

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

Present : Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member

CASE NO.115 OF 2023

Date of Hearing : 31.01.2024
Date of Order : 13.02.2024

IN THE MATTER OF: Application for approval of Aggregate Revenue Requirement (ARR) and determination of Bulk Supply Price (BSP) of GRIDCO Ltd. under Section 86(1) (a) & (b) and all other applicable provisions of the Electricity Act, 2003 read with OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004 and OERC (Conduct of Business) Regulations, 2004 for the FY 2024-25.

AND

Case No.128 of 2023

IN THE MATTER OF: Application under Section 86(1)(a) &(b) read with other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Conduct of Business) Regulations, 2004 for truing up of expenses for FY 2022-23.

ORDER

The Commission is required to regulate the Electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies from various sources through agreement for distribution and supply within the State under Section 86(1) (b) of the Electricity Act, 2003 (hereinafter referred to as “the Act”). GRIDCO (erstwhile Grid Corporation of Odisha Ltd.) was created under Section 13 of the Orissa Electricity Reform Act, 1995 (Reform Act). It was granted “transmission and bulk supply license” under the said Reform Act by the Commission. The Government of Odisha, vide notification No.7948 dated 17.08.2006, has declared GRIDCO as “State Designated Entity” for execution of Power Purchase Agreements with generating companies within or outside state for procurement of power from various sources like Thermal, Hydro, Solar and Wind

Power, etc. The Distribution Companies have entered into Bulk Supply Agreements with GRIDCO Ltd. (in short GRIDCO). After taking over the Intra-state transmission business along with functions of State Load Dispatch Centre by OPTCL (the State Transmission Utility), the present activity of GRIDCO is now confined to planning & load forecasting for bulk purchase of electricity for sale to Distribution Companies of Odisha. This satisfies the definition of trading in section 2(71) of the Act. Therefore, GRIDCO's position under the 5th proviso to Section 14 of the Act is that of a trading licensee carrying on trading of electricity in bulk. Bulk Supply activity by a trader is not repugnant to any of the provisions, of the Act, 2003. Such activity is tenable in Law. It is a historical legacy coming down from the period under the Reform Act, 1995 and it continues so long as the bulk supply agreement, with the Distribution Companies subsist. GRIDCO Ltd. Has also been entrusted with the responsibility of Nodal Agency for development of all RE projects within the States and monitor of RPO compliance of all obligated entities in the State as per notification of Govt. of Odisha.

2. The Commission cannot and does not fix tariff for sale of electricity by a trader, vide Section 62 of the Act, and it does not intend to do so for GRIDCO Ltd. as a trader; even though under Section 86(1)(d) read with Section 62 of the Act, the Commission may determine tariff for whole-sale or bulk supply of electricity by generators or distributors (*i.e. licensees other than traders*). This follows from a harmonious reading of Section 62 and Section 86(1)(a) and Section 86(1)(j) of the Electricity Act, 2003. But it just happens that in the present situation of "Single Buyer Model", the regulated purchase price for Distribution Companies fixed under Section 86(1)(b) of the Act coincides with the selling price of GRIDCO Ltd. as a trader for sale of power *only to the present Distribution Companies of Odisha*. If GRIDCO Ltd. sells surplus power, after meeting its contractual obligation under existing Bulk Supply Agreements, directly to any consumer under Section 42 read with Section 49 of the Act or another trader, or even to another distributor licensee under the 6th proviso to Section 14 of the Act, the procurement price, which coincides with selling of price of GRIDCO Ltd., fixed in this order is not applicable. Thus, this order does not fix tariff for GRIDCO Ltd. as a trader.
3. The Distribution Companies of Odisha are under obligation to purchase power primarily from GRIDCO Ltd. In order to determine the procurement price of power of DISCOMs, the Commission has to hear not only the buyers (Distribution Companies) but also the seller (GRIDCO Ltd.). No meaningful hearing of GRIDCO is possible unless GRIDCO

files its Aggregate Revenue Requirement and expected revenue. GRIDCO Ltd. has done so. The Commission has taken the filing of GRIDCO Ltd. into consideration even though GRIDCO Ltd. as a deemed trading licensee under the 5th Proviso to Section 14 of the Act is outside the purview of Section 62 of the said Act. This is because the prices at which GRIDCO Ltd. supplies power to the Distribution Companies coincides with the procurement price fixed for the Distribution Companies under Section 86(1)(b) of the Act. For supply of surplus power to any other person anywhere after satisfying the requirements of the Distribution Companies of Odisha, the bulk supply prices fixed for the Companies would not be applicable. Similarly, as per vesting order of the Commission for DISCOMs (TPCODL, TPNODL, TPWODL, TPSODL), if GRIDCO expresses its inability to provide required quantum of power requisitioned by DISCOM, such incremental quantum can be procured directly by DISCOM from alternative source, provided that such alternative source is selected through a transparent and competitive bidding process and with the prior approval of the Commission. GRIDCO Ltd. would supply power to Distribution Companies of Odisha and Bulk Supply Price (BSP) has to be determined by the Commission with reference to the Aggregate Revenue Requirement (ARR) of GRIDCO Ltd. Hence GRIDCO Ltd. was called upon to file its Aggregate Revenue Requirement (ARR) for ensuing Financial Year i.e. for FY 2024-25.

PROCEDURAL BACKDROP (Para 4 to 8)

4. The Commission directed GRIDCO Ltd. to publish its Aggregate Revenue Requirement (ARR) and determination of Bulk Supply Price (BSP) application in the approved format in two leading and widely circulated daily newspapers one in Odia and the other in English, and the matter was also posted on the Commission's website (www.orierc.org) in order to invite objections from the intending Objectors. The said public notice was published in the leading daily newspapers, Commission's website and GRIDCO Ltd.'s website. The Commission directed GRIDCO Ltd. to file its rejoinder to the objections filed by the various Objectors before the Commission and to serve copy to them.
5. In response to the aforesaid public notices in respect of the Aggregate Revenue Requirement (ARR) and BSP application of the GRIDCO Ltd. for FY 2024-25 and in its Truing up of expenses for FY 2022-23 in Case No.128 of 2023, the Commission received 12 number of objections/ suggestions from the following persons/ associations/ institutions/ licensees: -

- (1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(2) M/s. Grinity Power Tech Pvt. Ltd., At-K-8-82, Kalinga Nagar, Ghatikia, Bhubaneswar-751029, (3) M/s. VISA Steel Ltd. Kalinga Nagar, Industrial Complex, At/P.O:Jakhapura-755026, (4) M/s. Vedanta Limited, 1st Floor, C-2 Fortune Tower, Chandrasekharpur, Nandanakanan Road, Bhubaneswar-751023, (5) Shri Soumya Ranjan Patnaik, S/o-Late Brajabandhu Patnaik, MLA, Khandapada, Plot No. 185, VIP Colony, Nayapalli, Bhubaneswar-15, (6) M/s. Jindal Steel & Power Ltd., Chhendipada Road, SH 63, P.O: Jindal Nagar, Anugul-759111, (7) M/s.Ferro Alloys Corporation Ltd.,(FACOR), D.P. Nagar, Randia, Dist.-Bhadrak-756135, (8) M/s. Utkal Chamber of Commerce & Industry Ltd. (UCCI), N-6, IRC Village, Nayapalli, Bhubaneswar-751015, (9) The Chief Executive Officer, TPSODL, Courtpeta, Berhampur-760004, (10) The Chief Executive Officer, TP Central Odisha Distribution Ltd.(TPCODL),2nd Floor, IDCO Towers, Janpath, Bhubaneswar-22, (11) The Chief Executive Officer, TPNODL, Corporate Office-Januganj, Balasore-756019, 12. The Chief Executive Officer, TP Western Odisha Distribution Ltd. (TPWODL), Burla, Sambalpur-768017,13. the representative of the Principal Secretary to Government of Odisha, Department of Energy, Bhubaneswar and the Consumer Counsel-WISE, Pune, appointed by the Commission for analysis of the applications of the Applicant- GRIDCO Ltd. The applicant submitted its reply to issues raised by the various objectors during hearing of the above case.
6. In exercise of the power conferred under Section 94(3) of the Electricity Act, 2003, and with a view to protecting the interests of the consumers of Odisha, the Commission appointed to World Institute of Sustainable Energy (WISE), Pune, as Consumer Counsel for objective analysis of the licensee's Aggregate Revenue Requirement (ARR) and Bulk Supply Price proposal for FY 2024-25. The Consumer Counsel-WISE, Pune, presented its views on the matter during the hearing.
7. The date for hearing was fixed as 31.01.2024 at 11.00 AM through hybrid mode (by physical presence or by virtual mode) and it was duly notified in the leading newspaper mentioning the list of the Objectors, time of hearing etc. The Commission also issued individual notices to the Objectors and the Department of Energy, Government of Odisha, informing them about the date and time of hearing through hybrid mode. Accordingly, the applicant, some of the Objectors and the representative of Department

of Energy, Govt. of Odisha were physically present during the hearing and some of them took part in the proceeding through virtual mode.

8. The Commission convened the State Advisory Committee (SAC) meeting on 07.02.2024 at 11 AM on Bulk Supply Price proposal of the licensee for the FY 2024-25 through hybrid mode (Virtual and Physical). The Members of the SAC, Special Invitees, the Representative of Department of Energy, Govt. of Odisha actively participated in the discussion and offered their valuable suggestions and views on the matter for consideration of the Commission.

PROPOSAL OF GRIDCO ON ARR AND BULK SUPPLY PRICE (BSP) FOR THE FY 2024-25 (Para 9 to 43)

9. GRIDCO Limited (hereinafter called as ‘GRIDCO’) is a deemed Trading Licensee under the 5th Proviso to Section 14 of the Electricity Act, 2003. GRIDCO, a wholly State-owned Company, is engaged in the business of purchase of electricity in bulk from various generators located inside Odisha and the State share of power from the Central Sector Generators for bulk of electricity to the four Distribution Licensees (TPNODL, TPSODL, TPWODL, & TPCODL) (hereinafter called as ‘DISCOMs’) utilising the transmission network of OPTCL, the State Transmission Utility (STU) and Inter- State Transmission (ISTS) for onward retail sale to the end consumers of the State. GRIDCO also supplies emergency power to the Captive Generating Plants (CGPs) and trades the surplus power, if any, from time to time.
10. Under the existing Bulk Supply Agreements between the DISCOMs and GRIDCO, the DISCOMs are under obligation to purchase power solely from GRIDCO at a regulated price to be determined by the Commission. The Commission is empowered under Section 86 (1) (a) and (b) of the Electricity Act, 2003 to determine the power procurement price of the DISCOMs. This procurement price of DISCOMs incidentally happens to be the Bulk Supply Price at which GRIDCO supplies bulk power to the DISCOMs. Thus, as a statutory requirement, as provided in the OERC (Conduct of Business) Regulations, 2004 & other related Regulations and as per Section 86 (1) (a) & (b) & other applicable provisions of the Electricity Act, 2003, GRIDCO is required to submit its Annual Revenue Requirement before the Commission for determination of the power procurement cost of the DISCOMs. In the above backdrop, GRIDCO has filed an application for approval of its proposed Annual Revenue Requirement (ARR)

and revision of Bulk Supply Price (BSP) for the FY 2024-25 to enable it to carry out its functions of bulk supply to DISCOMs.

Projection of Demand for FY 2024-25

11. The Simultaneous Maximum Demand (SMD) of DISCOMs for the FY 2024-25 has been projected by GRIDCO as 6740 MVA based on the data received from the DISCOMs which has been estimated considering the maximum SMD observed during the period from April' 23 to September' 23 and the additional load growth as estimated for the FY 2024-25 over FY 2023-24 for each DISCOM. The maximum SMD recorded during first six months of FY 2023-24 and DISCOMs projection for FY 2024-25 as submitted by GRIDCO in its BSP and ARR application are given in table below.

Table: 1
Projection of Simultaneous Maximum Demand (SMD) for FY 2024-25
(MVA/Month)

DISCOMs	OERC approval for 2023-24	Highest SMD recorded during FY 2023-24	DISCOMs Projection of SMD for
		(Apr.'23 to Sept'23)	FY 2024-25
TPCODL	2190	2244	2583
TPNODL	1280	1267	1394
TPWODL	1860	1676	1900
TPSODL	760	711	862.76

12. GRIDCO has submitted that the projected SMD seems to be higher as compared to the actual occurrence in the summer months of the current financial year. Moreover, the rate of increase in the SMD is much higher to the energy requirement of the State DISCOMs for FY 2024-25. GRIDCO has requested the Commission to approve the monthly SMD considering the actual SMD of the DISCOMs as per SLDC data for the FY 2023-24 and the additional increase proportionate to the increase in energy demand on monthly basis during FY 2024-25.

Quantum of Energy Requirement

13. The total energy requirement of the State projected by GRIDCO for FY 2024-25 is 37457 MU consisting of 36263 MU for sale to DISCOMs, 70 MU towards emergency power supply to captive generating plants (CGPs) and 1124 MU towards Transmission Loss @ 3.0%. The energy requirement vis-a-vis the availability to GRIDCO from various sources during FY 2024-25 is shown in the Table below:

Table: 2
Projected Energy Requirement of GRIDCO for FY 2024-25

Sl. No.	Particulars	Projection for FY 2024-25 (MU)
1	Energy Demand of DISCOMs and emergency sales	36333
2	Transmission Loss @ 3% as approved for FY 2023-24	1124
3	Energy Required to be purchased by GRIDCO to meet the energy demand of DISCOMs & CGPs	37457
4	Energy available to GRIDCO from various sources	39652
5	Surplus power	2195

Energy Availability to GRIDCO during FY 2024-25

14. GRIDCO has projected energy availability of 39652.15 MU during FY 2024-25 from different generating stations considering the Generation plan shared by respective stations, PLF and synchronization issues etc. However, considering application of merit order dispatch (MoD), GRIDCO has estimated procurement of 37456.22 MU for State consumption. The station-wise details of availability of power to GRIDCO during FY 2024-25 along with available surplus power are given in the table below.

Table: 3
Summary of Proposed Energy Availability to GRIDCO for FY 2024-25

Station Name	Energy Available (MU)
HHEP	717.19
CHEP	301.72
Rengali	850.40
Upper Kolab	581.07
Balimela	1192.33
Sub-Total (OHPC OLD)	3642.71
Upper Indravati	1396.46
Total OHPC	5039.17
Machkund	259.88
Total State Hydro	5299.05
OPGC (1& 2)	2447.98
OPGC (3& 4)	9236.11
Small Hydro	468.70
Biomass	70.00
Wind	1091.92
Solar	1950.00
CGPs and Co-generation Plants	0.00
IPPs (as per MoD)	4829.27
Total State	25393.03
TSTPS-I	2233.89
TSTPS-II	1336.46
FSTPS-I&II	
FSTPS-III	

Station Name	Energy Available (MU)
KhSTPS-I	
KhSTPS-II	
DSTPS-I	5207.20
Barh-I	410.64
Barh-II	
MTPS-II (Kanti Bijli)	171.70
Nabinagar STPS-I	105.26
North Karanpura STPS-I (U#1, #2)	1932.05
Central Thermal Availability as per MoD	11397.20
Chukha	256.00
TALA	116.00
Mangdechhu	287.00
Teesta	0.00
Rangit	6.00
Kiruchu	1.00
Total Central Hydro Availability	666.00
Power Purchase to meet State demand as per MoD Principle	37456.22
Surplus power	2195.93
Total energy availability	39652.15

Power Purchase Cost Projected for FY 2024-25

15. GRIDCO has proposed to procure 37456.22 MU of estimated energy during FY 2024-25 to meet the state demand. The detailed cost of power purchase as furnished by GRIDCO for FY 2024-25 is reproduced hereunder in table.

Table:4
Summary of Proposed Power Procurement Cost during FY 2024-25

Station Name	Energy Available (MU)	Total Cost (Rs. Cr.)	Per unit Cost (P/U)
HHEP	717.19	94.23	131.39
CHEP	301.72	39.30	130.25
Rengali	850.40	72.18	84.88
Upper Kolab	581.07	66.25	114.01
Balimela	1192.33	94.61	79.35
Sub-Total (OHPC OLD)	3642.71	366.57	100.63
Upper Indravati	1396.46	171.08	122.51
Total OHPC	5039.17	537.65	106.69
Machkund	259.88	32.13	123.63
Total State Hydro	5299.05	569.78	107.52
OPGC (1& 2)	2447.98	725.55	296.39
OPGC (3& 4)	9236.11	3210.59	347.61
Small Hydro	468.70	199.17	424.94
Biomass	70.00	53.20	760.00

Station Name	Energy Available (MU)	Total Cost (Rs. Cr.)	Per unit Cost (P/U)
Wind	1091.92	305.55	279.83
Solar	1950.00	720.02	369.24
CGPs and Co-generation Plants	0.00		
IPPs (as per MoD)	4829.27	1454.62	301.21
Total State	25393.03	7238.48	285.06
TSTPS-I	2233.89	699.78	313.26
TSTPS-II	1336.46	397.96	297.77
FSTPS-I&II		20.06	
FSTPS-III		107.27	
KhSTPS-I		10.17	
KhSTPS-II		34.87	
DSTPS-I	5207.20	1612.18	309.61
Barh-I	410.64	376.59	917.08
Barh-II		28.24	
MTPS-II (Kanti Bijli)	171.70	110.59	644.09
Nabinagar STPS-I	105.26	50.79	482.52
North Karanpura STPS-I (U#1, #2)	1932.05	696.56	360.53
Central Thermal Availability as per MoD	11397.20	4145.06	363.69
Chukha	256.00	79.54	310.70
TALA	116.00	27.27	235.09
Mangdechhu	287.00	124.55	433.97
Teesta	0.00	0.00	
Rangit	6.00	2.46	410.00
Kiruchu	1.00	0.24	240.00
Total Central Hydro Availability	666.00	234.06	351.44
PGCIL Transmission Charges		1018.03	
ERLDC Charges		3.50	
Power Purchase to meet demand as per MoD Principle	37456.22	12639.14	337.44
Variable charges of surplus power	2195.93	720.68	328.19
Total energy availability	39652.15	13359.82	336.93

16. GRIDCO has requested the Commission to approve the fixed charges as payable by GRIDCO to the generating stations for all the existing and the upcoming new stations, which should be recovered from DISCOMs through BSP for the ensuing FY 2024-25.

