report for FY 2015-16 and FY 2016-17.
101. As regards disclosure of energy traded/ sold in the financial statements & transmission loss dealt by GRIDCO during FY 2015-16 & FY 2016-17 it is submitted as follows :

	<u>FY 2015-16</u>	<u>FY 2016-17</u>
Units purchased during the year	25037.61 MU	25795.89 MU
Units sold during the year	24304.37 MU	25021.66 MU
Transmission loss	733.24 MU	774.23 MU

102. It may also be considered that transmission loss is uncontrollable on the part of GRIDCO, hence it is to be passed through in the True up.
103. As regards inefficiencies and corruption with respect to non utilization of total power network transmission of OPTCL, as raised by the objector, with respect to the power trading business of GRIDCO, it is submitted that trading of surplus power materializes in the situation, when the energy market goes in its favor and the trading rate excluding the transact cost and PoC charges recover the variable charges of the surplus power ,leaving the surplus margin to recoup fixed cost of the costly station to the possible extent.
104. As regards earning of revenue of GRIDCO being the nodal agency for supervising CAPEX Programme, it is to state that GRIDCO has considered the fee/ supervision charges@ 0.5 % on amount utilized as per guidelines of the CAPEX scheme, which has been considered in the miscellaneous income under other income appearing in Note No. 21 of the Financial Statements of FY 2015-16 & FY 2016-17 respectively.
105. GRIDCO is managed by professionals & technocrats with adequate control & vision of Board of Directors with administrative control being exercised by Dept. of Energy, Govt. of Odisha and the Directors are selected by the PESB, headed by Chief Secretary, Govt. of Odisha.

Commission's order

106. GRIDCO had filed truing of petition for FY 2015-16, 2016-17 and 2017-18 which was registered by the Commission as Case No. 67 of 2018. Subsequently GRIDCO filed two other applications for truing up of expenses in respect of FY 2018-19 and 2019-20 which were registered as Case No. 62 of 2020 and Case No. 27 of 2021 respectively. The Commission has now taken into consideration all these petitions together in this regard and disposes Case No. 27 of 2021 along with Case No.67 of 2018 and Case No. 62 of 2020 in this order.
107. The Commission has analyzed the claim of GRIDCO regarding the deviation from the approved power purchase cost for FY 2015-16 to 2019-20. From the analysis it is found that GRIDCO has drawn power from Barh STPS-II and from M/s. Kanti Bijli Utpadan Nigam Limited (M/s. KBUNL) though the commission had not approved any drawal from those stations for the respective years. In the aforesaid orders, the Commission had directed GRIDCO and the State Government to expedite the matter with the Ministry of Power, Government of India for immediate de-allocation of State share from those power stations. The PPAs for procurement of power from those power stations have not been

approved by the Commission. However, it is observed that during FY 2015-16 GRIDCO has purchased costly power from Barh STPS-II at an average rate of 978.03 P/U. Similarly, GRIDCO has drawn power from M/s. Kanti Bijli Utpadan Nigam Limited (M/s. KBUNL) from the FY 2016-17 onwards at a much higher price which was not allowed by the Commission. In view of the above, the Commission is not inclined to allow the claim of fixed cost by GRIDCO towards purchase of power from Barh STPS-II and M/s. KBUNL. It is further mentioned that during ARR approval of GRIDCO, the Commission has allowed full fixed cost of the central sector thermal stations irrespective of drawal excluding Barh STPS-II and M/s. KBUNL.