Additional Power Purchase Cost during FY 2024-25

17. GRIDCO has requested to consider the claim of Rs.760.99 Crores as additional power purchase cost during FY 2024-25 for payment to be made for STU/ scheduling charges

and safeguard duty for procurement of RE power, Secondary Fuel Oil Cost of OPGC, reconciliation of cost of power of Vedanta Ltd for the period from FY 2010-11 to FY 2020-21, Reimbursement of Electricity Duty of M/s GMR , Pay regularization impact of Teesta-V, Allocation of re-allocated power from Central Generating Stations and Bhutan HPS, advance payment of working capital of Machhkund HEP, fixed cost and additional O&M of NTPC stations, enhanced power purchase cost of Chukha HEP, additional cost of PGCIL and additional cost towards Interest on OHPC Securitised Dues from July, 2023 to March, 2024.

Special Appropriation for Loan Repayment Liabilities

18. GRIDCO has requested the Commission to consider the huge outstanding receivable from the erstwhile DISCOMs vis-a-vis its obligations for settlement of outstanding loans to the lending institutions /Banks. As per GRIDCO, it has outstanding loan liability of Rs.6513 Crores as on 30.09.2023. Thus, GRIDCO has requested the Commission to issue suitable advisories /directives for collection of arrears by DISCOMs towards settlement of outstanding dues and also to frame suitable mechanism for recovery of the balance amount through regulatory process preferably in next two to three years.

Interest, Financing and Other expenses

19. GRIDCO has proposed to incur about Rs 564.49 Crores during the FY 2024-25 towards expenses on account of interest and financial charges including interest on OHPC securitised dues, depreciation, Employees Cost, A&G Expenses etc. GRIDCO has proposed Rs.22.30 Crores towards employee cost for FY 2024-25. Further, Rs.0.98 Cr. and Rs.17.19 Cr. has been proposed for Repair & Maintenance (R&M) cost and Administrative & General (A&G) expenses respectively.
20. GRIDCO has submitted that total interest and finance charges for FY 2024-25 is estimated to be Rs 521.55 Crores based on existing loan liabilities along with securitized dues to be paid to OHPC. GRIDCO submitted that the reasons for borrowing working capital loans in the past were predominantly due to non-cost reflective BSP, delay in truing up exercise, disallowances of carrying cost on regulatory assets in the past period, huge outstanding receivables from erstwhile DISCOMs and mandate to supply power as “State Designated entity” irrespective of recovery of uncontrollable cost from sale of power to State DISCOMs as approved in the ARR. Further, GRIDCO

has borrowed working capital loan for timely payment of power purchase dues in order to avail rebate from generators and also to reduce its late payment surcharge obligations, the benefit of which is ultimately passed on to end consumers. GRIDCO submitted that the cost of raising the fund to earn the rebate, resulted in avoiding the late payment surcharge, needs to be considered by the Commission in the ARR.

21. GRIDCO has further submitted that in view of interim order of the Commission dated 23.05.2023 (Petition No 35/2023), an amicable settlement was agreed upon in the meeting held on 26.06.2023 regarding OHPC Securitized dues under the Chairmanship of Additional Chief Secretary, Energy Department. The Commission has approved the settlement in the final order in Case No. 35/2023 dated 11.07.2023. GRIDCO has submitted that considering the settlement process, total interest payable on settlement of OHPC Securitized dues for FY 2024-25 comes to Rs 134.03 crores and requested the Commission to consider the same favourably.
22. The interest & finance charges and other expenses claimed by GRIDCO in its ARR application for FY 2024-25 is summarised in the table below:

Table: 5
Interest, Financing & Other expenses for FY 2024-25 (Rs. Crore)

Particulars	GRIDCO proposal for FY 2024-25
1. Interest & Financial Charges	521.55
2. Other Costs:	
a. Employee Cost	22.30
b. A & G Cost	17.19
c. Repair & Maintenance Cost	0.98
3. Depreciation	2.47
Total (1+2+3)	564.49

Other Income / Miscellaneous Receipts

23. GRIDCO has submitted that it expects to earn an amount of Rs. 52.22 crores during FY 2024-25 from the proposed sale of emergency power (70 MU) to long term customers like NALCO and IMFA at the existing approved emergency power rate of Rs.7.46 /kWh.

Receivable from DISCOMs and other parties

24. GRIDCO has submitted that there is a substantial outstanding amount of Rs. 6707.41 crores receivable from erstwhile distribution companies as of 30.09.2023. There is no scope for recovery of the arrear dues from the erstwhile Utilities due to vesting of the license along with business operations with the new DISCOMs. The Commission in the

vesting order has issued directives for collection of arrears by the new DISCOMs and the DISCOMs to fulfil the minimum commitment amount as envisaged in the vesting order. The Commission notified the OTS for recovery and settlement of outstanding dues from the defaulting consumers for onward settlement with GRIDCO against past dues receivable from erstwhile DISCOMs/Utilities. However, there is still huge outstanding to be collected from the consumers of the erstwhile utility period which are continuing in the consumers ledger. GRIDCO has requested the Commission to issue suitable advisories /directives for collection of such arrears by DISCOMs towards settlement of outstanding dues of GRIDCO and also to frame suitable mechanism for recovery of the balance amount by GRIDCO through regulatory process preferably in next two to three years.

Aggregate Revenue Requirement (ARR)

25. The proposal for Aggregate Revenue Requirement of GRIDCO for FY 2024-25 is summarized in the table below:

Table:6
Aggregate Revenue Requirement for FY 2024-25

Particulars	Amount (Rs Crs.)
Power Purchase cost as per MOD for State requirement	12639.14
Additional Power Purchase Cost	760.99
Interest & Finance cost	521.55
Employee cost	22.3
Repair & Maintenance	0.98
Administrative and General Expenses	17.19
Depreciation	2.47
Aggregate Revenue Requirement (ARR)	13964.62
Less: Revenue from Emergency sales of 70 MU	52.22
Net Aggregate Revenue Requirement	13912.40
Revenue from DISCOMs at existing BSP of respective DISCOMs including Surcharge @30 P/U from TPWODL	12184.08
Units to be sold to DISCOMs (MU)	36,263
Revenue Deficit at existing BSP of respective DISCOMs	(1728.32)

Proposal for Revision of Bulk Supply Price for FY 2024-25

26. GRIDCO has estimated that it would suffer revenue deficit of Rs. 1728.32 Crores considering the proposed net ARR of Rs. 13912.62 Crore and the revenue of Rs.12184.08 Crores to be earned from sale of the proposed energy of 36263 MU to

DISCOMs during FY 2024-25 at the existing BSP Rate for FY 2023-24. In order to meet the above estimated revenue deficit during FY 2024-25, GRIDCO has submitted before the Commission for upward revision of Bulk Supply Price for the FY 2024-25. GRIDCO has proposed the revised average BSP of 383.66 P/U to recover the Net Revenue Requirement of Rs.13912.40 Crores through energy charge only as given in the table below.

Table:7
Proposed Bulk Supply Price (BSP) for FY 2024-25

SL. NO.	COMPONENTS	Proposed ARR and BSP for FY 2024-25
1	Net ARR to be recovered through BSP (Rs Crore)	13912.40
2	Units to be sold to DISCOMs Utilities (MU)	36263
3	Proposed Average BSP to recover the Net Total Aggregate Revenue (P/U) [A*1000/B]	383.66

Other Allied Submissions to Facilitate GRIDCO for Recovery of its Expenses

Demand Charges for excess SMD

27. The maximum permitted SMD is proposed to revise from the existing allowable limit of 110 % to 105 % of the approved annual SMD. The Demand Charge @ Rs.250/KVA/Month is proposed to be levied from DISCOM Utilities on the excess SMD only when the actual SMD of a DISCOM in a month exceeds the permitted monthly SMD (105 % of the approved SMD). Further, Such Demand Charges shall not be adjusted at the end of the year even if the actual monthly SMD remains within the permitted monthly SMD in any other month(s) of the same financial year.

Over Drawl Charges

28. The Charges for Overdrawl of Energy payable by DISCOM Utilities are presently billed on month-to-month basis (at the corresponding OERC approved applicable BSP in terms of the Judgment dated 07.05.2018 of the APTEL passed in Appeal No.55 of 2015, till intra-State DSM Regulations is pronounced by OERC and implemented in the State). GRIDCO propose that this practice may be continued till Deviation Settlement Mechanism (DSM) Regulation is pronounced. Further, GRIDCO requests the Commission to reduce the existing monthly drawl limit from 110 % to 105 % of the monthly approved SMD for the DISCOMs for recovery of charges on account of any excess drawl of energy during a month over the approved quantum.

Fuel and Power Purchase Adjustment Surcharge (FPPAS)

29. FPPAS is the increase in cost of power supplied to the Distribution Licensee(s), due to increase in fuel cost, fixed cost, year-end charges, transmission charges, etc. with respect to cost of power purchase approved by the Commission in the ARR of the respective financial year. Such Surcharge is to be computed and raised by GRIDCO, if actual cumulative average monthly power purchase cost per unit (Rs/kwh) exceeds 3% of the approved average Power Purchase Cost per unit (Rs/kWh) in the ARR order of the Commission for the corresponding year. GRIDCO shall raise the bill for FPPAS on the Distribution Licensee(s) in the nth month at a uniform rate and in any month shall not be more than Rs 0.20/kWh (20 paise /unit). The unrecovered FPPAS in any month shall be considered at the time of truing up.

Rebate

30. GRIDCO has proposed that on payment of the current monthly bills, the Distribution and Retail Supply licensees (DISCOMs) shall be entitled to:
- a. A rebate of 1.5 %, in case the DISCOMs make payment within 5 working days of serving of the BSP invoice by GRIDCO.
 - b. A rebate of 1%, in case DISCOMs make payment on any day after five (5) working days and within a period of twenty-five (25) days of serving of the BSP invoice by GRIDCO.
 - c. No rebate, if the DISCOMs have not paid the current month's BSP dues in full within a period of 25 days of serving of the BSP invoice by GRIDCO.

Delayed Payment Surcharge (DPS)

31. For delayed payment of Bulk Power Supply Bills i.e., payment after the period of 30 days from the date of submission of bills, the surcharge is to be levied @ 1.50% per month.

Duty and Taxes

32. The Electricity Duty levied by the Government of Odisha and any other statutory levy/ Duty/ Tax/ Cess / Toll etc. imposed under any law from time to time shall be charged over and above the Bulk Supply Price.

Prayer

33. GRIDCO has prayed before the Commission to approve the following for FY 2024-25 and make the same effective from 1st April, 2024:
- (a) Consider all reasonable and uncontrollable costs as proposed in the Petition and accordingly, approve the ARR and Bulk Supply Price (BSP) for FY 2024-25 and make the same effective from 1st April 2024;
 - (b) Approve monthly Simultaneous Maximum Demand (SMD) and monthly quantum of energy for sale to each of the DISCOMs on realistic basis in lieu of the prevailing practices on annual basis;
 - (c) Approve the Capacity Charges mandatorily payable by the Petitioner GRIDCO to the different generating stations i.e. for all existing and new stations with whom it has long term PPAs notwithstanding that the energy is not fully scheduled from stations based on Merit Order Dispatch (MoD) principles and change in demand trend of the State. Such uncontrollable costs/charges need to be recovered through BSP;
 - (d) Allow the carrying cost on Regulatory Assets and amortization of the Regulatory Asset through BSP;
 - (e) Allow recovery of the additional cost/s due to over-drawal of energy, Fuel Price Adjustment/Surcharge Adjustment, on account of any other statutory increase/s, reimbursement of Electricity Duty/ Water Cess levied by the Government of Odisha and any other Statutory levy/ Duty/ Taxes, etc. if any, be passed on to GRIDCO;
 - (f) Allow recovery of costs on account of the orders issued by OERC / CERC / APTEL / Hon'ble Apex Court/Hon'ble High Court / Impact due to any Change In Law/Dispute Resolution/Tariff revision/Truing Up, etc. on quarterly basis;
 - (g) Allow the Petitioner GRIDCO for recovery of charges on account of any excess drawl of energy by Distribution Companies (DISCOM) during a month over and above the monthly approved energy quantum at additional power purchase cost incurred for excess drawl or market price whichever is higher;
 - (h) Formulate suitable monthly controlling measures by revising the existing limit of drawal of SMD i.e. from 110% to 105% of the approved monthly SMD for

DISCOMs for recovery of charges on account of any excess drawl of energy during a month over and above the monthly approved energy quantum.

- (i) Consider to amend the TOD Tariff in the State as proposed by the petitioner so as to incentivize the industries and other consumers for use of power during off peak hours and curb the consumption during peak hours for optimal utilization of the state's share of power within the costs approved by the Hon'ble Commission in the ARR;
- (j) Approve the proposed TOD tariff (RST) in the State so as to incentivize the industrial and commercial tariff for electricity consumption during the off peak hours and with a higher tariff during peak hours as per the guidelines issued by Govt. of India so as to manage the State peak demand without resorting to availing power from DSM pool and the Power exchanges at high cost;
- (k) Direct the DISCOMs to undertake proactive measures to collect the outstanding dues from the defaulting consumers and pay GRIDCO's share of past arrear collection on monthly basis and also to submit monthly MIS reports;
- (l) Formulate a suitable mechanism to recover the shortfall towards erstwhile DISCOMs' receivable of Rs.6,707.41 Cr. as on 30.09.2023, arising out of sale of utilities of CESU, WESCO, NESCO and SOUTHCO through regulatory process preferably in the next two to three years;
- (m) Approve the finance cost on loans availed by GRIDCO as per the Hon'ble Supreme Court of India's Order in C. A. No. 414 of 2007 dated 05.10.2023;
- (n) Consider the submission as per the directives of Hon'ble Commission and allow the uncontrollable costs towards the disallowances made by the Hon'ble Commission in Case No. 68 of 2023 in respect of the review of ARR & BSP order for FY 2023-24 and the Truing up order for FY 2021-22.
- (o) Consider to apportion the premium on sale of green power by DISCOMs to the consumers in the ratio of 80:20 between the petitioner and the DISCOMs towards Green Consumer Certificate for 100% consumption of RE power.
- (p) Allow the petitioner to make additional submissions pertaining to this petition;

- (q) Pass such order which are necessary to meet the above prayers and allow the Petitioner GRIDCO to amend / modify the application as necessary and make further submissions if any, during the course of hearing; and
- (r) Consider to condone any inadvertent omissions/ errors/ shortcomings/ delays and allow to make further submissions, as may be required at a future date to support this Petition in terms of modification / clarification (if any).

Truing Up Application for FY 2022-23

- 34. The submissions of GRIDCO, in its Truing Up application in Case No.128 of 2023 for truing up of its expenses for FY 2022-23, are summarized in the following paragraphs:
- 35. GRIDCO has submitted that power procurement from different sources has been undertaken by adopting Merit Order Despatch (MoD) principle on real time basis in consultation with SLDC for optimal utilization of the available energy sources ensuring procurement of power at least variable cost from approved Generators. However, there is steep increase in power purchase cost from Rs. 9071.93 Crore, as approved by the Commission in the Tariff Order for FY 2022-23, to the actual power procurement cost of Rs. 11556.53 Crore. In its Truing Up application, GRIDCO has sought to set out its entitlements based on the actual audited accounts.

Power purchase cost

- 36. GRIDCO has submitted that the State's power purchase requirement is primarily fulfilled through multiple sources, with whom GRIDCO has long-term tied up allocated capacities through various PPAs. The main sources of power procurement are State Hydro Generating Stations (OHPC), State Thermal Generating Stations (OPGC), Central Hydro Generating Stations (Chukha, Tala, Teesta, Mangdechhu), Central Thermal Generating Stations of NTPC, IPPs (Vedanta Ltd., JITPL, GMR Kamalanga Ltd.), Renewable Energy Sources (Solar, Small Hydro, Biomass, Wind). In addition to the above sources, GRIDCO has also procured power on short-term basis through power exchanges, trading and also through banking, in case of shortfall from regular sources or to meet the deviation from estimated demand depending on the availability of power on real time basis.
- 37. GRIDCO has submitted the approved power purchase quantum (MU) and power purchase cost (Rs Crore) vis-à-vis actual power purchase quantum and cost for FY 2022-23, as given in the table below.

Table:8
Approved and Actual Power Purchase Quantum and Cost for FY 2022-23

Generating stations	Quantum (in MU)		Cost (in Rs. Crore)	
	Approved	Actual	Approved	Actual
State Hydro Stations of OHPC	5,862.48	5,040.56	530.13	532.96
Unit- I & II of OPGC	2,636.04	2,447.73	699.38	726.38
Unit- III & IV of OPGC	4,862.04	7,410.75	1,932.27	2,962.19
TTPS (NTPC)	-	-	-	2.77
State Thermal	7,498.08	9,858.48	2,631.65	3,691.34
GMR (IPP)	1,670.00	1,899.72	571.39	758.22
Vedanta (IPP)	2,628.70	3,049.85	733.52	825.63
NBVN (IPP)	39.66	39.64	8.29	7.71
JITPL	-	458.38	-	159.02
Aryan Ispat	-	-	-	1.88
Total IPPs	4,338.36	5,447.60	1,313.20	1,752.45
Renewable Sources	3,312.22	3,362.21	1,169.90	1,186.70
Central Hydro Power Stations	1,221.62	1,205.31	336.37	352.57
TSTPS St-I	541.01	2,270.52	155.71	719.40
TSTPS St-II	1,349.63	1,521.46	346.66	445.49
FSTPS I & II	-	28.46	5.07	66.71
FSTPS III	-	397.74	89.28	265.80
KhTPS St-I	-	12.81	3.20	20.20
KhTPS St-II	-	203.55	29.89	96.14
DSTPS-I	6,350.84	6,141.04	1,778.21	1,866.17
Barh-I	-	7.85	-	4.25
Barh-II	-	13.84	-	6.93
RRAS (NTPC)	-	-	-	(1.08)
Kanti Bijlee Utpadan Nigam	-	1.87	-	1.26
Nabinagar	-	15.38	-	6.65
North Karanpura	-	83.68	-	33.67
NVVNL Bundled Power (thermal)	-	118.68	-	62.85
NTPC ED & RLDC provision for March, 2023	-	-	-	3.86
Total Central Sector Thermal	8,241.48	10,816.87	2,408.02	3,598.32
Banking of Power	-	190.66	-	61.56
Power Purchase through Trading & DSM charges	-	576.40	-	469.08
Total Central Sector	9,463.10	12,789.23	2744.39	4481.53
Central Tr. & ERPC Charges			682.67	943.63
OA Charges			-	0.72
SLDC Charges			-	0.02
Reactive Charges			-	5.00
NALCO STU Charges			-	(18.68)
Total	30,474.24	36,923.69	9071.93	12,575.67

38. GRIDCO has requested the Commission to approve the power procurement cost of Rs. 11556.53 Crore as per the audited accounts for the FY 2022-23, considering the detailed break up of cost components of energy drawal from each of the approved stations.

Finance and Other Cost

39. GRIDCO has submitted the approved and actual cost with respect to employees, R&M, A&G and interest on loan as given in the table below.

Table -9
Approved and Actual Finance and Other Cost of GRIDCO for FY 2022-23

Sl. No.	Particulars	Commission's Approval	Actual (As per Audited Accounts)
1	Net Employee Cost	13.25	16.47
2	R & M Cost	0.85	0.49
3	A & G Expenses	5.59	14.17
4	Finance cost (Interest on loan)	39.53	501.80

Principal Loan Repayment

40. GRIDCO has submitted that it had made repayment of Rs.1243.94 Crores towards principal loan repayment (Bank Loan: Rs.1189.29Crores, OMC Loan: Rs.23.77 Crores, Public Bonds: Rs.31.88 Crores) during the FY 2022-23. As per Para-367 of the BSP Order for FY 2022-23, the repayment of loan principal 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.

Summary of the Expenses of GRIDCO

41. GRIDCO has submitted the details of expenses approved by the Commission vis-a-vis the audited actual expenses for the FY 2022-23 as given in the table below.

Table-10
Approved and actual expenses of GRIDCO for FY 2022-23

Expenditure	OERC Approval (Rs. Cr.)	Audited Accounts (Rs. Cr.)	Audited Accounts for Truing Up (Rs. Cr.)
Cost of Power Purchase*	9071.93	12575.67	11556.53
Less: Rebate**	0.00	-224.82	
Power Purchase Cost (Net of Rebate)	9071.93	12350.85	11556.53
Employee Costs	13.25	16.47	16.47
Repair & Maintenance	0.85	0.49	0.49
Administrative & General Expenses	5.59	14.17	14.17
Interest chargeable to Revenue	39.53	493.91	493.91
Depreciation	1.02	0.25	0.25

Expenditure	OERC Approval (Rs. Cr.)	Audited Accounts (Rs. Cr.)	Audited Accounts for Truing Up (Rs. Cr.)
Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY 2022-23	0.00	7.89	7.89
Total Expenditure	9132.17	12884.03	12089.71
Pass Through of Power Purchase Dues***	147.46		0.00
Total cost	9279.63	12884.03	12089.71
Revenue: Sale of Power to DISCOMs	9213.95	10023.41	10023.41
Less: Rebate to DISCOMs**		103.34	
Revenue: sale of Power to DISCOM (Net Rebate)	9213.95	9920.07	10023.41
Other Income	44.52	198.17	198.17
Adj. in Statement of Profit & Loss towards Changes in Fair Value of Bonds during FY 2022-23	0.00	0.00	0.00
Revenue from Trading & DSM****		1815.72	
Total Revenue (State DISCOMs and Trading income)	9258.47	11933.96	10221.58
GAP allowed by OERC /Net Loss/ Trued up amount for FY 2022-23	-21.16	-950.07	-1868.13

* Net Power Purchase Cost of Rs.11556.53 Crores considered for true up after deducting the variable cost of surplus power from costly station for Rs 1019.14 Crores.

** Rebate from generators % allowed to DISCOMs are excluded as the same not considered by the Commission in the ARR.

*** Pass Through cost of Rs 147.46 Crore towards reimbursement to OPGC, OHPC, STU charges for Solar power, deferred tax liability of Teesta -V HEP etc as approved by the Commission at para 348 of ARR Order.

**** Revenue from Trading & DSM earned for Rs 1815.72 Crores. Variable Cost/ Charges considering to above revenue is Rs 1019.14 Crores. Thus, the net surplus of Rs 798.58 Crore is proposed towards amortization of past losses to the tune of Rs 8664.36 Core up to FY2022-23.

42. GRIDCO has requested the Commission to allow for amortization of Rs 796.58 Crore against past losses for the petitioner.
43. In view of the above submissions, GRIDCO has prayed the Commission to:
 - a) Consider its True Up Application FY 2022-23 and approve the respective expenses based on Audited Accounts for FY 2022-23;

- b) Allow recovery of the revenue gap along with carrying cost through BSP of subsequent year or through valid regulatory mechanism.

VIEWS OF THE CONSUMER COUNSEL AND OBJECTORS ON ARR AND THE BSP PROPOSAL FOR FY 2024-25 AND REPLIES/RESPONSES OF GRIDCO THEREON (Para 44 to 274)

Views of Consumer Counsel (WISE)

- 44. Design of BSP for DISCOM Utilities has direct impact on consumer tariff; therefore, WISE, the Consumer Counsel has made the following observations on the ARR of GRIDCO and requested for consideration of the Commission.
 - a. Energy availability from all sources may be reviewed, particularly from OPGC, IPPs and Central thermal. Costly power purchase should be avoided through merit order principle.
 - b. The cost components of OPGC U#3&4 as per latest order may be reviewed.
 - c. All charges in case of Central thermal power plants are to be reviewed. Fixed charges should be based on CERC orders only. As per earlier order, costs only from approved sources should be considered.
 - d. Transmission loss and transmission charges in case of Central sector projects are to be reviewed.
 - e. Power procurement quantum and rate for all IPPs may be reviewed.
 - f. Substantial amount has been claimed for additional power purchase cost. Claims as per payment made and as per CERC orders may be considered.
 - g. Pass through expenses of differential power purchase cost of central transmission charges for FY 2023-24 may not be part of present ARR.
 - h. Payment on account of interest on various loans may be reviewed and interest expenses of loan taken from FY 2016-17 onwards should not be allowed, as per earlier decision of the Commission.
 - i. Employee cost, A&G expenses, and R&M expenses may be reviewed.
 - j. Other proposal of GRIDCO may be reviewed based on existing norms in force.

Legal Issues

Regarding non-compliance of the functions defined as per the Orissa Electricity Reform Act, 1995 and the Electricity Act, 2003

Views of Objectors

45. As per the Odisha Electricity Reform Act, 1995 & the Electricity Act, 2003, GRIDCO has to perform the following:
- Engage in business of procurement & bulk supply of power.
 - To undertake planning & coordination to determine the electricity requirement of the state in cheap rate.
 - Purchase power through a transparent power purchase procurement process economically.
 - Establish a tariff or to calculate its charges from time to time in accordance with the requirement prescribed by the Commission.
 - Procure power & act as a bulk supplier to supply power to DISCOMs & meet the electricity demand of the state.

GRIDCO'S Response

46. GRIDCO has submitted that, it is functioning as the State Designated Entity (SDE) and is well committed to its defined obligations as envisaged under the OER Act, 1995 and is complying with the provisions under the Electricity Act, 2003. It undertakes comprehensive energy planning for the state in coordination with the DISCOMs. Further, the energy security is established in the state by procuring power from various sources at price approved by the Commission which has resulted in lower tariff structure.

Provisions of the Orissa Electricity Reform Act, 1995 inconsistent with the Electricity Act, 2003 are void

Views of Objectors:

47. GRIDCO's reliance on the Reform Act, 1995 is unnecessary in as much as pari materia provisions are available under the Electricity Act, 2003. He alleges that GRIDCO is selectively using outdated legislation to perpetuate corrupt practices at the expenses of the Consumers and the State. The Objector has made reference to the Section 185(3) of the Electricity Act, 2003 contending that in view of the same, M/s. GRIDCO cannot apply the provisions of the OER Act, 1995.

48. The Objector further states that GRIDCO justifies its legality for filing the Aggregate Revenue Requirement (ARR) for the purpose of determination of bulk price. M/s. GRIDCO has taken shelter to the provisions of OER Act, 1995, although Sub-Section 5(k) of Section 15 of the OER Act, 1995 is completely inconsistent with Sub-Section (1)(j) of Section 86 of the Electricity Act, 2003. According to the Objector, Section 86 (1)(j) of the Electricity Act, 2003 confers authority upon the Commission to determine trading margins for intra-State electricity trading, for the purpose of determination of bulk, wholesale or retail tariff for generation, transmission, supply and wheeling of electricity within the State.

Financial Statement in guise of ARR of GRIDCO is redundant:

Views of Objectors:

49. The Commission's authority to fix a trading margin is limited to intra-State electricity trading, making GRIDCO's Aggregate Revenue Requirement (ARR) submission irrelevant for determining bulk prices. The Objector asserts that the Commission should not scrutinize GRIDCO's financial statement or revenue requirements under Section 86 of the Act. Instead, he suggests initiating remedial measures for GRIDCO's reorganization and urging the State Government to work on the second phase of electricity reforms in Odisha.
50. The trading margins are well-regulated by SERCs & CERC, citing decisions of Hon'ble APTEL and the Hon'ble Supreme Court. For determining the bulk price for the upcoming FY 2024-25, the Objector proposes considering both the five-year long-term and short-term Bulk Power Procurement Plan & Power Purchase Cost, as approved in the DISCOMs' Business Plan under the OERC (Terms & Conditions for Determination of Retail Supply Tariff and Wheeling Tariff) Regulations, 2022. The Objector calls for declaring Section 15(5)(k) of the OER Act, 1995 redundant, dismissing GRIDCO's ARR, and considering both long-term and short-term procurement plans for determining GRIDCO's bulk price for FY2025.

GRIDCO'S Response

51. GRIDCO has submitted that it is performing the legacy functions of bulk power purchase formerly handled by the erstwhile OSEB. GRIDCO asserts that it has been designated as the "State Designated Entity" through a State Government notification dated 17.08.2006. This designation empowers the GRIDCO to execute Power Purchase

- Agreements (PPAs) with diverse energy developers involved in generating power from sources like Hydro Power, Wind Power, Agricultural Waste, and Thermal Power.
52. The above earmarked functions assigned to GRIDCO have been considered by the Commission and the ARR & BSP is being approved towards procurement and supply of power to meet the State demand through DISCOMs. GRIDCO files ARR application every year before the Commission as per the power assigned to the State Commission under Section 86(1)(a) as well as under Section 86(1)(b) of the Electricity Act.
 53. GRIDCO further states that the Stakeholders may appreciate the fact that the GRIDCO discharges the functions earmarked within the above provisions requiring the State Commission to approve tariff for the bulk supply functions. Further, Section 86(1)(a) &(b) of the Electricity Act,2003 is also consistent with Sec. 15(4) (j) and (k) of the OER Act'1995.
 54. Thus, in the above backdrop, GRIDCO is lawfully entitled to procure power as per the mandate issued by Government of Odisha as the “State Designated Entity” to meet the State demand and accordingly to file the ARR before the State Commission as per the provisions of the Electricity Act'2003.

Regarding applicability of Trading Margin

Views of Objectors

55. GRIDCO, functioning as a trader, should be granted a Trading Margin ranging from 4P/Unit to 7P/Unit for the entire energy it handles as part of its Aggregate Revenue Requirement (ARR). For the fiscal year 2024-25, with a 4 P/Unit Trading Margin, GRIDCO plans to handle 37,456 MU of energy, resulting in an ARR (excluding Power Purchase Cost) of Rs.149.8 Crore.
56. However, the Objector has expressed concern over GRIDCO's proposal of a significantly higher ARR of Rs.564.49 Crores, basing upon a Trading Margin of 7 P/Unit, deeming it unjustified and not suitable for passing on to consumers.
57. Furthermore, Objector argues that GRIDCO, acting as a State-designated entity and a deemed trader of electricity, pools power and supplies it to the State's four Distribution Companies (Discoms) and two captive industries. The Objector contends that the BSP rate, determined by the Commission, encompasses the total cost of power purchased by GRIDCO, including fixed and variable charges. He suggests that GRIDCO, being a deemed trader, is entitled to the trading margin included in the BSP rate.

GRIDCO'S Response

58. GRIDCO responds stating that it functions as an "Intra-State Trader," making the Trading Margin at 4 P/Unit applicable to its operations. GRIDCO highlighted its legal compliance, business nature, and the annual filing of ARR and BSP applications, asserting that the Commission consistently upholds these aspects.
59. GRIDCO further clarifies that the power purchase costs and trading margins are distinct, with power purchase costs factored into the Commission-determined tariff. GRIDCO denied having received any grants from the State Government and explains that revenue deficits were financed through borrowings due to inappropriate tariffs in past years.
60. GRIDCO dismisses the contention against expenses beyond the trading margin, deeming it illogical, inappropriate, and untenable based on stakeholders objection.

Audited Balance sheet, Cashflow, and Audited Accounts Statement:

Views of Objectors

61. The Objector has expressed concern about GRIDCO's submitting authenticated un-audited Annual Accounts instead of audited financial statements, emphasizing the potential impact on accuracy in regulatory processes like truing up and tariff determination. The Objector urges the GRIDCO to provide audited balance sheets for enhanced transparency and reliability in financial information.

GRIDCO's Response

62. GRIDCO states that the Audited Annual Accounts upto FY 2021-22 are accessible on its website, and for FY 2022-23, they are included as annexures to the Truing Up Application. GRIDCO reassures that these documents, along with the Truing Up Application, have been sent to the Objectors via mail. This response underscores GRIDCO's commitment for providing accessible financial information and addressing transparency concerns in the regulatory process.

Truing up exercises of Tariff Orders:

Views of Objectors:

63. None of the Licensees and GENCOs has previously filed an ARR Petition by conducting truing up exercises for the previous year's tariff while considering the approved business plan and MYT tariff. The Objector asserts that the truing up and performance review exercises should not be filed separately bypassing the ARR & Tariff Petition.

64. Furthermore, determining the Bulk Price of GRIDCO for FY 2024-25 in isolation, without addressing truing up for the previous FY 2022-23, goes against MYT principles. The Objector deems such proceedings imprudent and urges the Commission to merge Case no. 128 of 2023 (truing-up petition) with Case no. 115 of 2023 (bulk supply petition).

GRIDCO’s Response:

65. GRIDCO clarifies that it has submitted a truing-up application, including station-wise power purchase costs based on audited accounts. GRIDCO disputes the stakeholder's claim regarding un-trued up ECR & FCR, stating that these costs cannot be finalized due to the ongoing truing-up exercise for various generating stations. GRIDCO highlights that the invoicing of ECR & FCR is in accordance with the latest orders issued by the CERC and points out that the generation tariff for NTPC-owned thermal plants is determined by the CERC in a phased manner such as filing of petition and its subsequent hearing and finally issuance of order. The latest Tariff and Truing up Orders issued by the CERC for NTPC stations and by this Commission for IPPs for the tariff block period are as follows:

Table –11

Generating Stations	Truing-up Order date for Period FY2014-19	Tariff Order date for Period FY2019-24
KhSTPS, Stage – II	21.04.2022	29.03.2023
TSTPS, Stage –II	29.03.2023	27.04.2023
FSTPS, Stage – I&II	17.04.2023	25.08.2023
FSTPS, Stage – III	11.01.2024	12.01.2024
GKEL (IPP)	The Truing Up for FY2014-19 and Tariff Order for FY 2019-24 is yet to be pronounced by CERC	
Vedanta Ltd	The Truing Up and Tariff Order was passed on 26.12.2023 by OERC	
JITPL	Tariff order could not be passed in view of multiple legal cases sub-judice before Hon’ble Orissa High Court, APTEL and Hon’ble Apex Court	

66. From the above Table it is inferred that tariff determination process is done by the CERC after the commencement of the Tariff block period and moreover, generation tariff of most stations are not notified even within two to three years from the date of their applications, which delays the process of recovery of costs within the relevant control period.

67. The tariff-setting process allows for both upward and downward revisions, reflected in generating stations' invoices. These revisions occur after the CERC's final tariff orders and any resulting differential costs are invoiced to GRIDCO. Emphasizing the importance of timely payment to Generators, GRIDCO warns that deferring truing up or tariff fixation, could lead to power regulation under the PRAPTI Scheme. GRIDCO highlights the absence of reserves for funding the gap period until tariff/truing up finalization, potentially increasing funding costs and repayment obligations. Further, GRIDCO states that appropriate provisions are maintained in accounts to address variations arising from tariff/truing-up orders of different Generators.
68. GRIDCO rejects the suggestion to defer the truing up for FY 2022-23, asserting that it would be untenable and lead to further delay in the truing-up process, deferring cost recovery for the next couple of years. GRIDCO raises concern about potential regulatory uncertainty that could adversely impact the sector's interests.

Cash Flow Statement (reconciled):

Views of Objectors

69. The importance of prudent checking of tariff documents by the Regulators, suggesting that the successful scrutiny requires the reconciliation of Cash Flow Statements (CFS) submitted by Licensees and GENCOs. A Cash Flow Statement without reconciliation certification by Auditors is deemed untrue, and only through reconciliation, tried by Auditors, can be considered reliable. The Objector urges the Commission to take necessary action to hold up reconciled CFSs of Licensees and GENCOs, allowing for a comparison between item-wise Cash Flow Statements and counterpart ARR items in the current proceeding, aiming to enhance competitiveness in power tariffs in Odisha.

GRIDCO's Response:

70. GRIDCO states to have submitted the Cash Flow Statement in the prescribed format i.e., "F-7" considering the projections made for the various Revenue and cost components for the ensuing FY 2024-25.

Duties of GRIDCO are not regulated by the Commission under Section 52(2) & 181(2)(z) of the Act:

Views of Objectors:

71. Under Section 181(2)(z) of the Act, the Commission is mandated to specify the duties of electricity traders as per Section 52(2). However, the Objector notes the absence of

Regulations defining the duties of GRIDCO, the deemed electricity trader. The Objector further contends that the regulations 5.6.1 and 5.6.2 of the OERC RST Regulations, 2022, do not explicitly align with Section 52 of the Act.

72. The Objector underscores the vital role of GRIDCO as the deemed Trading Licensee in Odisha's power sector due to the transfer of executive powers by the Government. Expressing concern over GRIDCO's failure to adhere to regulations, the Objector warns that this inaction could disrupt the State's power sector. Consequently, he urges the Commission to take remedial action and proposes that reorganizing GRIDCO could mitigate the crisis.

GRIDCO's Response:

73. GRIDCO emphasizes its role in securing the State's energy needs by executing Power Purchase Agreements (PPAs) with various Generators. GRIDCO operates within the regulatory framework as specified by the Commission enabling it to supply power to DISCOMs to meet the State's demand.