108. The Commission further observed that there was a shortfall in availability of power from the IPPs and some other sources against the approved quantum of power for the years under truing up i.e. FY 2015-16 to 2019-20. While approving BSP orders for the successive years the Commission had directed that if there is any shortfall in drawal or excess requirement for the state then GRIDCO can avail cheaper power from CGP which was priced at 275 p/u at that time. But it is observed that instead of purchasing low cost power from CGPs and other sources to meet the shortfall, GRIDCO has purchased high cost power from Barh STPS-II and M/s. KBUNL which is more than the approved procurement price of CGP power. Therefore we are allowing highest variable cost of thermal stations except Barh STPS-II and M/s. KBUNL for the respective years for drawal of power from Barh STPS-II and M/s. KBUNL for truing up purpose. It is found that the highest variable cost were 279.11 P/U, 267.03 P/U, 262.12 P/U, 265.33 P/U, 256.04 P/U for FY 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20 respectively.
109. The above principle is adopted for calculating the power purchase cost for the FY 2015-16 to 2019-20 in this truing up exercise of GRIDCO. The Commission is not allowing the fixed cost towards procurement of power by GRIDCO from Barh STPS-II and M/s. KBUNL. However, the fixed cost claimed by GRIDCO for all other stations is allowed in this truing up of GRIDCO. As mentioned in the above paragraphs the variable charges for procurement of power from Barh STPS-II and M/s. KBUNL is allowed similar to highest ECR of the other central generating stations of NTPC.
110. The Commission with such principles as mentioned above, analyses the deviation of the power purchase cost for each year of the truing up in the subsequent paragraphs.
111. The Commission have analyzed the actual power purchase scenario vis-à-vis the approval of the Commission for FY 2015-16. The GRIDCO had purchased total energy of 25037.61 MU (including power for trading) with a cost of Rs. 6188.84 crore against the

OERC approval of 25776.22 MU at approved cost of Rs. 5927.65 crore. The Commission after analysis allows the actual power purchase quantum of 25037.61 MU allowing a cost of Rs. 6032.98 crore for FY 2015-16 basing on the principle as discussed in the previous paragraph. Therefore the gap between approved cost and actual cost is determined at Rs. 105.33 crore. GRIDCO however during the year have earned Rs.156.4 crore from the trading revenue and Rs. 8.23 crore from UI with total other earnings of Rs 164.63 crore. Hence, after calculating the total Power Purchase allowed and earnings from other sales there is a positive gap of Rs.59.30 crore (Rs 164.63 crore from other earnings – Rs 105.33 crore of gap) for the year 2015-16 which is recognized in this order.

112. The Commission have analyzed the actual power purchase scenario vis-à-vis the approval of the Commission for FY 2016-17. The GRIDCO had purchased total energy of 25795.89 MU (including power for trading) with a cost of Rs. 6541.91 crore against the approval of 25492.88 MU at approved cost of Rs. 5849.16 crore. The Commission after analysis allows the actual power purchase quantum of 25795.89 MU allowing a cost of Rs. 6302.12 crore for FY 2016-17 basing on the principles discussed earlier. Therefore the gap between approved cost and actual cost is determined at Rs. 452.96 crore. GRIDCO has however during the year earned Rs.90.77 crore through trading, Rs 23.42 crore from other sales and Rs. 33.14 crore from UI with total other earnings of Rs 147.33 crore. Hence, after calculating the total Power Purchase allowed and earnings from other sales there is a negative gap of Rs.305.63 crore (Rs 147.33 crore from other earnings – Rs 452.96 crore of gap) for the year 2016-17 which is recognized in this order.
113. The Commission have analyzed the actual power purchase scenario vis-à-vis the approval of the Commission for FY 2017-18. The GRIDCO had purchased total energy of 26077.43 MU (including power for trading) with a cost of Rs. 7360.29 crore against the approval of 26051.63 MU at approved cost of Rs. 6419.58 crore. The Commission after analysis allows the actual power purchase quantum of 26077.43 MU at a cost of Rs. 7132.68 crore for FY 2017-18. Therefore the gap between approved cost and actual cost is determined at Rs. 713.10 crore. GRIDCO however during the year have earned Rs.143.23 crore from the trading revenue, Rs 25.48 crore from other sales and Rs.466.88 crore in compensation from Vedanta adding up to total other earnings of Rs 635.49 crore. Hence, after calculating the total Power Purchase allowed and earnings from other sales there is a negative gap of Rs.77.61 crore (Rs 635.49 crore from other earnings – Rs 713.10 crore of gap) for the year 2017-18 which is recognized in this order.