GRIDCO fails to submit five years Bulk Power Procurement Plan as well as Power Purchase Cost:

Views of Objectors:

74. According to Clause 5.6 of OERC Regulations 2022, GRIDCO, the deemed Trading Licensee is required to submit a five-year long-term power procurement plan and power purchase cost. However, GRIDCO has failed to submit these documents, leading to the Commission's inability to approve the DISCOMs' Business plan for the 5th control period (FY2024 to FY2028). The Objector expresses surprise that GRIDCO, being unaware of DISCOMs' incapacity to submit these documents, raised objections in the business plan order dated 14.09.2023. The Objector contends that this situation not only indicates the Commission's approval of inefficiencies, but also signals a breakdown in the regulatory mechanism for electricity in the State.
75. The Business Plan Order dated 14.09.2023 states that the four Tata DISCOMs have submitted their input requirements for FY2025 to FY2028. As per sub-clause 5.6.1(v) of the OERC RST Regulations, 2022, GRIDCO was obligated to submit the long-term power procurement plan to the Commission within 60 days of receiving inputs. The Objector asserts that GRIDCO deliberately chose not to submit the power procurement plan and power purchase cost to the Commission as required.

GRIDCO's Response:

76. GRIDCO responds to the concern regarding non submission of the power procurement plan and power cost for the period FY 2025 to FY 2028 by stating that it has provided information on energy availability versus demand in the compliance report, specifically in response to Query No. 11 from the Commission.

Reorganisation of GRIDCO

Views of Objectors:

77. An Objector questions the State Commission's actions, noting that instead of directing GRIDCO to submit the power procurement plan and purchase cost for FY2025 to FY2028 as required under Clause 5.6 of RST Regulations, 2022, the Commission entertained unfounded objections from GRIDCO and dismissed the four-year business plan filed by the DISCOMs. The Objector urges the Commission to take necessary remedial measures for the reorganization of GRIDCO.

GRIDCO's Response:

78. GRIDCO urges the Commission to direct the stakeholders to refrain from making derogatory remarks about the Government entity. GRIDCO highlights its role in ensuring energy security and is functioning as a shock absorber among State utilities within the regulatory framework.

Demand projections by DISCOMs and the acceptance by the Petitioner

Views of Objectors

79. An Objector questions GRIDCO's Annual Revenue Requirement (ARR) application, urging GRIDCO to verify the accuracy of the projected demand of 37,456 MU for FY 2024-25 passing upon the DISCOMs' projections. Another Objector pointed out that GRIDCO's consideration of 5299 MU from State hydro projects is 563 MU which is lower than the Commission's previous approval. It argues that adhering to the Commission's approval would increase GRIDCO's power purchase cost by Rs 56.3 Crores assuming a rate of Rs 1 per unit.

GRIDCO'S Response

80. GRIDCO states that it meets State demands by procuring power and following the merit order in real-time. It notes a surge in demand post-COVID due to the reopening of the economy and increased industrial activities. GRIDCO considers DISCOMs' demand

projections in its Aggregate Revenue Requirement (ARR), which would be prudently reviewed and applied by the Commission for FY 2024-25.

81. GRIDCO has submitted that the hydro generation of the OHPC plants has been quite low due to low hydrology in the recent years as compared to the design energy and the approval quantum of the respective stations. The comparatives of the approval vis-a-vis the actual generation for the preceding three years and actual drawl are submitted herewith for kind appraisal of the Commission.

Table -12
3 years Actual Energy drawal of OHPC Stations (MU)

OHPC	FY 2020-21	FY 2021-22	FY 2022-23	3 Years Avg. of OHPC Stations	GRIDCO Projection for FY2024-25 (3 years Avg. Drawal)	Approval for FY 2023-24	Actual drawl for FY2023-24(Up to Nov'23)
HHEP	597.38	684.28	869.91	717.19	717.19	660.52	741.31
CHEP	322.37	263.24	319.53	301.72	301.72	485.10	230.93
Rengali	980.77	837.91	732.53	850.40	850.40	519.75	625.67
Upper Kolab	771.26	440.01	531.95	581.07	581.07	823.68	363.11
Balimela	1594.30	1001.96	980.72	1192.33	1192.33	1171.17	746.27
Sub-Total	4266.08	3227.41	3434.65	3642.71	3642.71	3660.22	2707.29
Upper Indravati	1713.10	1124.80	1351.49	1396.46	1396.46	1942.38	1214.37
Total	5979.19	4352.21	4786.14	5039.18	5039.18	5602.60	3921.66

82. GRIDCO states that it has projected the drawal basing on the average actual drawl for the preceding three years, considering poor hydrology and low generation from hydro stations. Further, these projections are in compliance with the OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022.

Share Allocation for Odisha made by the Ministry of Power

Views of Objectors

83. GRIDCO is requested to submit the latest share allocation for Odisha notified by the Ministry of Power along-with present installed capacity in respect of Central Generating Station (Thermal, Hydro, Solar, Wind, and other Renewables).

GRIDCO'S Response

84. GRIDCO has submitted the following table depicting the current share allocation in favour of Odisha until the same is revised by the Government of India.

Table - 13
Share Allocation from CGSs in favour of Odisha (GRIDCO)

Name of the Power Project	Installed Capacity	Share Allocation to GRIDCO out of Installed Capacity	Total
	(MW)	(%)	(MW)
Name of the CGSs			
Farakka STPS-I&II	3X200+2X500 =1600	1.76%	28.18
Farakka STPS-III	1x500=500	18.65%	93.25
KhSTPS Stg.-I	4x210=840	1.64%	13.74
KhSTPS Stg.-II	3X500=1500	3.38%	50.73
TSTPS Stg.-I	2X500=1000	33.43%	334.27
TSTPS Stg.-II	4X500=2000	10.00%	200.00
DSTPS-I	2x800=1600	51.82%	829.08
Barh STPS –I	2x660=1320	12.03%	158.80
Barh STPS –II	2x660=1320	1.61%	21.22
MTPS	2x195=390	8.85%	34.52
North Karanpura	1x660=660	21.83%	144.10
Nabi Nagar	3x660=1980	0.79%	15.62
Central Thermal(A) Sub-Total	14710		1923.52
Chukka HEP	4X84= 336	14.61%	39.45
	(ER Allocation = 270)		
Tala HEP	6X170=1020	4.25%	43.35
Teesta HEP	3X170=510	22.42%	114.34
Mangdechhu	4x180=720	10.80%	77.74
Rangit	3x20=60	1.83%	1.10
Kurichu	60	1.02%	0.61
Sub-Total	2640		276.59
(Central Hydro)(B)			
Grand Total (A+B)	17350		2200.11
State Hydro			
Hirakud	287.8	100%	282.8
Chiplima	72	100%	72
Rengali	250	100%	250
Balimela	510	100%	510
Upper Kolab	320	100%	320
Indravati	600	100%	600
Machhkund	120	50%	60
Sub Total	2159.8		2094.8
State Thermal			
OPGC 1 & 2	210x2=420	100%	420
OPGC 3 & 4	660x2=1320	100%	1320
IPPS			
Vedanta	2400		600
GKEL	350x3=1050	25%	262.5
JITPL	600x2=1200	12%	144
NBVL	60x1=60	12%	7.2
Sub total Thermal	6450		2753.7
Renewable		Contracted Capacity	
Meenakshi Small Hydro through PTC	37	100%	37
SAMAL Small Hydro through PTC	20	100%	20

Name of the Power Project	Installed Capacity	Share Allocation to GRIDCO out of Installed Capacity	Total
	(MW)	(%)	(MW)
OPGC MHP	1.15	100%	1.15
Lower Baitarani SHEP by M/s BPPPL	24	100%	24
Saptadhara SHEP by M/s APPPL	18	100%	18
Bargarh Head Regulator SHEP by M/s Kakatiya Industries Pvt. Ltd.	9	100%	9
Total SHEP	109.15		109.15
M/s. Jagannath Power & Infra Pvt. Ltd.	20	100	20
Total Biomass	20		20
Wind through PTC, Tranche-I	50	100%	50
Wind through SECI, Tranche-II	100	100%	100
Wind through SECI, Tranche-III	50		37.5
Wind through SECI, Tranche-IV	100	100%	84
Wind through SECI, Tranche-VI	50	100%	50
Total Wind	350		321.50
Total Non-Solar	479.15		450.65
Total Solar	1466.65		1466.65
Total Renewable	1945.8		1917.3
Total GRIDCO	27905.6		8965.91

Energy Demand Projection:

Views of Objectors

85. The proposed energy sale for FY 2024-25 is 12% higher compared to the projected sale in FY 2023-24 and prays the Commission to review the proposal of GRIDCO for higher sales which should be aligned with estimation of DISCOMs.

GRIDCO'S Response

86. GRIDCO has submitted that there is growing demand in the domestic and industrial segment in the State in the recent years, as per the demand projections made by DISCOMs for the ensuing FY 2024-25.

Energy Availability

Views of Objectors

87. An Objector has suggested the following: The specific reviews for the energy requirement, cost per unit, and total cost approved by the Commission in FY 2023-24 and proposed values by GRIDCO for FY 2024-25:
- Review energy availability from all sources, especially OPGC, IPPs, and Central Thermal, to avoid costly power purchases through the merit order principle.
 - Scrutinize cost components of OPGC based on the latest order.
 - Examine all charges for Central thermal power plants, ensuring fixed charges adhering to the CERC orders and costs be considered only from approved sources.

- Reevaluate transmission loss and transmission charges for Central sector projects.
 - Review power procurement quantum and rate for all IPPs.
88. An Objector raises following concerns and recommendations:
- Hirakud Power Station has not been achieving design energy, pushing GRIDCO to purchase high-cost power. Suggests discussion on the reduction in generation of low-cost power.
 - Proposes considering an escalation factor based on RBI index in Power Purchase Agreements (PPAs) due to the escalating cost of coal. Advocates for coordinated efforts between GRIDCO, CGPs, and Generating Companies for optimal power availability.
 - Suggests connecting projects like Darlipalli STP through the STU network, initiating R&D activities, and addressing the shortfall of Renewable Purchase Obligation (RPO). Emphasizes the importance of Small Hydro Projects, pump storage projects for energy security, and suggests biomass blending in OPGC thermal projects.
 - Points out that GRIDCO has not proposed to procure any power from the 52 CGPs of the State. It also highlights the potential benefits of procuring surplus power from CGPs compared to purchasing of power from Central Generating Stations, since associated cost in case of long term contract with Central Generating Station are not to be paid for drawal of power from CGP. Requests GRIDCO to revise its proposal to maximize the procurement of surplus power from CGPs.
 - Requests the Commission to fix a specified quantum of power to be purchased from Captive Power Plants in Odisha and to approve the tariff based on the present cost of generation.

GRIDCO'S Response

89. GRIDCO clarifies that the projections are made from approved sources with long-term PPAs to ensure energy security. However, no projections are made for procurement from Captive Generating Plants (CGPs) and captive projects due to absence of the contractual obligations. The availability of power from these sources is not consistent, as it is primarily utilized for the captive consumption of respective industries.

90. GRIDCO further states that the energy availability with costs from respective sources is based on the allocated State's share with approved rates from the appropriate Commission. OPGC's cost component is considered as per the latest Commission's order. Fixed /capacity charges and other reimbursable expenses of Central thermal stations are projected using the latest orders of the CERC, aligning with the actual trend of FY 2023-24. Transmission loss for power procurement from central sector stations in the eastern region is determined monthly by NLDC, falling outside the GRIDCO's purview.
91. Further, power procurement projections from IPPs are based on respective IPPs' projections and actual energy supply from April, 2023 to September, 2023 for realistic and achievable projections. The Commission reviews and approves the energy quantum from the contracted IPPs for the State's power drawl.
92. Regarding non-achievement of generation as per design energy, GRIDCO considers 717.19 MU from Hirakud power station based on the actual drawl for the past 3 years against OHPC's projection of 663 MU for FY 2024-25.
93. GRIDCO further states that CTU charges for drawl from inter-State sources through ISTS network are determined by the newly enacted GNA Regulation, 2022 & its subsequent amendments. The Deemed GNA for Odisha is 2157 MW, granted to STU (OPTCL) for power drawl through ISTS network. The GNA Regulations provide flexibility in scheduling power under various contracts based on energy requirements, optimizing ISTS network from a national perspective.

Regarding development of the solar power project

Views of Objectors

94. The Objector requests details on GRIDCO's involvement in developing solar power projects in Odisha over the last year and information regarding the number of consumers involved in these projects, being the State's nodal agency.

GRIDCO's Response

95. GRIDCO states that besides the 50 MW solar project with a signed PPA set to be commissioned, there are plans for additional solar projects in collaboration with OPGC (50 MW), GEDCOL (around 60 MW), and OREDA (20 MW). Furthermore, GRIDCO is aiming for 900 MW of solar projects by FY 2030 to meet the Public Service Obligation (PSP) demand. As of now, approximately 48 MW of rooftop solar projects have been installed across various buildings and institutions in the State.

Renewable Purchase Obligation:

Views of Objectors

96. An Objector questions GRIDCO's consideration of the Renewable Purchase Obligation (RPO) shortfall in its ARR and requests clarification in the rejoinder. He specifically asks GRIDCO to provide year-wise RPO obligation and compliance status from FY 2011-12 to FY 2023-24, information on the submission of quarterly and annual reports on RPO compliance, and whether the compliance status has been audited by a Compliance Auditor. The Objector further urges the Commission to direct GRIDCO to promptly submit its RPO compliance return to avoid future complications for the past period.
97. The Objector urges GRIDCO to submit its plan for purchasing required renewable energy to meet its Renewable Purchase Obligation (RPO). They specifically recommend including the tariff at which GRIDCO intends to buy renewable power installed within the State.

GRIDCO'S Response

98. GRIDCO has submitted that the short fall in RPO target for the previous Financial Years have already been covered under respective ARR & Truing Up Orders.
99. The RPO compliance status of GRIDCO for FY 2021-22, FY 2022-23 & FY 2023-24 upto November, 2023) has been provided by GRIDCO.
100. Further, GRIDCO is regularly submitting the quarterly and Financial Year wise RPO compliance status report to the Commission, in line with the OERC RPO Regulations.

Procurement of energy by GRIDCO from various types of RE sources:

Views of Objectors

101. Despite being designated as the State Agency for power purchase agreements (PPAs) with generating companies involved in power generation, GRIDCO has not approached the Commission to finalize generic tariffs for various types of renewable power plants. This lack of determination of generic tariffs has hindered the establishment of numerous renewable power projects in the State. The Objector urges the Commission to ensure that for each Bulk Supply Tariff order, the tariff for GRIDCO's procurement of energy from various types of renewable energy sources is finalized to promote the development of renewable energy in the State.

102. The Objector suggests that GRIDCO should submit a detailed proposal to the Commission, considering various options and scope within the State, to finalize the Renewable Purchase Obligation (RPO) and Energy Storage Obligation (ESO) trajectory. This is proposed in line with the Ministry of Power order dated 22/07/2022, aiming to ensure that GRIDCO doesn't depend upon the renewable energy sources outside the State to meet its RPO and ESO requirements.

GRIDCO'S Response

103. GRIDCO states that it adheres to the Odisha RE Policy, 2022, and follows generic tariff orders issued by the Commission for procuring renewable energy. The company participates in public hearings on these tariffs under in suo motu proceedings initiated by the Commission. GRIDCO emphasizes the compliance with the OERC Regulations and submits views on the draft amendment of RPO regulations, 2021. It further emphasizes that the GRIDCO is committed at fulfilling its RPO requirements and procuring cost-effective power.

Action plan for implementation of the policy:

Views of Objectors

104. GRIDCO is requested to intimate its action plan for implementation of the RE Policy 2022, framed by Government of Odisha under which GRIDCO has been nominated as nodal agency for its implementation.
105. The Objector further submits that the GRIDCO being nodal agency of Odisha Renewable Energy Policy 2022 may take necessary action & prepare draft guidelines to facilitate in framing of Regulations and Orders from OERC regarding implementation of Odisha Renewable Energy Policy 2022 and determination of tariff to encourage consumers to opt for 100% consumption of green energy. GRIDCO may also submit the RPO Compliance status of all obligated entities in the State.

GRIDCO'S Response

106. GRIDCO has submitted that it is preparing the action plans with detailed operational guidelines for the all-round implementation of the RE Policy'2022 for tapping the RE potential in the State. GRIDCO has submitted its views/suggestions on the draft RPO amendments to the Regulations, 2021 published by the Commission.

Power Purchase Quantum from M/s. Vedanta Ltd.

Views of Objectors

107. The Objector, M/s. Vedanta Ltd. has raised concerns regarding the supply of power to GRIDCO basing on the allocation of linkage coal under the Fuel Supply Agreement (FSA). M/s Vedanta has communicated to the GRIDCO about its ability to supply 340-350 MW of power for FY 2024-25 due to issues with the quality of coal supplied by MCL.
108. This Objector highlights the discrepancy between the declared grade of coal (GCV) and the scheduled grade under the FSA. It asserts its entitlement to receive linkage coal with a GCV between G8 (5200-4900 kcal/kg) to G13 (3400-3700 kcal/kg) as per the FSA. Furthermore, M/s. Vedanta Ltd. refers to the Central Electricity Authority (CEA) norms for coal consumption in thermal power plants and calculates the normative coal requirement for Vedanta's 564 MW unit. Vedanta claims a shortage of linkage coal, leading to a maximum power generation of 350 MW from Unit –II of its plants.
109. This Objector emphasizes that it has been paying short supply compensation to GRIDCO due to circumstances beyond its control. It has requested MCL to provide additional linkage coal, but there has been no response from MCL. Additionally, the Objector cites the Commission's orders directing the supply of power from Unit - II for the State entitlement to be from linkage coal, with GRIDCO having the option to purchase additional power beyond the State entitlement if it is commercially cheaper.
110. Further, this Objector states that for 250 MW and above units considering SHR as 2375 Kcal/kwh for G8 grade coal, total (ACQ) requirement of 600 MW unit @ 85% availability $3673 \text{ (tonne/MW/Annum)} \times 564 \text{ MW} = 20.71 \text{ Lakh tonne/annum}$ and for G14 grade coal ACQ of coal = $5865 \text{ (tonne/MW/Annum)} \times 564 \text{ MW} = 33.09 \text{ Lakh tonne/annum}$.
111. This Objector raises concern about the quality and quantity of coal supplied by MCL under the FSA. They point out that the GCV of the supplied coal falls within the G14 grade, and the allocated quantity is 25.70 Lakh tonne per annum. According to CEA norms, M/s.Vedanta argues that its coal allocation should be increased to 33.09 lakh tonne/annum.
112. According to it, M/s Vedanta faces a shortage of around 7.5 lakh tonne per annum to supply 564 MW at 85% PLF to GRIDCO based on the GCV grade of coal supplied by MCL. As a result, M/s. Vedanta asserts that the maximum power that can be generated

from Unit - II under the existing FSA with G14 grade coal is 350 MW. M/s Vedanta Ltd. has been paying short supply compensation to GRIDCO and has requested the MCL for additional linkage coal, but there has been no response from MCL.

GRIDCO's Response:

113. GRIDCO raises concern over M/s. Vedanta's surrender of Linkage Coal under the Fuel Supply Agreement (FSA) for Units #1, #3, and #4 without informing GRIDCO beforehand. GRIDCO emphasized that M/s. Vedanta Ltd. should have intimated the Commission about surrendering the FSA for these units during various proceedings, including tariff applications and ARR applications, where M/s. Vedanta Ltd. participated as an Objector.
114. Additionally, GRIDCO highlighted that Vedanta, while stating that it requires more linkage coal for power generation, surrendered the FSA without ensuring linkage coal for the obligated 5% of Energy Sent Out (ESO) to the State, resulting in a shortage of power supply. GRIDCO clarified that the supply and procurement of Linkage Coal are controlled by bilateral contracts between MCL and Vedanta, and GRIDCO's role is limited to certifying that the power supplied by M/s. Vedanta Ltd. commensurate with the Linkage Coal supplied.
115. GRIDCO also pointed out that M/s. Vedanta Ltd. had requested additional coal beyond the Monthly Supply Quantity (MSQ) for May 2023 and GRIDCO had issued necessary consent for procurement of commercially cheaper coal within specified cost limits.
116. Finally, GRIDCO noted that the issue of non-supply of full entitlement power due to shortage of coal was raised by M/s. Vedanta Ltd. in a previous Case i.e. in Case No. 14 of 2023 which was later withdrawn by M/s. Vedanta Ltd.
117. GRIDCO clarified that the quantity of coal is not the reason for the non-supply of the full entitlement of the State share of power by M/s. Vedanta. GRIDCO pointed out that M/s. Vedanta is allowed to procure 120% of the Monthly Supply Quantity (MSQ), and the said company admits this fact during the proceedings in Case No. 14 of 2023.
118. GRIDCO highlighted that other thermal Generator, such as GMR Kamalanga Energy Ltd, OPGC, and CGS stations, are sourcing coal from the same MCL/CIL without raising any complaints regarding the quality or quantity of Linkage Coal. GRIDCO emphasized that M/s. Vedanta Ltd. had given an undertaking during the proceedings of Case No. 21 of 2015 stating that it would comply with the requirements of supplying power to GRIDCO as per the terms and conditions of the Power Purchase Agreement

- (PPA). In case of low or no generation in Unit #2, Vedanta committed to meet its obligation in the PPA from the CGP units, including Units #1, #3, and #4.
119. GRIDCO concluded by requesting the Commission to direct M/s. Vedanta Ltd. to supply the full entitlement of the State share of power to GRIDCO as per the subsisting PPA and relevant Orders of the Commission.

Supply from Unit #2 of M/s Vedanta:

Views of Objectors

120. The Objector, M/s. Vedanta Ltd. claims that it is fulfilling its commitment to supply power to GRIDCO according to the terms of the consolidated Power Purchase Agreement (PPA) and subsequent orders of the Commission. It has been supplying power based on the availability of linkage fuel. The Objector asserts that the non-availability of Unit #2 was due to technical issues in the power plant and problems related to ash disposal. However, the Objector denies that these issues are specific to Unit #2, stating that other units also face challenges and it had to import power from the market to meet the deficit in its captive power requirement for aluminum smelters.
121. The Objector contends that, considering the supply of linkage coal with GCV ranging from G13 to G14 grade, it can provide a net power supply in the range of 340 to 350 MW at Real-Time Continuous (RTC) basis. The Objector mentions that it adheres to the allocated linkage coal's limitation for supplying 350 MW at RTC basis but adjusts generation during peak and off-peak hours based on the State demand and GRIDCO's consent.

GRIDCO's Response:

122. GRIDCO has submitted that M/s Vedanta was earlier taking the plea of slippage in grade of GCV of Linkage Coal and insufficient ACQ of Linkage Coal available under the FSA contending that it was therefore not able to generate full Ex-Bus power from its Unit #2 to supply power to GRIDCO. Now, Vedanta's inability to dispose of Ash generated from generation of Power from IPP Unit and other technical reasons have become the root cause of non-supply/short supply of Power.
123. Further, whenever there is problem of ash disposal in the power plants of Vedanta, it prefers to shut down the IPP Unit #2 but continues to operate the other three CGP Units so that their Captive Consumption shall not be disturbed. The same is evident from generation data of all four Units furnished below:

Table-14
Unit wise Generation of 4x600 MW Power Plant of Vedanta

Month	Unit-1	Unit-2	Unit-3	Unit-4
	(MW)	(MW)	(MW)	(MW)
Apr-23	477.63	283.03	468.16	429.58
May-23	455.40	296.44	424.93	511.44
Jun-23	487.79	279.28	432.45	520.50
Jul-23	467.08	242.13	368.42	501.69
Aug-23	459.93	155.68	376.58	500.41
Sep-23	494.81	299.11	390.22	449.63
Oct-23	467.84	303.21	391.41	524.00
Nov-23	503.08	328.36	439.40	488.53
Avg. (MW)	476.46	273.01	411.10	491.03

124. Moreover, M/s. Vedanta Ltd. is not scheduling/supplying any power from its converted CGP Units when the State dedicated IPP Unit is short/not supplying power, grossly violating the Commission's Order dated 27.01.2016 and 03.05.2023. If Vedanta would have supplied RTC Full Ex- bus power generated from Unit #2, such power could have been used to meet State demand and high cost Power could have been traded in the market (as directed by the Commission in various ARR orders of GRIDCO) where the market price often hovers around Rs.10/kWh.

Non/short supply of power:

Views of Objectors

125. The Objector contends that M/s. Vedanta fulfills its power supply obligations to GRIDCO in accordance with the consolidated Power Purchase Agreement (PPA) and subsequent orders of the Commission. In cases of power supply shortfalls, GRIDCO compensates by procuring from alternative sources as per the order of this Commission dated 20.06.2022 in Case no 68/2018. Despite any reasons for the State's power demand shortfall, GRIDCO consistently attributes it to Vedanta, deducting compensation from Vedanta's monthly energy bills.

GRIDCO's Response:

126. GRIDCO has submitted that it is getting compensation for the non/short supply of power by Vedanta by deducting the compensation amount from the monthly energy bills.

127. GRIDCO clarified that it receives compensation for non/short supply of power from M/s. Vedanta Ltd. by deducting the compensation amount from the monthly energy bills. The compensation is calculated basing upon the principle established by the

Commission in their order dated 22.06.2020 in Case 68 of 2018. GRIDCO emphasizes that receiving compensation does not absolve M/s. Vedanta of its obligation to supply power as required, and GRIDCO has filed an Appeal before the Hon'ble APTEL with the contention that a penalty factor should be incorporated to deter M/s. Vedanta Ltd. for its consistent violations.

128. GRIDCO highlighted that Vedanta has not established a Payment Security Mechanism (PSM) for the recovery of compensation dues against each month, despite GRIDCO's request. As a result, the compensation amount for non/short supply of power by Vedanta is currently being adjusted from the current monthly energy bills for the preceding month. GRIDCO expressed the difficulty in realizing compensation without a proper Payment Security Mechanism in place.

Power Purchase Cost:

Views of Objectors:

129. The Objectors suggests that GRIDCO should negotiate with OHPC to reduce their procurement price, as claimed by OHPC in their ARR application. The Objector further emphasized that GRIDCO has signed Power Purchase Agreements (PPAs) with various power producers, including central sector power generation companies like NTPC and NHPC, basing upon the 17th EPS projection of the Central Electricity Authority (CEA) in the year 2008. In the fiscal year 2024-25, GRIDCO is reportedly paying fixed charges amounting to Rs.5002.63 crores. The Objector raised concern about the increasing fixed charges and suggested that GRIDCO should not purchase high-cost power. Instead, the Objector recommended that GRIDCO should procure low-cost power, which is available in the State of Odisha from Captive Generating Plants (CGPs) at a rate of Rs. 2.75 per unit.
130. An Objector raised concern about GRIDCO's proposal to purchase costlier power from NTPC while avoiding State-based Captive Generating Plants (CGPs). They requested GRIDCO to provide detailed reasons for this choice and urged for submission of a proposal to procure power from CGPs at market prices. The Objector submits that GRIDCO's reasonings for not procuring power from CGPs are inadequate.
131. An Objector suggested that GRIDCO should procure a specified minimum quantum of power from Captive Generating Plants (CGPs) in the State due to their cheaper tariff compared to the Central Generating Station (NTPC). They highlighted that CGP power is not associated with transmission losses, Point of Connection (POC) / State

Transmission Utility (STU) transmission charges, POC losses, and other associated costs. The Objector requests the Commission for issuance of an appropriate order to ensure that a specified quantum of power is purchased from CGPs in Odisha, and the tariff should be approved based on the current cost of generation. They further proposed that GRIDCO may procure power from CGPs through a tendering process.

132. An Objector expressed concern that GRIDCO's power procurement from central sector stations could lead to an increase in the average cost of supply to consumers. They recommended that the Commission scrutinize GRIDCO's power procurement to avoid acquiring costlier energy. The Objector suggests directing GRIDCO to purchase cheaper power available from the power exchange under open access, rather than procuring costly power from Central Sector Stations. They proposed to follow merit order scheduling to meet the State's power requirements.
133. Additionally, the Objector emphasized the need for an Intra State Exchange in Public-Private Partnership (PPP) mode and requested the Commission to frame necessary state regulations for its implementation.

GRIDCO'S Response:

134. GRIDCO has clarified that it procures power from OHPC at the tariff approved by the Commission under the prevailing regulatory regime.
135. GRIDCO clarified that the fixed charges represent the capacity charges for the tied-up capacities of the respective generating stations as per the provisions of the long-term Power Purchase Agreements (PPAs). These PPAs are executed to ensure energy security for the State. The surplus power generated on an intermittent basis is influenced by multiple factors, and the capacity charges should not be linked with the trading of surplus power. The revenue earned from the sale of surplus power, when available, helps in optimizing power procurement costs.
136. GRIDCO clarified that executing long-term Power Purchase Agreements (PPAs) with Captive Generating Plants (CGPs) inside the State may not be feasible since CGPs are primarily commissioned to meet the power requirements of industries. However, GRIDCO is open for availing power from CGPs on a short-term basis to address exigency situations, provided the economics of power procurement are favorable and justifies such procurement based on the State's Power Supply & Demand Configurations and exigency conditions.

137. GRIDCO highlighted that drawing firm power from Generators with signed Power Purchase Agreements (PPAs) is crucial for cost optimization. The projected power procurement of about 39,652 MU during FY 2024-25 aligns with meeting DISCOM's demand for in-State consumption. This leaves limited room for procuring energy from infirm Captive Generating Plant (CGP) sources. In deficit scenarios, GRIDCO aims to secure power through power banking and short-term avenues.
138. GRIDCO explained that, historically, the peak demand in the State tends to increase from March to July. To secure power availability during these summer months, GRIDCO typically issues short-term power purchase tenders, including from intra-State Captive Generating Plants (CGPs). For the fiscal year 2023-24, GRIDCO floated tenders (NIT No.: 01/2023 & 02/2023) for intra-State CGPs, but these were unresponsive, indicating a lack of interest. Presently, GRIDCO has issued another short-term tender for RTC firm power from intra-State CGPs. Despite holding a consultation meeting with CGPs to address concerns and inviting pre-bid queries, no response has been received from CGPs regarding participation in the tenders.
139. GRIDCO has proposed to procure the requisite State share of power with costs/tariffs as per the tariff approved by the Central Electricity Regulatory Commission (CERC) for the tariff block period 2019-24 for NTPC-based thermal power plants. GRIDCO emphasized the necessity of drawing firm power to ensure energy stability in the State from a long-term perspective. GRIDCO is open for purchasing power from Captive Generating Plants (CGPs) under "force majeure" or "exigency conditions." However, GRIDCO asserted that procuring power from CGPs at market prices is unaffordable, as market prices during peak and off-peak periods are significantly higher than the cost of firm power from NTPC, the costliest station. The contention for procurement from CGPs at market prices is considered unjustified and adverse to the overall interest of the State power sector.
140. GRIDCO responded to the proposition of power procurement from the Energy Exchange instead of procuring costly power from the Central sector. GRIDCO highlighted that it has entered into Power Purchase Agreements (PPAs) with various State and Central generators to meet the long-term demand of the State. The proposition of procuring power from the Energy Exchange during national scarcity situations was deemed unviable, as the exchange rates for power were exorbitantly high during the period from April to July 2023. GRIDCO emphasized that ensuring a steady 24x7

power supply in the State, as mandated by its role as the State Designated Entity, can only be achieved through Long-Term Power Purchase Agreements. While exchange prices during off-peak hours and surplus situations may seem lucrative, they are not considered feasible from a cost perspective due to the obligation for sharing the capacity charges of tied-up stations.

Regarding surrender of the quota and buying costlier power from NTPC.

Views of Objectors

141. The Objector has raised concerns about GRIDCO's purchasing costlier power from NTPC and recommended that GRIDCO should surrender its quota. The Objector pointed out that the State Government had not taken concrete action in surrendering the NTPC quota and had not agitated the matter at the appropriate level. It is highlighted the the GRIDCO's failure to file an Appeal against the decision of the CERC before APTEL regarding unrealistic prices set by the CERC. The Commission has already disallowed GRIDCO to procure power from Farakka and Barh, but still GRIDCO is scheduling Power from the NTPC, paying Energy Charges burdening the consumers unnecessarily.
142. The Objector urged GRIDCO to provide details on the status of litigation initiated by GRIDCO, actions taken by the State Government, and the correspondences related to surrendering the allotted Central sector quota.

GRIDCO'S Response

143. GRIDCO has submitted that it is contractually obligated by various Legal Covenants (like Long Term Power Purchase Agreements (PPAs)) to purchase power from the approved entitled sources. GRIDCO is also equally concerned for any high cost of power entering into the State Energy Basket as it will prove costly for the State consumers. In fact, GRIDCO along with the Government of Odisha, have been continuously following up with the Central Government since 2012 in the matter for de-allocation of high-cost Power.
144. In the post-COVID scenario, GRIDCO notes an increase in demand, leading to acute peak shortages, especially during the summer or outages of large thermal power units. GRIDCO acknowledges the prevailing high rates in the power market but emphasizes the importance of utilizing allocated quota powers, like Barh-I and KBUNL, which are still comparatively cheaper during peak hours. GRIDCO aims to optimize the use of allocated quota power during shortage scenarios and strategically schedules power

based on Merit Order during normal conditions to avoid energy charges from costly sources.

Surplus Power:

Views of Objectors:

145. GRIDCO has indicated an annual availability of power to the extent of 39,652.15 MU against the DISCOMs' annual requirement of 37,456 MU in its petition. One Objector suggests that the surplus power should not be sold for less than the average procurement price. Another Objector proposes for considering a trading rate of Rs 5/Unit based on the exchange rates in January–December 2023, estimating GRIDCO's potential revenue at Rs 1380 Crores.

GRIDCO's Response:

146. GRIDCO clarified that surplus power is traded at prevailing market prices on the power exchange and is also sold to industries under tripartite agreements at Commission's approved rates. They projected an energy surplus of 2,196 MU after meeting State demand, emphasizing the need for a contingency reserve to address forced outages or unforeseen events. The estimated surplus falls within the 10% contingency reserve of the projected State demand.
147. In view of the above, it may not be prudent to consider the revenue generation from sale of the estimated surplus energy as there is uncertainty towards such sale owing to several factors as mentioned above. Further, any surplus revenue generated from trading of power, the same would be utilized to meet the repayment obligations as per the directives of the Commission.
148. Further, the Commission has issued directives for utilization of the trading revenue towards meeting the repayment obligations and amortization of Regulatory Asset.

Fixed Charges Claimed by GRIDCO

Views of Objectors

149. One of the Objectors submitted that the fixed charges claimed by GRIDCO should not be accepted by the Commission because other State Government are regularly subsidized power utilities of their States to provide quality power supply in competitive rates.

GRIDCO'S Response

150. GRIDCO emphasized that as a commercial entity, it has executed Power Purchase Agreements (PPAs) with various Central and State Generators. GRIDCO is contractually obligated to pay the capacity charges of the Generating stations, and it clarified that the State Government does not provide any tariff subsidy or budgetary support for the recovery of fixed or capacity charges.

PGCIL / CTU cost

Views of Objectors:

151. The Objector presented an estimate, suggesting that considering the prevailing Gross Normal Availability (GNA) regime and applicable transmission charges, the anticipated charges of the Power Grid Corporation of India Ltd. (PGCIL) would be Rs.840 Crores (Rs 70 Crores per month for 2157 MW).

GRIDCO'S Response:

152. GRIDCO responded to such contentions regarding reduction of the charges of Power Grid Corporation of India Ltd. (PGCIL)/Central Transmission Utility (CTU). GRIDCO has indicated that the CTU Charges projected in their ARR for the upcoming FY 2024-25 encompass various bills, including Bill-1: Rs. 699.55 Crores (net), Bill-2: Rs.128.10 Crores (Adjusted Bills), Bill-3: Rs.96.58 Crores, Non-POC Charges: Rs.1.26 Crores, totaling Rs.925.48 Crores, escalated by 10% to a cumulative total of Rs.1018.03 Crores. GRIDCO highlighted that the Objector only considered the Bill-1 without incorporating other embedded charges. If the Objector's projection of Rs.840 Crores for Bill-1 is adopted, the total cost, including Bill-2, Bill-3, non POC Charges, would be Rs.1158 Crores, resulting in an excess cost of Rs.140 Crores. GRIDCO requested the Commission to approve the CTU charges amounting to Rs.1018.03 Crores as per their ARR application.

Loans repayment obligation and dues from DISCOMs

Views of Objectors

153. One of the Objectors expressed disagreement with the acceptance of loans by GRIDCO, amounting to Rs. 6103.26 Crores, citing that these loans were taken due to the non-repayment of outstanding dues by the DISCOMs. The Objector urged the Commission to reject GRIDCO's application, specifically the proposed per-unit bulk supply tariff of 383.66 p/u, deeming it unacceptable to the consumers.