114. The Commission have analyzed the actual power purchase scenario vis-à-vis the approval of the Commission for FY 2018-19. The GRIDCO have purchased total energy of 27438.01 MU (including power for trading) with a cost of Rs. 7597.05 crore against the approval of 26803.81 MU at approved cost of Rs. 6951.39 crore. . The Commission after analysis allows the actual power purchase quantum of 27438.01MU at a cost of Rs. 7360.54 crore for FY 2018-19. Therefore the gap between approved cost and actual cost is determined at Rs. 409.15 crore. GRIDCO however during the year have earned Rs.379.28 crore from the trading revenue, Rs 31.52 crore from other sales , Rs 0.81 crore from UI and Rs. 135.88 crore towards compensation from Vedanta with total other earnings of Rs 547.49 crore. Hence, after calculating the total Power Purchase allowed and earnings from other sales there is a positive gap of Rs.138.34 crore (Rs 547.49 crore from other earnings – Rs 409.15 crore of gap) for the year 2018-19 which is recognized in this order.
115. The Commission have analysed the actual power purchase scenario vis-à-vis the approval of the Commission for FY 2019-20. The GRIDCO have purchased total energy of 28159.23 MU (including power for trading) with a cost of Rs. 8288.23 crore against the approval of 28731.03 MU at approved cost of Rs. 7466.63 crore. The Commission after analysis allows the actual power purchase quantum of 28159.23 MU with a cost of Rs. 8224.20 crore for FY 2019-20. Therefore the gap between approve cost and actual cost is determined at Rs. 757.57 crore. GRIDCO however during the year have earned Rs.577.95 crore from the trading revenue, Rs 62.84 crore from other sales, Rs. 15.26 crore from UI and Rs. 53.75 crore in compensation from Vedanta with total earning of Rs. 709.8 crore on this account. Hence after calculating the total Power Purchase allowed and earnings from other sales there is a negative gap of Rs.47.77 crore (gap of Rs 757.57 crore – other earnings of Rs 709.80 crore) for the year 2019-20 which is recognized in this order.
116. The Commission passed an order in Case No.68 of 2018 dated 22.06.2020 regarding resolution of disputes with respect to execution of revised power purchase agreement (PPA) between GRIDCO and M/s. Vedanta Ltd. In such order the Commission gave directions on various issues including the issue of compensation for short supply and incorporation of compensation clause in PPA. The observation of the Commission on the issue is reproduced as below:

The present dispute is all about compensation to GRIDCO in case M/s. Vedanta fails to supply the State entitlement of power. The PPA between GRIDCO and M/s. Vedanta is nothing but a contract for supply of power by the latter to GRIDCO. This contract is governed under Indian Contract Act, 1872 once it is approved under Electricity Act, 2003

and OER Act, 1995. In case the contract is not honoured the affected party can move the appropriate forum under Indian Contract Act. Section 73 of the Indian Contract Act defines compensation for breach of contract as follows. "Compensation for loss or damage caused by breach of contract.—When a contract has been broken, the party who suffers by such breach is entitled to receive, from the party who has broken the contract, compensation for any loss or damage caused to him thereby, which naturally arose in the usual course of things from such breach, or which the parties knew, when they made the contract, to be likely to result from the breach of it. XXXXXX When an obligation resembling those created by contract has been incurred and has not been discharged, any person injured by the failure to discharge it is entitled to receive the same compensation from the party in default, as if such person had contracted to discharge it and had broken his contract." Explanation.—In estimating the loss or damage arising from a breach of contract, the means which existed of remedying the inconvenience caused by the non-performance of the contract must be taken into account." 15 • From the above explanation in the Contract Act it is clear that the remedy for non-supply of power by M/s. Vedanta lies in purchase of same quantity of power by GRIDCO from marginal ISGS sources, un-requisitioned ISGS sources, IEX and DSM sources. In case GRIDCO draws power from marginal ISGS sources it has to pay variable charges only since the capacity charge is payable anyway irrespective of whether power is drawn or not since the GRIDCO has long term contract with them. Similarly, in case of unrequisioned ISGS sources, the GRIDCO has to pay both fixed and variable charges. In case of IEX and DSM sources the price of the power is to be paid on single part basis. In case of non-supply of power by M/s. Vedanta, GRIDCO is to bear expenses to purchase same quantity of power by paying variable charge to ISGS sources, both fixed and variable charge to unrequisioned ISGS sources and single part tariff to IEX and DSM sources. GRIDCO must be compensated if it incurs loss while purchasing such power. The loss here is additional price GRIDCO pays to those sources over and above the price GRIDCO would have paid to M/s. Vedanta had it purchased power from them. This is the inconvenience to GRIDCO and must be remedied through a compensation as per the Contract Act. The compensation shall always be positive or nil depending upon the price at which GRIDCO purchases power from marginal sources. In no case it can be negative, which otherwise means GRIDCO is able to purchase power from sources cheaper than that of M/s. Vedanta. However, when shortfall for a particular period is compensated by more than one marginal source, the highest cost of marginal source of power would get compensated first, then the balance shortfall is compensated by second highest cost of marginal sources of power and so on, till the recovery of complete shortfall in energy for that period. Accordingly, both the parties are directed to incorporate a clause in the revised PPA on the issue of compensation arising out of non-compliance of commitment of M/s. Vedanta for supply of State entitlement of power. The issue of agreement with M/s. JITPL on compensation for non-supply of power to GRIDCO has no application here. In case of JITPL it supplies 12%/ 14% of generated power to GRIDCO on variable cost basis only whereas M/s. Vedanta supplies power on full cost basis which consists of both fixed and variable charges. In case of short supply or no supply of power from Unit-II (IPP unit) of Vedanta, it is duty bound to replenish the same from its converted CGPs which is not the case of M/s. JITPL.