154. One of the Objectors raised concerns about GRIDCO availing a loan to bridge the cash gap due to defaults in collecting dues from earlier DISCOMs. The Objector emphasized that GRIDCO should not be allowed to avail a loan without the Commission's approval. Another Objector referred to the Commission's Order dated 23.03.2023 passed in Case No.78 of 2022 & Case No.79 of 2022, particularly regarding interest and finance costs. The Objector highlighted that the Commission had previously allowed the interest on loans from FY 2008-09 to FY 2015-16, excluding interest on the OHPC Bond. The previous orders of the Commission suggested that there was no need for GRIDCO to borrow further if it could collect the approved revenue from DISCOMs.
155. One Objector has pointed out that, in compliance with the Commission's Orders dated 22.12.2022 in Case No.122 of 2021 & dated 23.05.2023 in Case No. 33 of 2023 regarding the One Time Settlement (OTS), DISCOMs have recovered certain past arrears/outstanding dues accumulated before the effective dates (Takeover dates) and remitted them to GRIDCO. The DISCOMs are reportedly paying their 100% BSP Bills and the Objector emphasized that there are no outstanding dues towards power purchase for which GRIDCO should not avail any loan.
156. Regarding old loan outstanding and interests, the Objector suggested that GRIDCO should separately take up the Cases with the Commission for redressal. GRIDCO's ARR Petition for FY 2024-25 does not fully disclose their loan details in terms of the amount availed and the rate of interest. Despite revenues collected by GRIDCO through past arrear remittances, the interest on the loan amount has not reduced. The Objector recommended that in line with the Commission's directions, interest on the loan should be limited to the approved quantum.

GRIDCO'S Response

157. GRIDCO has clarified that it had to secure loans from Banks with State Government guarantees due to non-cost reflective tariffs, prolonged non-settlement of outstanding dues by former DISCOMs, and other persistent challenges. This borrowing was necessary to prevent power regulation due to non-payment of Generator bills. The revenue gap and deficit accumulated over the years, coupled with the non-approval of truing up gap and carrying costs, created financial hardships for GRIDCO. The State Government was unwilling to provide subsidies or grants, and GRIDCO lacks reserves and surplus to meet its financial obligations. Therefore, GRIDCO requested the Commission to approve the necessary arrangements in the ARR and establish a

- mechanism for repaying short-term loans incurred to address working capital gaps arising from non-realization of BSP dues from former DISCOMs.
158. GRIDCO has highlighted its constraints in availing loans for repaying past loans due to non-payment of BSP dues by former DISCOMs/Utilities and non-cost reflective tariffs during the pre-vesting period. With recent privatization improving the operational performance of DISCOM Utilities, GRIDCO expressed optimism about receiving outstanding BSP and other dues from the new DISCOMs, leading to better financial and sector growth. GRIDCO requested suitable advisories or guidelines for settling outstanding amounts, especially since operating DISCOMs have met arrear targets stipulated in the Vesting Order. Financing cost for past liabilities are to be allowed each year through ARR. The detailed justifications have been provided by the Petitioner in the present application.
159. Further, GRIDCO has submitted that Hon'ble Supreme Court of India in their order dated 05.10.2023 in Civil Appeal No.414 of 2007 vide Para 29 observed as under:
- “xxxxxxx. The interest cannot be equated with the principal loan amount, as the interest will amount to cost incurred by GRIDCO. However, interest burden can be passed on to the DISCOMs in proportion of their outstanding. Therefore, while passing a fresh order in terms of final order, the Commission will have to allow the interest on loan to pass through, as observed above, xxxxxx.”*
160. Further, Para 34 of the aforesaid order stipulates as under:
- “while passing an order pursuant to the order of remand, all the contentions based on the findings of the Appellate Tribunal and the Commission for the subsequent years, as approved by this court, must be taken into consideration by the Commission. If, in subsequent orders as approved by this court, different criteria or different principle was applied, submissions based on the same can always be canvassed in the proceedings pursuant to the order of remand.”*
161. In the above backdrop, it is requested to approve the Finance costs to the tune of Rs.521.55Cr. in the ARR of the Petitioner.

Regarding adjustment of collection of ED by Government

Views of Objectors

162. GRIDCO being a government owned company holding 49% share in all the DISCOMs should not borrow from nationalised bank and financial institutions for payment of past liabilities. The State Government should take responsibility of discharging loan liability of GRIDCO. This is because the State Government collects around Rs.4,000/- Crores in terms of electricity duty from DISCOMs and has also received dividends from OPGC

and OHPC in the past several years. The collection of State Government in terms of electricity duty from DISCOMs and dividends from Generators should be utilized for bailing out GRIDCO from its liabilities to the tune of Rs.6103.26 Crore.

GRIDCO's Response

163. GRIDCO has highlighted that the State Government has not provided any budgetary support to address the revenue deficit and working capital requirements, unlike the financial support extended for strengthening the transmission and distribution infrastructure through various schemes amounting to Rs.12,000 Crores. Additionally, the State Government approved soft loans of Rs.700 Crores and Rs.1,000 Crores during the financial years 2022-23 and 2023-24, respectively.

Recovery of outstanding dues

Views of Objectors

164. The Objector has raised concerns about the outstanding amount of Rs.4234.09 Crores against the Reliance Infrastructure Limited (RIL) managed three DISCOMs (WESCO, NESCO, SOTHCO). The Objector requested GRIDCO to provide a status report on the legal battle and urged the Government to take appropriate action for recovery of the outstanding amount.

GRIDCO's Response

165. GRIDCO has mentioned that it has a strong commitment for realizing the outstanding amount from Reliance Infrastructure (R Infra) and the erstwhile R Infra-managed three DISCOMs. However, the matter is presently sub-judice before the Hon'ble APTEL.

Regarding higher projection of BSP by the Petitioner

Views of Objectors

166. The Objector has raised concerns about accepting the required Bulk Supply Price (BSP) of Rs.383.66 per unit stating that it would negatively impact the consumers of the State due to the inefficiency of officials responsible for managing DISCOMs from 2000 to 2023.

GRIDCO'S Response

167. GRIDCO has clarified that the projections of ARR (Aggregate Revenue Requirement) and BSP (Bulk Supply Price) were made considering uncontrollable costs, including power costs based on the tariff approved by the appropriate Commission and other

uncontrollable costs. The tariff recovery is necessary to cover these costs, and GRIDCO highlighted that the tariff in the State is relatively lower compared to other States

Non-inclusion of incidental expenses and moreover the interest cost

Views of Objectors

168. GRIDCO has included various costs such as interest, Employee cost, Repair and Maintenance cost, Administrative and General cost in their ARR. The Objector has raised concerns about accepting interest costs related to high-cost power when the low-cost power is available in the State from different Captive Generating Plants (CGPs). Additionally, the Objector questioned the Repair and Maintenance expenses stating that there are no lines and substations under GRIDCO.

GRIDCO'S Response

169. GRIDCO has defended the inclusion of Finance costs in their ARR stating that Finance costs were essential not only for past loans, but also for borrowings to pay the power purchase dues. This strategy helped to avoid Late Payment Surcharge and avail rebates contributing to lower tariffs for end consumers. Additionally, GRIDCO has explained that external borrowings were necessary due to the absence of a cost-reflective tariff, deferred truing up, non-payment of Bulk Supply Price by erstwhile DISCOMs, leading to accumulated deficits requiring external funding. The proposed Repair and Maintenance (R&M) expenses were associated with fixed assets, including buildings, computers, accessories, furniture, fixtures, and other office equipment required for proper upkeep.

Regarding settlement of arrear Collections by the erstwhile DISCOMs

Views of Objectors

170. GRIDCO has mentioned that TP DISCOMs had made payment of Rs.1,190.02 Crores till September,2023 with respect to arrears. However, the Objector enquired whether all the DISCOMs have paid the penalty which they have collected more than Rs.2000 Crores from different consumers collected during collection of above arrears without any valid rules & regulations of the Commission. According to the Objector, there should be an enquiry into the matter by the GRIDCO.

GRIDCO's Response

171. GRIDCO has submitted that, the summary of the amount settled by the DISCOMs are as follows:

Table -15
Amount settled by the DISCOMs with respect to Vesting Order

Particulars	TPCODL	TPWODL	TPNODL	TPSODL	Total
Target in Vesting Order	200.00	300.00	400.00	100.00	1000.00
Amount settled till Dec'2023	313.46	311.24	467.94	188.88	1281.52

Regarding the implementation of vesting order

Views of Objectors

172. GRIDCO has to see that the vesting order should be implemented properly & all liabilities should be paid to the Companies, to the vendors working under CESU, at present TPCODL before 01/06/2020.

GRIDCO's Response

173. GRIDCO has reported regarding conduct of DISCOM's monitoring meetings as directed by the Commission to address sector-related issues and to ensure energy security. Liabilities to vendors of erstwhile CESU are managed by the operating DISCOMs, with serviceable liabilities transferred and long-term liabilities maintained by the erstwhile Utilities, following the Commission's order.

Employee Cost:

Views of Objectors

174. GRIDCO has projected Employee Cost expenditure at Rs. 22.3 Crs for FY 2024-25 against Rs 20.14 Crs as approved by the Commission for FY 2023-24. An Objector has requested GRIDCO to justify the increase in Employee cost providing details of present staff and the project future employee numbers for the next two years. The Objector also submits that GRIDCO should clarify whether its accounts are being audited as per statutory provisions and to justify the abnormal increase in Employee cost. The Objector seeks approval from the Commission for the Employee cost Expenses of GRIDCO for FY 2024-25 after a prudence check.

GRIDCO'S Response

175. GRIDCO has submitted that the Accounts of GRIDCO are being audited as per the statutory provisions of the Companies Act, 2013. The details of projections of GRIDCO

towards Employees Cost have been furnished in Commission's prescribed Form-F9 along with the ARR & BSP application for FY 2024-25.

Administrative and General Expenses:

Views of Objectors

176. GRIDCO has projected Administrative and General (A&G) expenditure at Rs. 17.19 Crs for FY 2024-25 against Rs. 5.79 Crs, which was approved by the Commission for FY 2023-24. The Objector has requested GRIDCO to justify as to why it has consistently exceeded the approved A&G Expenses without obtaining necessary consent from the Commission. The Objector also wants clarification on whether GRIDCO's accounts are being audited as per statutory provisions.
177. The Objector suggests that the Administrative costs related for implementing the Renewable Energy (RE) policy should be treated separately and excluded from GRIDCO's Aggregate Revenue Requirement (ARR) for determining the Bulk Supply Price. The Objector requests the Commission to approve GRIDCO's Administrative and General (A&G) Expenses for FY 2024-25 after conducting a prudence check.

GRIDCO'S Response

178. GRIDCO has submitted that the details of projection towards A & G Cost have been furnished in Commission's prescribed Form-F11.
179. GRIDCO has submitted that the Commission was approving the A&G expenses basing on the audited accounts of the preceding year. However, the Commission changed the methodology and considered the A&G expenses to the tune of Rs.1.80 Crores as per the audited accounts for the FY 2011-12 as the base year expense and approved the expense for Rs.3.36 Crore for the FY 2013-14 including Rs.1.25Crores towards Annual License Fees, considering escalation towards inflation @ 8.87% and 7.50 % for FY 2012-13 and FY 2013-14 respectively. The above approved expenses for the FY 2013-14 were subsequently escalated considering the inflation factor in the range of 5% to 5.50% by the Commission in the subsequent tariff orders. Audited figures were not considered in the Tariff orders as well as in the Truing up orders since FY 2015-16. The changed approach adopted since FY 2015-16 has affected the A& G expenses of GRIDCO.
180. GRIDCO mentions a manifold increase in business operations and turnover, citing an increase from 24 Generators with a turnover of Rs.5,509 Crore during FY 2013-14 to over 50 Generators with a turnover of Rs.12,000 Crore for FY 2022-23. GRIDCO highlights an increase in manpower, operations, and compliance costs over the years,

emphasizing that these are not adequately covered by the annual escalation factor approved by the Commission in the Tariff orders.

Depreciation Cost:

Views of Objectors

181. An Objector questions the increase in GRIDCO's projected depreciation expenditure to Rs.2.47 Crores for FY 2024-25 compared to the approved Rs.1.31 Crores in FY 2023-24. The Objector requests the Commission to conduct a prudence check and to approve the proposed depreciation cost for FY 2024-25.

GRIDCO'S Submission

182. GRIDCO has submitted that the projections are based on requirements on realistic basis considering the addition of building and other infrastructure for the newly recruited employees and the assets already in use along with the required R&M for proper upkeep of the assets.

Return on Equity:

Views of Objectors

183. An Objector argues against considering return on equity in GRIDCO's ARR determination citing past orders of Hon'ble APTEL aligning with the Commission's stand. The Objector requests details on GRIDCO's Book value of equity and net worth, seeking clarification on any erosion of net worth and equity.

GRIDCO'S Response

184. GRIDCO has submitted that, as per the regulations framed by the Commission, RoE to the tune of Rs.480.33 Crores i.e., @ 16% on equity capital of Rs.3002.04 Crores is considered in the ARR application considering the turnaround of the sector. Further, it was proposed to request the State Government for waiver of the Return on Equity in order to lower the impact on tariff. With regard to GRIDCO's Net worth, GRIDCO submitted that the net worth has been improved due to conversion of outstanding Government loan to the tune of Rs.2039.69 Crore to equity which has resulted in better financial positions of GRIDCO.

Detailed Statements for procurement of Power

Views of Objectors

185. An Objector urged GRIDCO to provide detailed statements for the procurement of power, including energy bills served by Captive Generating Plants (CGP), Renewable

Energy-based power plants (including solar, hydro, and biomass projects). The Objector requests GRIDCO to submit copies of the energy bills served by CGPs and Renewable Energy-based power plants in its application.

GRIDCO'S Response

186. GRIDCO has submitted that there is no LOA with the CGPs and accordingly, the power procurement from such sources is nil during the FY 2022-23 and FY 2023-24 upto December, 2023), thus raising of bills by the CGP does not arise.
187. With regard to the power procurement from Renewable sources, the respective Bills (April, 2023 to September, 2023) relating to procurement from SHEP, Wind and Biomass sources are at Evidential Document (EDs) No. 43 to 46 of ARR and BSP Application for FY 2024-25 which have been submitted before the Commission on 30.11.2023 and other bills from October, 2023 to December, 2023 are available in GRIDCO's Compliance to Commission's queries submitted before the Commission on 19.01.2024.

Additional power purchase cost - Reconciliation of power supplied by Vedanta for FY 2010-11 to FY 2020-21

Views of Objectors

188. An Objector vide letter dated 14.11.2023 has requested GRIDCO for a mutual resolution of the issue and accordingly the withheld amount may be released. However, GRIDCO has not submitted its response in respect of such issue.
189. GRIDCO has submitted that M/s. Vedanta Ltd. has not submitted any certification of MCL regarding unavailability of data/information pertaining to credit /debit notes issued to the IPP for the period 2010-11 to 2014-15 in respect of procurement of Linkage Coal under the FSA by Vedanta till date.

Special tariff is being sought by GRIDCO during the peak hours of CD above 20 MW under the specialised tariff scheme.

Views of Objectors

190. The Objector has raised concerns about GRIDCO's contention to dispense with the special tariff during in peak hours for consumers with a Contract Demand (CD) above 20 MW. The Objector referred to the Regulation 139 of OERC Distribution (Conditions of Supply) Code, 2019, which allows the fixing of special tariffs for surplus power under a special agreement approved by the Commission. The Objector argued that the

purpose of selling surplus power to industries under the special tariff arrangements would not be fulfilled if there is hardly any surplus power available during peak hours. The Objector suggested that there should not be any difference in the special tariff between peak and off-peak hours for consumers under the specialized tariff arrangements.

191. The Objector suggested streamlining the mechanism for the sale of surplus solar energy under the Third-Party Access (TPA) mode. The suggestion includes devising a separate modality for the sale of surplus solar energy, allowing industrial consumers to offset their Renewable Purchase Obligation (RPO) compliance. In the existing TPA arrangement, which includes various power sources like thermal, solar, wind, and hydro, the Objector proposed that GRIDCO should specify the source of power to be supplied to industries when scheduling day-ahead power.

GRIDCO's Response:

192. GRIDCO has submitted that in order to maintain grid discipline every grid connected entity needs to adhere to their respective drawl/ injection schedule. Any deviation from the schedule, fetches penalty under the different regulations/ tariff orders. Similarly, the Industries having CGP willing to avail power through TPA arrangement should maintain their drawl within their respective drawl schedule. Thus, the proposal of the Objector in this regard may not be considered.
193. The ramp up/ ramp down flexibility will vary from industry to industry and as such, generalizing the same may not be prudent. Thus, the proposal of Objector in this regard may not be considered.
194. As per the BSP order for FY 2023-24, the TPA scheme is devised for supply of intermittent surplus power on, as and when available basis, to the Industries having CGP with CD of more than 20 MW. Therefore, the prayer of Objector with regard to supply of committed 50% power during the peak hours may not be considered as the TPA scheme is only on, as and when available basis, and does not assure committed power.
195. Provision for intraday revision of TPA schedule is not possible as it may result in the operational complicacies and thus the same may not be considered. As per the present TPA, the consumers can revise the power schedule under Force Majeure conditions.

Commitment charges for new and additional cost:

Views of Objectors

196. The Objector has argued that GRIDCO's proposed commitment charges lack support from the Electricity Act 2003 or any Regulation specified by the Commission. The Objector emphasized that the addition or reduction of load by the consumers should adhere to the OERC Distribution Supply Code, 2019, particularly Regulation 127, which allows consumers to enhance contract demand for additional or new loads. According to the Objector, charges related to the load addition or reduction should be applied in accordance with this Regulation.

GRIDCO's Response:

197. GRIDCO states that the proposal for commitment charges is justified due to the delay or non-availability of the requested load by industries. According to GRIDCO, planning for additional power procurement is essential based on the anticipated date of load addition. The procurement of power under the long-term contracts incurs fixed charges on GRIDCO and ultimately on the Consumers of the State, justifying the imposition of commitment charges.
198. GRIDCO reiterated its justification for commitment charges, emphasizing the need for long-term planning for additional power procurement based on the expected date of load addition. According to GRIDCO, procuring power under the long-term contracts incurs fixed charges, imposing an additional burden on GRIDCO and, consequently, on the consumers of the State.

OPGC's Stage-II Tariff:

Views of Objectors:

199. The Objector has highlighted concerns about the truing-up process stating that the truing-up of GRIDCO's approved bulk price for the previous year cannot be completed without addressing the provisional Multi-Year Tariff (MYT) order for Stage-II of OPGC. The Objector emphasized the absence of a second MYT Petition for Stage-II of ITPS by OPGC for the period FY2025 to FY2029 and the passing of the first MYT for FY2020 to FY2024 without a public hearing by the Commission. The Objector has considered these aspects as deficiencies in the ongoing proceedings.
200. The Objector has raised objection stating that the tariff approved for the period FY2020 to FY2024 has not been trued up by the Commission. The Objector suggested that

before truing up, the tariff petition filed by GRIDCO for FY2023, the Commission should first address the truing-up process for the Stage-II Tariff of OPGC for the period FY2020 to FY2024 in a fair and transparent manner.

GRIDCO's Response:

201. GRIDCO has emphasized that the truing-up process is crucial for recovering the unrecovered costs through tariff. GRIDCO mentioned that any deferral in the approval of truing-up process would defeat intent of the truing up and the tariff mechanism, potentially leading to financial hardship for GRIDCO necessitating borrowings with associated carrying costs.

Time & Cost Overrun of Stage-II, OPGC

Views of Objectors:

202. The Objector has raised concerns about the increase in the capital cost of OPGC Stage-II by Rs. 2500 Cr due to a delay in declaring the Date of Commercial Operation (CoD) by two years. The Commission had directed OPGC to submit the required data/information to GRIDCO and suggested discussing the matter with GRIDCO to resolve discrepancies. The Objector requested a review of the directions given to OPGC and GRIDCO, along with the decisions taken on unresolved issues related to the time and cost overrun of the project.
203. The Objector has raised concerns about the OPGC for not filing the truing-up Petition for Stage-II, the unresolved status of the time and cost overrun, and OPGC in not submitting a Petition for determining the generation tariff for the next MYT period FY 2025 to FY 2029. The Objector urged the Commission to cause an enquiry about the status of time and cost overrun in the ongoing proceeding before approving GRIDCO's power purchase cost.

GRIDCO's Response:

204. GRIDCO has submitted that the matter is extraneous to present ARR proceeding of GRIDCO for FY 2024-25. Further, vide order dated 07.01.2023 in Case No.96 of 2021, the Commission had directed both GRIDCO and OPGC to exchange required documents and data and discuss issue-wise in order to resolve the discrepancies. Accordingly, GRIDCO and OPGC have been discussing the issues to resolve the issues and consolidate the unresolved issues for submission before the Commission.

Input Price of Coal fired by Stage-II, OPGC

Views of Objectors

205. The Objector has raised objections to the coal price of Rs. 1787 per ton approved in the MYT provisional tariff order dated 07.01.2023. The Objector argues that the computation of coal price by OPGC violates the provisions of the Coal Mines (Special Provisions) Act, 2015, the Allotment order, and the Regulations notified by the CERC. The Objector suggests that the coal price should be reduced to Rs. 787 per ton after the notification of draft regulations related to input coal cost. The Objector suggests transferring Manoharpur Mines from OCPL to OPGC, enabling a single GSTN, eliminating Rs. 400 per ton GST Cess. Profits from commercial mining, post-transfer, would benefit the tariff. The Objector urges OERC to notify (Determination of Input Price of Coal from Integrated Mine) Regulations, 2023 before approving GRIDCO's proposed power procurement price for OPGC Stage-II
206. The Objector urges the Commission to follow the draft input price regulations and to reduce the Capital Cost of the Stage-II project by Rs. 1000 Crs (FCR) and the price of coal to Rs. 787 Per Ton (ECR) while approving the FCR & ECR of OPGC Stage-II in GRIDCO's Bulk Price Petition for FY 2025.

GRIDCO'S Response:

207. GRIDCO has submitted that the concerns of Stakeholder are extraneous to the present proceeding for determination of ARR of GRIDCO for FY: 2024-25 and therefore, matters pertaining to tariff of a particular State generator may not be acknowledged herein. Further, GRIDCO has been making monthly payment at provisional AFC fixed in the tariff order dated 07.01.2023, which shall be re-cast based on truing up order. Further, energy charges are paid by GRIDCO after verification of actual data furnished in Form-15 every month by OPGC.

Idle Capital Cost of Rs. 582 Crs passed out for Tilia Ash Pond dedicated to Stage-II OPGC:

Views of Objectors:

208. The Objector urges the Commission to reduce the Capital Cost of Stage-II by Rs. 582 Cr. in determining the AFC for FY 2025, as the Tilia Ash Pond, dedicated to Stage-II, has not been functioning since the commissioning of the Plant.
209. The Objector urges the Commission to address the disruption in power generation at OPGC due to the burst of Ash Pond-C, resulting in a loss of power generation and

additional cost for GRIDCO in procuring more expensive Central sector power. The Objector further suggests for recovery of the additional power procurement cost from the remuneration of the responsible Officers.

GRIDCO'S Response:

210. GRIDCO acknowledges the concerns raised by the Objector regarding the idle cost of Ash Pond at Tilia. GRIDCO expresses its intention to seek a present status report on Tilia Ash Pond from OPGC and plans to raise the issue during the truing-up exercise for the block period 2019-24 to be conducted by the Commission in relation to OPGC Stage II.

Loss of 800 MW Cheaper Power due to the corrupt practice of GRIDCO

Views of Objectors:

211. An Objector has raised concerns about Odisha losing 50% of its State quota cheaper power, amounting to 800 MW thermal power, due to the Power Purchase Agreement (PPA) executed by GRIDCO with NLC India Ltd. The Objector contends that the power generated by NLC India would be cheaper due to lower transportation costs and an approved input price mechanism by the Central Electricity Regulatory Commission (CERC). The Objector further emphasizes that as per revised guidelines issued by the Ministry of Power, the host State, Odisha, was supposed to receive 1600 MW of the cheaper power from NLC India's Talabira Project. However, GRIDCO's actions, as per the Objector, resulted in the State procuring only 800 MW, preventing it from accessing another 800 MW of the cheaper power for an extended period of at least 30 years.
212. An Objector criticized GRIDCO for compromising the State's interests in the Power Purchase Agreement (PPA) with NLC India, contending that the Commission shouldn't have approved the PPA for 800 MW and should have ensured a review of GRIDCO's Long-Term Bulk Power Procurement Plan and Long-Term Power Purchase Cost as required by OERC RST Regulations, 2022. The Objector suggested that the disputes between NLC India and GRIDCO should be resolved in the appropriate forum rather than being approved by the Commission.

GRIDCO Response:

213. GRIDCO has submitted that the said project was originally envisaged at Sirkali in Tamilnadu for which NLCIL had entered into Power Purchase Agreement with Tamilnadu, Kerala & Puducherry before 05.01.2011 i.e. before the commencement of

Competitive Tariff based bidding era with following share allocation: Puducherry (100 MW), Kerala (400 MW), Tamilnadu (1500 MW), Total (2000 MW)

214. Thus, only 400 MW power was available from the then phase-I NLCIL Thermal Project. M/s. NLCIL was allocated with Talabira II & III Coal Blocks on 2nd May 2016. Subsequently, Ministry of Power have allocated the remaining 400 MW of power from Phase-I of M/s NLCIL to Odisha (2000 MW was allocated to Southern States as mentioned above in 2020).
215. GRIDCO after getting necessary approval from the Commission as per the Commission's order dated 14.09.2023, the Power Purchase Agreement was executed between GRIDCO and NLCIL for procurement of 800 MW i.e. 400 MW (Phase-I) & 400 MW (Phase-II) of power from upcoming 3200 MW NLCIL Talabira Project on 28.09.2023.
216. GRIDCO, anticipating the increasing State demand, requested the Department of Energy (DoE), Government of Odisha, to take up the matter with the Ministry of Power (MoP) for the allocation of the entire 800 MW from Phase-II of NLCIL's Talabira Project. Following GRIDCO's request, the Government of Odisha, through a letter dated 20.11.2023, also requested the Ministry of Power for the allocation of 800 MW of power to Odisha from Phase-II of NLCIL's Talabira Project.

Unallocated Power allocated by Central Govt

Views of Objectors

217. An Objector has raised concerns about the differential power purchase cost claimed by GRIDCO, specifically related to the procurement of unallocated power from Central Generating Stations (CGSs) through ERPC. The Objector suggests that before allowing GRIDCO to pay for the unallocated power, it is necessary to verify the performance of individual power stations supplying the unallocated power. The objector specifically emphasizes the need to review the performance of power stations located in Odisha in relation to the claimed differential cost by GRIDCO.

GRIDCO Response:

218. GRIDCO clarified that according to a Ministry of Power notification dated 01.03.2016, unallocated power from a Central Generating Station, in the absence of specific allocation by the MoP, is added to the unallocated power pool of the concerned region.

This power is then distributed among existing beneficiaries in proportion to their approved shares determined by the MoP.

219. GRIDCO clarified that the Central Electricity Authority (CEA), through its letter dated 26.10.2022, provided directives on the methodology for the allocation of unallocated power in the region. Following the Ministry of Power's directives and CEA's instructions, ERPC implemented the reallocation of power from Central Generating Stations in the Eastern Region for uniform distribution among all beneficiaries. GRIDCO submitted the latest share allocation as per ERPC's letter. The clarification emphasizes that the Generator supplying unallocated power to GRIDCO may run below 85% up to the technical minimum limit, and beneficiaries are required to pay capacity charges according to their firm share and unallocated share as per the CERC Terms and Conditions of Tariff Regulation. The claimed differential cost by GRIDCO aligns with the revised principles set by the MoP and CEA regarding unallocated power and ERPC allocation orders.

Power-cut during Peak Demand

Views of Objectors

220. The Objector expressed concerns about power cuts in Odisha during the peak summer, citing unscheduled outages and failures of 132 KV & 33 KV lines. He requested the approval of normative SMD with additional capacity to ensure a reliable 24x7 electricity supply. The Objector attributed GRIDCO's inability to provide continuous electricity as perceived failure of the 1st Phase Power Sector Reform in Odisha.

GRIDCO's Response

221. GRIDCO explained that it has contracted sufficient capacity to meet the demand growth in the State, with a contracted and commissioned capacity of 8,966 MW. However, it acknowledged the dynamic nature of power availability influenced by factors like unit availability and hydro reservoir levels. Despite efforts to arrange adequate power for summer demand, unforeseen conditions like outages and restrictions on hydro power generation can create a demand-supply gap during peak hours. GRIDCO stated that it anticipates deficits during peak summer hours in its ARR application but strives to address the gap through measures like power banking arrangements and purchasing power from exchanges. The high energy rate in power exchanges during peak hours suggests a nationwide scarcity of power during these periods. GRIDCO emphasized its commitment for maintaining uninterrupted power supply to the State consumers.

Mismatched actual data disclosed by DISCOMs & GRIDCO

Views of Objectors

222. An Objector raised concerns about a discrepancy in the reported State System Maximum Demand (SMD) and Input Energy for the first six months of FY2024. The SLDC (State Load Dispatch Center) reported a State SMD of 7067 MVA/6360 MW, while DISCOMs calculated it as 5890 MVA/5301 MW, resulting in a discrepancy of over 1177 MVA. Furthermore, DISCOMs reported an actual Input Energy of 18761 MUs for the first six months, whereas GRIDCO submitted only 18277 MUs. This suggests that GRIDCO sold 484 MUs less energy than reported by the DISCOMs during the specified period. The Objector requested for reconciliation of this matter.

GRIDCO'S Response:

223. GRIDCO acknowledged a typographical error in Table-7 regarding the State System Maximum Demand (SMD) of TPWODL for FY 2023-24 (April 2023 to September 2023). The correct figure has been mentioned in Table-6, which shows it as 1676 MVA.

State SMD is always more than or equal to State Peak Demand

Views of Objectors

224. An Objector emphasized that, based on Table No. 7 of GRIDCO's Petition, the State System Maximum Demand (SMD) consistently exceeds the State Peak Demand. This indicates an apparent shortfall in GRIDCO's ability to supply the required power, with the State Peak Demand surpassing the State SMD by 30 MVA in FY2022.

GRIDCO'S Response:

225. GRIDCO explained that the exceptional increase in demand during FY2022 was a result of economic growth during the post-COVID period. They clarified that under the normal circumstances, the State System Maximum Demand (SMD) typically surpasses the State Peak Demand.

High cost power from Central Generating Stations

Views of Objectors:

226. An Objector submitted the State SMD of 6360 MW/7067 MVA for the first six months of current FY2024 occurred on 19.04.2023 is grossly ignored by the GRIDCO in the projection of SMD for ensuing FY2025.

GRIDCO's Response:

227. GRIDCO submitted that the State Demand in the SLDC's power status report does not only indicate the DISCOMs' demand, but also comprises of the CGP power wheeled, emergency power drawn by NALCO/ IMFA and the power purchased by the industries through Open Access. Therefore, the State SMD as submitted by the Objector, i.e. 6360 MW/ 7067 MVA, does not reflect the DISCOMs' SMD which is to be met by GRIDCO.

SLDC's real time data is mismatched with DISCOMs & GRIDCO's Data

Views of Objectors

228. The Objector highlights significant discrepancy in reported data concerning State System Maximum Demand (SMD) and Energy Inputs for the first six months of the FY 2023-24. According to the State Load Dispatch Center's (SLDC) report, Distribution Companies (DISCOMs) drew 20935 MUs, 2174 MUs more than admitted. Additionally, GRIDCO sold 2658 MUs more than what disclosed. The Objector urges the Commission to initiate reconciliation, emphasizing the potential impact on the reliability of electricity supply. He stresses the need for accurate data for the well-being of the State and to ensure 24x7 reliable electricity in the coming fiscal year.

GRIDCO's Response:

229. No reply by GRIDCO.

Mismatch of the actual data disclosed by GRIDCO & SLDC relating to hydro power

Views of Objectors

230. One of the Objectors submitted that there is a mismatch of actual data disclosed by GRIDCO and SLDC relating to hydro power. The difference of 245 MUs between GRIDCO's petition and SLDC's report cannot be ignored. The objector urged that the Commission should direct the Petitioners OPTCL, SLDC, GRIDCO & OHPC for reconciliation of the actual generation in the instant proceeding for determination of their Tariff/Charges/Prices.

GRIDCO's Response:

231. No reply by GRIDCO.

Less Drawl of Power from Machhkund Power House

Views of Objectors:

232. An Objector notes that a 59 MUs shortfall in energy drawl, representing 50% of their 927 MU share from December 2020 to September 2023. This is attributed to regulatory inefficiency, causing disruptions in power supply to Koraput district. The objector urges the Commission to address this issue promptly, suggesting that procuring the full state quota power or beyond it could alleviate the problem. Furthermore, the objector proposes that the Government of Odisha take over the operation and management of the Machhkund Project from the Andhra Pradesh Government, citing the project's location on revenue land in Odisha for better efficiency.

GRIDCO's Response:

233. GRIDCO clarified that the State of Odisha has a 50% share in the Machhkund Hydroelectric Project (HEP) as per the New Machhkund Agreement, 2020. In the event of a shortfall in energy drawl, the agreement allows for compensation by either state. APGENCO has agreed to compensate for the 59 MUs shortfall in energy drawl by Odisha from Machhkund HEP, with the compensation expected to start from the fiscal year 2024-25.

Outstanding dues of erstwhile DISCOMs/ Utilities to be settled through DISCOMs surplus-

Views of Objectors:

234. An Objector asserts that after the competitive bidding process under Section 20 of the Electricity Act, 2003, the Commission vested the Distribution Utilities with new licensees, such as TPCODL, TPNODL, TPWODL, and TPSODL, as per its Vesting Order. The objection is raised due to the absence of a clear mechanism in the Vesting Order for settling old outstanding dues of the erstwhile DISCOMs by the newly vested TP DISCOMs.
235. The Objector is concerned about GRIDCO's mention of a surplus with the DISCOMs until the end of the first half of FY 2023-24, viewing it as an unwarranted intervention. The DISCOMs response that any surplus should follow the truing-up mechanism and not to be used to settle outstanding dues of the erstwhile utilities. They highlight their adherence to vesting order directions, regularly remitting past arrears, and opting for One Time Settlement (OTS) with GRIDCO.

GRIDCO's Response:

236. GRIDCO states that the second stage of power sector reforms aimed to reduce AT&C losses, commit to CAPEX, collect pre-vesting arrears, and develop a robust distribution system. The primary objective was to foster overall growth in the State's power sector, ensuring sustainability by minimizing losses and deficits.
237. The Commission set a minimum target of Rs. 300 crore for arrear collection by the end of FY 2025-26, which the Respondent-DISCOMs, including three others, have surpassed by paying Rs. 311.24 crore as of December 2023. The transfer of business and the right to recover past dues from consumers to the Respondent DISCOMs has left no avenue for recovering outstanding amounts from the pre-vesting period. Receivables management for that period now falls under the purview of the successor DISCOMs, as consumers have been transferred and are receiving power from the operating DISCOMs.
238. The argument for utilizing surplus as a truing-up measure for DISCOMs, rather than settling outstanding dues, is deemed a narrow viewpoint lacking a holistic approach for the State Power sector. It underscores the significance of recognizing transferred legacy assets and allowing depreciation on these assets for operating DISCOMs. As these assets were created during the pre-vesting era, the submission suggests prudent allowance of depreciation on them to address pre-vesting liabilities, Bulk Supply Price (BSP), and other dues by GRIDCO.
239. GRIDCO faced significant losses and took loans due to unpaid Bulk Supply Price (BSP) and other dues. GRIDCO should rely on the surplus of the sector to ensure its financial viability so that tariff rise can be averted. The respondent's isolated contention is seen as unjustified. Despite the respondent meeting the arrear collection target ahead of the Commission's timeline, GRIDCO acknowledges the stakeholder's effort. GRIDCO aims for more collections from defaulting consumers to promptly repay outstanding loans, lacking alternative reserves for redemption.

Capacity Charges/Fixed Cost payable by GRIDCO:

Views of Objectors:

240. A few Objectors suggest that GRIDCO, with contractual obligations through Power Purchase Agreements (PPAs), has available power for which fixed charges are paid. They propose utilizing any excess power to meet DISCOMs' demand without increasing

fixed charges on the State consumers. For surplus power, they recommend selling it through DISCOMs under special schemes with Commission approval. Objectors advocate a proactive approach, allowing DISCOMs to recover fixed costs through their load requirements, lessening GRIDCO's burden. Additionally, they highlight GRIDCO's option of trading to effectively manage the fixed cost burden

GRIDCO'S Reply:

241. GRIDCO submitted that it is obligated to bear the share, the capacity charges of the respective stations, which are being considered for determination of Tariff. Further, the endeavor of GRIDCO to sell its surplus intermittent power under Specialized Tariff scheme to the intending industries after meeting the State demand. The revenue earned on trading is utilized to optimize energy costs, for ensuring lower tariff to the end consumers.