In view of the above order GRIDCO gets compensation from M/s Vedanta for short supply of power from their IPP. We have taken the same into consideration for truing up of power purchase cost.

117. Accordingly the power purchase cost now allowed in this truing up order for FY 2015-16 to 2019-20 is given in table below:

Table No.18
Power Purchase Cost allowed for FY 2015-16 to 2019-20

YEAR		2015-16	2016-17	2017-18	2018-19	2019-20
OERC Approval	Energy (MU)	25,776.22	25,492.88	26,051.63	26,803.81	28,731.03
	Cost (Rs. in Cr.)	5,927.65	5,849.16	6,419.58	6,951.39	7,466.63
Actual	Energy (MU)	25,037.61	25,795.89	26,077.43	27,438.01	28,159.23
	Cost (Rs.in Cr.)	6,188.84	6,541.91	7,360.29	7,597.05	8,288.23
True Up of Power Purchase allowed	Energy (MU)	25,037.61	25,795.89	26,077.43	27,438.01	28,159.23
	Cost (Rs. in Cr.)	6,032.98	6,302.12	7,132.68	7,360.54	8,224.20
Gap allowed in Power purchase	Rs in crore	105.33	452.96	713.10	409.15	757.57
Trading Revenue , Other Sale and UI received by GRIDCO	Rs in crore			168.61	411.69	656.05
Vedanta Compensation	Rs in crore			466.88	135.88	53.75
Sub Total of Other revenue and Vedanta Compensation	Rs in crore	164.63	147.33	635.49	547.49	709.80
Net Gap in Power Purchase	Rs in crore	59.30	-305.63	-77.61	138.34	-47.77

118. Now the Commission analyses the claim of interest on loan in the truing up petitions of GRIDCO from FY 2015-16 to 2019-20.
119. In the tariff order for FY2015-16 the Commission did not allow the interest on the loan from State Govt. The Commission also observed that passing of the interest on the loan availed by GRIDCO due to default in payment of BSP and other securitized due by DISCOMs to the consumers of the state is unjustified. The Commission further observed that regarding the default of BSP dues by DISCOMs, Government and GRIDCO could have definitely played a more proactive role in creating necessary climate of compliance by providing adequate support. In view of these observations the Commission had allowed Rs.280.25 cr. in the tariff order of GRIDCO for FY 2015-16 against the proposal of GRIDCO for Rs.493.13 cr in this regard. The GRIDCO has now claimed Rs.532.62 cr. in its true up petition which is even more than what was proposed in the ARR petition. The Commission confirms its views taken in the GRIDCO tariff order for FY 2015-16

and accordingly allows Rs.280.25 cr. in this truing up petition towards interest on loan for FY 2015-16.

120. GRIDCO in the truing up petition for FY 2015-16 has claimed actual expenses towards amortization of regulatory assets of Rs.200.53 cr. and prior period adjustment of Rs.249.47, totaling to Rs. 450cr.

The Commission analysed the claim of Rs. 200.53 crore as amortisation of Regulatory asset. The Commission had carried out the truing up exercise upto 2009-10 in the tariff order of 2011-12 and recognised Regulatory assets of Rs.1698.89 crore as on 31.03.2010. The Commission in the said order observed that the Commission had already recognized an amount of Rs. 1414.31 crore towards regulatory assets and allowed it to be amortised over a period of six years. As revealed from the Balance Sheet of GRIDCO for various years they have already amortised following amounts.

FY 2010-11 - Rs. 94.92 crore

FY 2011-12 - Rs. 174.69 crore (however in the true up of 2011-12 the Commission has amortised Rs.421.78 crore)

FY 2012-13 - Rs. 325.75 crore

FY 2013-14 – Rs 328.71 crore

FY 2014-15 – Rs 284.71 crore

The total amortised amount upto the FY 2014-15 is Rs..1460.87 crore including amortization amount allowed by the Commission for FY 2011-12. Therefore, as per the above, the Commission has allowed Rs. 1460.87 crore up to FY 2014-15 which is more than previously allowed amount of Rs.1414.13 crore. Therefore no amortization of regulatory asset for FY 2015-16 is allowed in this order.

121. In the tariff order for 2016-17 the Commission did not allow the interest on the loan from State Government. The Commission also observed that passing of the interest on the loan availed by GRIDCO due to default in payment of BSP and securitized due by DISCOMs to the consumers of the state is unjustified. The Commission observed that the Government departments including municipalities should have acted as model consumers in making prompt payment of their electricity dues. The Commission further observed that unfortunately arrears from various Government departments have shown upward trend and stands at a huge figure of Rs.350.45 cr. as on 31.03.2015. In view of this the Commission reiterated its concern expressed in previous tariff order and felt that the entire burden of interest should not be passed on to the consumers of the state. In view of these observations the Commission allowed Rs.336.38 cr. in the tariff order of GRIDCO

for FY 2016-17 against the proposal of GRIDCO for Rs.648.75 cr. The GRIDCO has now claimed Rs.572.35 cr. in its true up petition. The Commission confirms its views taken in the GRIDCO tariff order for 2016-17 and accordingly allows Rs.336.38 cr. in this truing up petition towards interest on loan for FY 2016-17.

122. In the tariff order for 2017-18 the Commission did not allow the interest on the loan from State Government. The Commission also observed that the cash flow statement submitted by GRIDCO reveals that the cash outflow on power purchase cost is nearly Rs.600 cr. more than the revenue collected from DISCOMs, which means GRIDCO is unable to collect current BSP dues from DISCOMs. This necessitated borrowing from banks by GRIDCO to discharge power purchase dues of generators. The Commission further observed that the Commission cautiously set the BSP dues in such a manner that GRIDCO is left with a surplus of nearly Rs.850 cr. to discharge other obligations such as salary, R&M, interest, etc. after payment to the generators. But GRIDCO in reality landed in deficit balance i.e. the revenue received from DISCOMs was not sufficient to discharge even power dues of the generators, which is quite alarming. If this situation persists every year GRIDCO will resort to borrowings from banks with high interest impact. In view of this the Commission did not accept the interest liability on loan availed by GRIDCO for the year 2016-17 which is attributable to inability of GRIDCO to mobilize the internal resource by way of collection of BSP dues from DISCOMs. The Commission did not allow the interest on loan for the year 2016-17 while determining the ARR for FY 2017-18. In view of these observations the Commission allowed Rs.300.98 cr. in the tariff order of GRIDCO for FY 2017-18 against the proposal of GRIDCO for Rs.592.24 cr. The GRIDCO has now claimed Rs.511.43 cr. in its true up petition. The Commission reiterates its views taken in the GRIDCO tariff order for 2017-18 and accordingly allows Rs.300.98 cr. in this truing up petition towards interest on loan for FY 2017-18.
123. In the tariff order for 2018-19 the Commission did not allow the interest on the loan from State Government. The Commission also observed that on the analysis of the total revenue requirement and expected revenue for the years 2016-17 and 2017-18, it may be inferred that there is no need for GRIDCO to borrow further from banks, if it is able to collect the approved revenue from DISCOMs. The Commission further observed that the inability of GRIDCO to collect such revenue has landed GRIDCO in a situation of borrowings from banks. The Commission in line with the earlier orders disallowed the interest on further loans taken after 2015-16. In view of this the Commission did not accept the interest liability on loan availed by GRIDCO for the year 2016-17 which is

attributable to inability of GRIDCO to mobilize the internal resource by way of collection of BSP dues from DISCOMs. The Commission did not allow the interest on loan for the year 2016-17 while determining the ARR for FY 2017-18. In view of these observations the Commission allowed Rs.212.61 cr. in the tariff order of GRIDCO for FY 2018-19 against the proposal of GRIDCO for Rs.572.85 cr. The GRIDCO has now claimed Rs.534.33 cr. in its true up petition. The Commission reiterates its views taken in the GRIDCO tariff order for 2018-19 and accordingly allows Rs.212.61 cr. in this truing up petition towards interest on loan for FY 2018-19.

124. GRIDCO in its truing up petition has claimed bad debts of Rs.96.78 cr. for FY 2018-19. The Commission has not allowed any amount on these heads in the tariff order for FY 2018-19. In the present petition GRIDCO has not explained the reasons for claim of bad debt and rebate and DPS. On analysis of the notes 27.1 in the audited accounts, it is noted that rebate is allowable if the current bill is paid within stipulated time and if it is not paid in time then DPS is levied as per the terms of tariff order. The Commission is however not inclined to allow the claim of bad debt as the responsibility of collecting the bill from DISCOMs lies with the GRIDCO and further no such approval has been made in the tariff order. In addition to that since bad debt is not allowed the Commission is not inclined to consider anything towards rebate or bad debt.
125. In the tariff order for 2019-20 the Commission did not allow the interest on the loan from State Government. The Commission made the same views that there is no need for GRIDCO to borrow further from banks if it is able to collect the approved revenue from DISCOMs. The inability of GRIDCO to collect such revenue has landed GRIDCO in such a situation of borrowing from banks. The Commission further observed that the outstanding amount due from DISCOMs is Rs.4039.82 cr. as on 30.11.2018 which may be collected to meet the power purchase dues. The Commission in line with the earlier orders disallowed the interest on further loans taken after 2015-16. In view of these observations the Commission allowed Rs.153.97 cr. in the tariff order of GRIDCO for FY 2019-20 against the proposal of GRIDCO for Rs.545.15 cr. The GRIDCO has now claimed Rs.536.09 cr. in its true up petition. The Commission reiterates its views taken in the GRIDCO tariff order for 2019-20 and accordingly allows Rs.153.97 cr. in this truing up petition towards interest on loan for FY 2019-20.
126. GRIDCO in its truing up petition has claimed bad debts of Rs.45.83 cr. and rebate and DPS of Rs.39.79 cr. for FY 2019-20. The Commission has not allowed any amount on these heads in the tariff order for 2019-20. In the petition GRIDCO has not explained the

reasons for claim of bad debt and rebate and DPS. On analysis of the notes 27.1 in the audited accounts, it is noted that rebate is allowable if the current bill is paid within stipulated time and if it is not paid in time then DPS is levied as per the terms of tariff order. The Commission is however not inclined to allow the claim of bad debt, DPS and rebate for truing up as the responsibility collecting the bill from DISCOMs lies with the GRIDCO and further no such approval has been made in the tariff order.

127. As regards the other elements such as employee cost, R&M and depreciation the Commission allows the expenses as reflected in the audited accounts for the years 2015-16 to 2019-20 in this truing up petition. As regards the A&G expenses the Commission considers this as a controllable cost and allows the said expense as was approved in the ARR for the relevant year.
128. The Commission carried out the true up for FY 2013-14 and FY 2014-15 in the BSP order dated 21.03.2016 for FY 2016-17. The Commission in the said order approved a negative gap of Rs.660.24 crore for FY 2013-14 and positive gap of Rs.82.30 crore for FY 2014-15. Therefore the Commission approved a total regulatory asset of Rs.3588.02 crore (Rs.3010.08 crore upto FY 2012-13 + Rs.660.24 crore for FY 2013-14 – Rs.82.30 crore for FY 2014-15). The Commission in the said order further mentioned that the total amortization of regulatory assets allowed upto FY 2012-13 is to the tune of Rs.2616.95 crore (Rs.1019.51 crore upto FY 2010-11 + Rs.709.67 crore for FY 2011-12 and Rs.887.77 crore for FY 2012-13). The Commission further stated in same order that the Commission recognizes regulatory asset to the tune of Rs.971.07 crore (Rs.3588.02 crore – Rs.2616.95 crore). Accordingly the total True up gap up to 2014-15 is Rs. 971.07 crore.
129. The Commission has now finalized the truing up GRIDCO from FY 2015-16 to 2019-20 and accordingly the tables depicting the year wise truing up are given as follows.

Table No.19
Truing Up for FY 2015-16 (Rs. in crore)

	Particulars	Approved in ARR (2015-16)	Actual (Audited) 2015-16	True up Allowed (2015-16)
1	Cost of Power Purchase	5927.67	6188.32	6032.98
2	Employee costs	5.87	6.52	6.52
3	Repair & Maintenance	0.30	0.14	0.14
4	Administrative and General Expenses	4.13	5.5	4.13
5	Depreciation	0.42	0.4	0.4
6	Interest Chargeable to Revenue	280.25	532.62	280.25
7	Other Expenses(ERLDC Fees)		34.03	34.03

	Particulars	Approved in ARR (2015-16)	Actual (Audited) 2015-16	True up Allowed (2015-16)
A	Total Expenses	6218.64	6767.53	6358.45
8	Special Appropriation			
9	Amortization of Regulatory Assets	0	200.53	
10	Prior period adjustment		249.47	
11	Pass Through of Power Purchase Dues	838.15		0
12	Total Special Appropriation	838.15	450	0
13	Return on Equity	0	0	
B	Total Revenue Requirement	7056.79	7217.53	6358.45
14	Revenue from DISCOMs	7057.15	6810.87	6642.27
15	Sale of power through trading			156.41
16	UI charges			8.23
17	Misc receipts			3.96
C	Total Revenue	7057.15		6810.87
D	Difference (C-B)) Gap allowed in ARR /True up Gap allowed for the year	0.36	-406.66	452.42
18	Cumulative TRUE-UP GAP (upto 31.03. 2015)			-971.07
19	Cumulative TRUE-UP GAP (upto 31.03.2016)			-518.65

Table No.20
Truing Up for FY 2016-17 (Rs. in crore)

	Particulars	Approved in ARR (2016-17)	Actual (Audited) 2016-17	TRUE UP Allowed (2016-17)
1	Cost of Power Purchase	5849.16	6541.91	6302.12
2	Employee costs	7.89	6.92	6.92
3	Repair & Maintenance	0.25	0.13	0.13
4	Administrative and General Expenses	4.12	4.32	4.12
5	Depreciation	0.72	0.34	0.34
6	Interest Chargeable to Revenue	336.38	572.35	336.38
7	Other Expenses(ERLDC Fees)		7.54	7.54
A	Total Expenses	6198.52	7133.51	6657.55
8	Special Appropriation			
9	Amortization of Regulatory Assets	0	0	0
10	Prior period adjustment		-15.95	0
11	Pass Through of Power Purchase Dues	468.85		
12	Total Special Appropriation	468.85	-15.95	0
13	Return on Equity	0	0	
B	Total Revenue Requirement	6667.37	7117.56	6657.55
14	Revenue from DISCOMs	6709.79	6739.19	6557.31
15	Sale of power through trading			90.77
16	UI charges			33.14
17	Other sales			27.52
18	Misc receipts			30.45

	Particulars	Approved in ARR (2016-17)	Actual (Audited) 2016-17	TRUE UP Allowed (2016-17)
C	Total Revenue	6709.79		6739.19
D	Difference (C-B)) Gap allowed in ARR /True up Gap allowed for the year	42.42	-378.37	81.64
20	Cumulative TRUE-UP GAP (upto 31.03. 2016)			-518.65
21	Cumulative TRUE-UP GAP (upto 31.03.2017)			-437.01

Table No. 21
Truing Up for FY 2017-18 (Rs. in crore)

	Expenditure	Approved in ARR (2017- 18)	Actual (Audited) (2017-18)	True up Allowed (2017-18)
1	Cost of Power Purchase	6419.56	7360.32	7132.68
2	Employee Costs	7.24	7.34	7.34
3	Repair & Maintenance	0.22	0.24	0.24
4	Administrative & General Expenses	6.05	7.54	6.05
5	Interest chargeable to Revenue	300.98	511.43	300.98
6	Depreciation	0.73	0.82	0.82
7	Bad Debts (previous year adjustment against written back			
A	Total Expenditure	6734.78	7887.69	7448.11
8	Pass Through of Power Purchase Dues	231.66		
9	Return On Equity			
B	Total Cost	6966.44	7887.69	7448.11
10	Revenue : Sale of Power to DISCOM	6972.63	7851.22	7687.81
11	Trading			143.23
12	UI/DSM			14.09
13	Other Income			6.10
C	Total Revenue	6972.63	7851.22	7851.23
D	Difference (C-B)) Gap allowed in ARR /True up Gap allowed for the year	6.19	-36.47	403.12
14	Cumulative TRUE-UP GAP (upto 31.03. 2017)			-437.01
15	Cumulative TRUE-UP GAP (upto 31.03.2018)			-33.89

Table - 22
Truing Up for FY 2018-19 (Rs. in crore)

	Expenditure	Approved in ARR (2018-19)	Actual (Audited) (2018-19)	True up Allowed (2018-19)
1	Cost of Power Purchase	6951.38	7597.05	7360.54
2	Employee Costs	9.90	10.23	10.23
3	Repair & Maintenance	0.28	0.31	0.31
4	Administrative & General Expenses	4.96	8.18	4.96
5	Interest chargeable to Revenue	212.61	534.33	212.61
6	Depreciation	1.10	1.12	1.12
7	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during		8.04	

	Expenditure	Approved in ARR (2018-19)	Actual (Audited) (2018-19)	True up Allowed (2018-19)
	FY 2018-19			
8	Bad Debts (FY 2018-19)		25.00	0.00
9	Bad Debts (previous year adjustment against written back		71.78	0.00
A	Total Expenditure	7180.23	8256.04	7589.77
10	Pass Through of Power Purchase Dues	201.38		
11	Return On Equity			
B	Total Cost	7381.61	8256.04	7589.77
12	Revenue : Sale of Power to DISCOM	7197.29	7255.19	7255.19
13	Trading		379.28	379.28
14	UI/DSM		0.81	0.81
15	Supplies to others			197.12
16	Other Income		267.40	70.26
17	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Bonds during FY 2018-19		0.55	0.55
18	Provision written back against Bad Debt of Prev. year		71.78	71.78
C	Total Revenue	7197.29	7975.01	7974.99
D	Difference (C-B)) Gap allowed in ARR /True up Gap allowed for the year	-184.32	-281.03	385.22
19	Cumulative TRUE-UP GAP (upto 31.03. 2018)			-33.89
20	Cumulative TRUE-UP GAP (upto 31.03.2019)			351.33

Table No.23
Truing Up for FY 2019-20 (Rs. in crore)

	Expenditure	Approved in ARR (2019-20)	Actual (Audited) (2019-20)	True Up Allowed (2019-20)
1	Cost of Power Purchase	7,466.64	8,288.20	8,224.20
2	Employee Costs	10.68	9.18	9.18
3	Repair & Maintenance	0.25	0.36	0.36
4	Administrative & General Expenses	5.11	6.95	5.11
5	Interest chargeable to Revenue	153.97	536.09	153.97
6	Depreciation	0.76	0.54	0.54
7	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY 2019-20	0	6.63	
8	Bad Debts (FY 2019-20)	0	45.83	0
9	Rebate & DPS		39.8	0
A	Total Expenditure	7,637.41	8,933.58	8,393.36
10	Pass Through of Power Purchase Dues	86.34	-	
11	Return On Equity	-	-	
B	Total Cost	7,723.75	8,933.58	8,393.36
12	Revenue : Sale of Power to DISCOM	7,529.96	6,711.96	6,711.96
13	Trading	-	577.95	577.95
14	UI/DSM	-	15.26	15.26

	Expenditure	Approved in ARR (2019-20)	Actual (Audited) (2019-20)	True Up Allowed (2019-20)
15	Other Income	20.85	267.19	267.19
16	Adj. in Statement of Profit & Loss towards Changes in Fair Value of Bonds during FY 2019-20	-	0.2	0.2
17	Provision written back against Bad Debt of Prev. year	-	8.89	8.89
C	Total Revenue	7,550.81	7,581.45	7,581.45
D	Difference (C-B)) Gap allowed in ARR /True up Gap allowed for the year	-172.94	-1,352.13	-811.91
18	Cumulative TRUE-UP GAP (upto 31.03. 2019)	-		351.33
19	Cumulative TRUE-UP GAP (upto 31.03.2020)			-460.58

130. As can be seen from the above tables the cumulative negative gap as on 31.03.2020 is Rs. 460.58 crore. The Commission further directs that the GRIDCO shall file the truing up petition for FY 2020-21 basing on the audited accounts along with the BSP and ARR petition for FY 2022-23 during November 2021.
131. The case is accordingly disposed of.

Sd/-
(G. Mohapatra)
Member

Sd/-
(S. K. Parhi)
Member

Sd/-
(U. N. Behera)
Chairperson