Aggregate Revenue Requirement for FY 24-25

Views of Objectors:

242. An Objector stated that, GRIDCO has projected 39652 MU at Rs. 3.37/ kWh in its ARR Petition for FY 2023-24 and the Commission has approved Rs, 3.29/ kWh in the BSP Order for FY 2023-24. The Objector requested the Commission for proper prudence check before allowing the additional power purchase cost as complete pass through, as such the costs may increase the BSP, thereby increasing the burden on the DISCOMs and eventually the consumers of the State.

GRIDCO Submission:

243. GRIDCO disputes the contention about additional power purchase cost, stating that it is not aligned with tariff principles. The claimed cost in the ARR application covers GRIDCO's unapproved expenses for FY 2023-24 or costs increased after ARR and BSP approval, needing consideration for the upcoming FY 2024-25.
244. GRIDCO finds the suggestion of Commission approval for additional power purchase cost and finance charges ambiguous. GRIDCO argues that not getting approval for these uncontrollable expenses in the FY 2023-24, ARR would lead to more debt. GRIDCO emphasizes that stakeholders should understand the power cost structure and constituents approved by commissions, invoiced through monthly energy bills, subject to revision, and recovered through tariff. GRIDCO insists that the claimed

uncontrollable cost for FY 2023-24 must be fully considered by the Commission through prudent checks via the tariff mechanism, without deferral.

BSP Surcharge (TPWODL)

Views of Objectors

245. An Objector submitted that the suggestion of GRIDCO regarding continuance of BSP surcharge is not acceptable. The Commission has approved BSP surcharge of 30 paise for FY 2023-24 considering surplus (on accrual basis) of FY 2022-23. After, fixing of various O&M norm by the Commission in the Tariff regulation 2022, meeting DISCOMs entitlement cost with existing RST is difficult. Hence, burden of BSP surcharge for FY 2024-25 is not possible to accommodate and non-realisation of TP period outstanding is also another challenge.

GRIDCO Submission:

246. GRIDCO asserts that the Bulk Supply Price (BSP) surcharge of 30 paise per kWh, approved by the Commission for the current fiscal year 2023-24, has been imposed on total energy supplied to TPWODL. The surcharge approval considered a higher industry base for TPWODL compared to other DISCOMs and the regulatory surplus of DISCOMs. GRIDCO emphasizes the uniform Regulatory Surcharge Target (RST) across the state, accounting for various factors.
247. GRIDCO urges the Commission to prudently approve the surcharge for the respondent DISCOM and others, considering the Revenue-Cost matrix to maintain a uniform RST. Furthermore, GRIDCO notes that operating DISCOMs have a net Regulatory Surplus of Rs. 1027.72 Crore up to the third quarter of the current fiscal year 2023-24, suggesting potential utilization for prudent adjustments in the tariff structure across the state.

Fuel and Power Purchase Adjustment Surcharge (FPPAS)

Views of Objectors:

248. A couple of Objectors insist that the Commission has defined a formula for the Fuel and Power Purchase Adjustment Surcharge (FPPAS) in clause 5.7.3 of OERC (Terms & Conditions for Determination of Wheeling Tariff & Retail Supply Tariff) Regulation, 2022. They highlight that the application of FPPAS requires prior permission from the Commission. Therefore, they reject GRIDCO's suggestion to start levying FPPAS without prior approval. They propose that GRIDCO may submit periodic proposals to the Commission if it exceeds 3% of the approved Bulk Supply Price (BSP).

GRIDCO Submission:

249. GRIDCO submitted that the objectors have suggested for levy of FPPAS as per the prescribed guidelines notified by the Commission. The Regulation 5.7.1 & 5.7.2 of OERC (Terms & Conditions for Determination of Wheeling Tariff & Retail supply Tariff) Regulation, 2022 stipulate for raising of FPPAS bills in the nth month when the actual cost exceeds 3% of the cost approved by the commission. The revenue recovered on account of FPPAS by GRIDCO shall be Trued-up by the Commission on annual basis. The Commission is requested to allow the GRIDCO to levy the FPPAS on monthly basis in case the actual cost exceeds the approved power cost by 3% for early recovery of the FPPAS.

Over drawal Charges

Views of Objectors:

250. A couple of objectors express their disagreement with GRIDCO's suggestion regarding overdrawal charges and the limit of overdrawal. They argue that the Commission has already allowed a 10% over and above State System Maximum Demand (SMD), taking into account consumer behavior, the mix across different DISCOMs, regional load patterns, and the drawl behavior of industries with Captive Generating Plants (CGP). They contend that this should be assessed on a yearly basis for the imposition of overdrawl charges. The objectors suggest that the suggested mechanism could be considered if the Commission decides to depart from the existing approach in future years.

GRIDCO's Response:

251. GRIDCO responds to DISCOM's claim that the Commission-approved Bulk Supply Price (BSP) includes demand and energy charges on a composite basis. GRIDCO notes the lack of alignment between energy drawal and the approved State System Maximum Demand (SMD) due to varying load mixes among consumer categories. DISCOMs highlight that industries with Captive Generating Plants (CGP) operate within their Contract Demand (CD) limit by paying demand charges year-round. DISCOMs urge GRIDCO for provisions of adequately for energy quantum, considering peak seasons and slack periods.
252. GRIDCO clarifies that the Commission-approved BSP follows a single-part tariff model, levied basing on the energy injected into respective DISCOMs. GRIDCO disputes Objectors' claim of a two-part tariff for GRIDCO, deeming it erroneous.

253. Regulation 5.6.1 of RST Regulations, 2022 stipulates for adequate energy planning by GRIDCO & DISCOMs on the basis of projections made by DISCOMs on monthly basis. The provision mandates demand forecasting by DISCOMs, manageable through long-term agreements with Generators. To meet demand surge, DISCOMs should avoid overdrawal beyond tied-up capacity to prevent higher costs through market purchases or penalties via DSM mechanisms. DISCOMs play a crucial role, making demand projections, limiting GRIDCO to approved capacity charges, and adhering to contracted power scheduling.
254. GRIDCO's proposal for revising the State System Maximum Demand (SMD) from 110% annually to 105% monthly is seen as necessary. In peak months, energy availability falls short of actual demand, necessitating adequate power procurement within approved tariffs. In deficit situations, the approved Annual Revenue Requirement (ARR) may not cover additional costs due to high-cost power. Higher drawl beyond tied-up capacity is not provided for highlighting the need for grid discipline to prevent additional costs borne by GRIDCO. Therefore, the Commission is urged to consider revising the existing SMD from 110% annually to 105% monthly, ensuring energy security in the State.

Rebate Policy

Views of Objectors:

255. A couple of Objectors reject GRIDCO's proposal to clear Bulk Supply Price (BSP) dues by the 25th of the month, citing the completion of DISCOMs' billing cycles by the 23rd to 25th of the month. They argue that the due date falling within 7 days from the billing date results in a major portion of the licensee's amount being realized in the last week of the month. Objectors find GRIDCO's suggestion unacceptable and propose extending the 2% rebate if bills are settled within five days from the presentation date. They also suggest maintaining the due date without Delayed Payment Surcharge (DPS) for thirty days, aligning with the national practice.

GRIDCO'S Response:

256. GRIDCO defends its proposal to continue with the existing policy approved by the Commission for FY 2023-24. GRIDCO refutes the claim that the billing cycle completion by the 25th of the month, followed by a seven-day rebate period, defers payment to GRIDCO. It clarifies that the due date, falling between the 25th to 27th of

the preceding month, ensures revenue collection during the first week, maintaining a continuous collection process. GRIDCO asserts that the current policy of clearing bills by the 25th of the month is more realistic, providing GRIDCO with sufficient funds to meet Generator dues within the due date.

Levy of DPS @ 1.5% p.m. on non-payment of Bills

Views of Objectors:

257. A couple of Objectors highlight that the proposed Delayed Payment Surcharge (DPS) of 1.5% per month on the outstanding amount is specified only for unpaid monthly Bulk Supply Price (BSP) bills. They note that DPS at 1.25% is currently applicable for non-payment of monthly bills, but this does not uniformly apply to all the consumer categories. Objectors suggest that if GRIDCO proposes an increase in DPS from 1.25% to 1.5%, it should be equally applicable to Retail Supply.

GRIDCO'S Response:

258. GRIDCO submitted that it has proposed to revise the DPS@1.50% per month considering the DPS charged by the Generators. There has been increase in Repo rate in recent years, causing higher lending costs on Bank loans, which needs to be compensated through higher DPS rate.

Special Concessional Tariff under Regulation 139 of OERC Distribution (Conditions of supply Code) 2019

Views of Objectors:

259. An Objector expresses concern about the impact of power sales to Captive Generating Plants (CGP) industries with Contract Demand (CD) less than 20 MW. The Objector highlights that the precondition of GRIDCO's prior approval has adversely affected power sales in the current year. They argue that the requirement for monthly approval creates business uncertainties, leading the consumers to show less interest. The Objector urges for the withdrawal of this precondition.

GRIDCO'S Response:

260. GRIDCO submitted that considering the energy availability as per the tied-up capacities, special tariff for industries with load beyond 20MW has been proposed to enable the Petitioner to operate within the approved costs framework.

Commitment charges for New and Additional Load

Views of Objectors:

261. An Objector argues that the existing OERC Distribution (Conditions of Supply Code) 2019 already covers the provisions for power supply commencement, load enhancement, load reduction, etc. The Objector disagrees with GRIDCO's suggestion stating it doesn't align with these provisions. Due to the non-granting of additional load or new connections the consumers are resorting to the deeming provision.
262. Moreover, the Objector suggests that if GRIDCO does not release load in a timely manner, causing losses in Fixed Demand charges, GRIDCO should compensate for these losses.

GRIDCO'S Response:

263. GRIDCO proposes a commitment charge of 250 per kVA per month for DISCOMs in response to their proposals for meeting industrial demands. If an industry fails to utilize the approved enhanced or fresh load within the specified timeframe, the suggested amount will be forfeited by the DISCOMs and transferred to GRIDCO. This forfeited amount will be factored into the Annual Revenue Requirement (ARR).

TOD Tariff

Views of Objectors:

264. An Objector opposes GRIDCO's proposal for three types of energy charges in a day (normal hour, peak hour, and off-peak hour) with varying tariffs. The existing Time-of-Day (TOD) benefit of 20 paise per unit is deemed insufficient by the Objector, as it is only 3.5% less than the proposed peak hour tariff. The Objector highlights the challenges faced by industries in Odisha compared to neighboring States with more competitive energy charges. The Objector suggests that GRIDCO's proposed 30% variation between peak and off-peak tariffs requires practical analysis. Industries propose exercising Section 65 of the Electricity Act if the Government aims to reduce tariffs for Agriculture and Domestic sectors, and urge the Commission to examine and enhance TOD benefits accordingly.

GRIDCO's Response:

265. GRIDCO requests the Commission to approve the Time-of-Day (TOD) tariff after a thorough analysis of energy usage by various categories, following the guidelines issued by the Ministry of Power, Government of India.

Green Consumer Certificate

Views of Objectors:

266. An Objector notes that GRIDCO is the obligated entity on behalf of DISCOMs, as per the Renewable Energy (RE) policy of Odisha. The Energy Department, Government of Odisha, has designated GRIDCO as the Nodal Agency for RE, according to a notification dated 15.12.2022. Consequently, GRIDCO is responsible for procuring RE power to fulfill the Renewable Purchase Obligation (RPO) of the State.
267. In the Tariff Order for FY 2022-23, the Commission set a premium of 50 Paise/kWh for consumers opting for 100% Green Energy and seeking a Green Consumer Certificate. Due to the higher rate and operational issues, consumers showed little interest. For FY 2023-24, and as such, the DISCOMs proposed a reduction to 25 Paise per unit, resulting in successful efforts to convince the consumers to switch to green energy. The additional revenue generated through this mechanism is entirely passed through.
268. An Objector highlights GRIDCO's role as the obligated entity for DISCOMs and its designation as the Nodal Agency for Renewable Energy (RE) in Odisha. The Objector notes that GRIDCO's responsibility includes procuring RE power to fulfill the State's Renewable Purchase Obligation (RPO).
269. In the Tariff Order for FY 2022-23, a premium of 50 Paise/kWh was set for consumers opting for 100% Green Energy, but due to the higher rate and operational issues, consumer's interest was limited. For FY 2023-24, DISCOMs proposed a reduction to 25 Paise per unit, successfully convincing the Consumers to adopt green energy. The additional revenue generated through this mechanism is fully passed through.
270. The Objector points out that Green Consumer Certificates are issued only to those opting for 100% green power, and industries with Captive Generating Plants (CGP) are not entitled to these certificates. CGP industries prefer availing renewable energy through Open Access to avoid DISCOM power at higher rates.
271. The Objector suggests that if GRIDCO has surplus RE power beyond DISCOM's requirements, it could be sold to different industries/consumers through Open Access. Additionally, in situations where the GRIDCO is unable to procure power for DISCOMs, DISCOMs may source power for their requirements, as per the terms of the vesting order. Under the circumstances, the Objector submits that the GRIDCO's

proposal for an 80:20 ratio in sharing GTP charges between GRIDCO and DISCOMs is unhealthy.

GRIDCO'S Submission:

272. GRIDCO, designated as the Renewable Energy Nodal Agency (RENA), emphasizes its commitment for developing renewable energy projects in the State. It plays a crucial role in sourcing power from approved Power Developers to meet the Renewable Purchase Obligation (RPO) requirements of industries and DISCOMs in Odisha. GRIDCO incurs additional costs in fulfilling these responsibilities, which need to be considered for repayment obligations of past loans. The Commission is requested to approve the proposed 80:20 ratio in the sharing of Green Consumer Certificates between GRIDCO and DISCOMs.

Carrying cost on Regulatory Assets (RA) & amortisation of RA through BSP

Views of Objectors:

273. A couple of Objectors have pointed out that GRIDCO has not recognized Regulatory Assets approved by the Commission until FY 2014-15, amounting to Rs. 3588.02 Cr., in their books. They express concern that if these assets are allowed by the Commission, it may lead to a cascading effect on the Annual Revenue Requirement (ARR) of the respondent-DISCOMs, causing an increase in Basic Service Provider (BSP) that might not be recoverable from the existing tariff.

GRIDCO'S Response:

274. GRIDCO highlights that the Commission has approved carrying costs of Rs. 94.10 Crores on regulatory assets totaling Rs.1111.04 Crores until 31.03.2022 in the ARR & BSP order for FY 2023-24. However, GRIDCO points out that the regulatory gap of Rs. 3588.02 Crore until FY 2014-15 has not been considered, and disallowances of revenue deficit from FY 2015-16 to FY 2020-21 are under Appeal before the Hon'ble APTEL. GRIDCO requests the Commission to conduct a truing-up exercise for FY 2022-23 alongside approving the ARR & BSP Application for FY 2024-25 and to allow the carrying cost for funding.

OBSERVATIONS OF THE STATE ADVISORY COMMITTEE (Para-275 to 276)

275. The State Advisory Committee Meeting was convened on 07.02.2024 at 11.00 AM in hybrid mode in the Conference Hall of OERC. The agenda for the meeting was, discussion on ARR & Tariff proposals of different Power Utilities for FY 2024-25. The

Members of the SAC deliberated on various issues and the observation / suggestions of the SAC Members pertaining to ARR & Tariff of GRIDCO are mentioned herewith:

- Need of long-term power procurement plan by GRIDCO in collaboration with DISCOMs for procurement of economic power and a formal agreement between GRIDCO and the DISCOMs after Commission's ARR approval, for more systematic operation.
 - Procurement of green power procured from outside the State and implication of additional charges.
 - Procuring of cheap power from market instead of from costlier contracted power like Barh-1 by GRIDCO.
 - The unpredictability of Hydro and thermal Generators and possibility crisis during peak seasons.
 - Emphasis on generation planning and possibility of agreements with CGPs to the effect of give-and-take relationship as is practiced in other States.
 - Reasonable BSP for DISCOMs so that their performance is not affected by higher power purchase cost.
 - GRIDCO's projection of surplus position, but there is deficit in their peak demand. Less availability from OHPC and IPPs compared to their projections and GRIDCO's share.
 - Vedanta's case of getting CGP status for its 3 IPP's in 2016 and possibility of CGP status revocation, in case of non-supply of power by M/s. Vedanta as mentioned in the order of the Commission.
276. The Managing Director, GRIDCO stated that the long term power procurement planning for 2030, 2036 and 2047 is being done in coordination with the Distribution Companies, along with involvement of GoO. Such strategic long-term planning is done considering the present demand of the State, resource adequacy norms, national mandate for RPO obligations and the various variabilities. There has been rise in demand, resulting from the change in climatic condition. The storage capacity of the hydro stations has gone down and therefore, the capability to meet the rising demand has reduced. At present the average demand is 4300 MW and peak demand is 5500 MW and both have a rising trend. The average demand is expected to be 5300 MW by 2030, 6500 MW by 2036 and 9200 MW by 2047. The present peak demand of 5500 MW is expected to rise to 7600 MW in 2030, 10500 MW in 2036 and around 17000 MW in

2047. The rate of increase of peak demand is much more compared to the average demand and in order to address the issue, adequate storage capacity has to be planned. Discussions are being done with OHPC & the private companies and correspondences are being done with Government of India for additional support.

The present contracted capacity is 8635 MW with Thermal: Renewable ratio of 55: 45 and after 25 years. The ratio is expected to be 30: 70. Therefore, all concerned must work towards flattening the demand curve and improve grid capacity to absorb such generation. In the first week of January, a meeting was held with the CGPs to support GRIDCO during summer, but their major concern is price and Intra-state DSM. IPPs are not giving the actual share of power and GRIDCO has also agreed for procurement of imported coal in case on non-availability of linkage coal. The costlier power from Barh and Kanti Bijli are not availed by GRIDCO and the same has been reallocated to other States.

The estimated energy requirements is around 39000 MU and peak demand is expected to go 6000 MW. The additional energy available is around 3000 MU which is not adequate to meet any contingency requirement. Main concern is the availability from hydro source as generation is getting reduced from Upper Kolab, Balimela and Upper Indravati. There is reduction in design energy particularly because of hydrology failure. The hydro tariff might be the lowest in the entire Country. As far as IPPs are concerned, the GRIDCO is facing shortage of availability compared to the State's share, The reduced availability of low-cost power is a loss to the entire State and Government should take initiative so that the availability from these IPPs commissioned within the State can be improved. The State is affected by the pollution from these plants while the benefits are not received. The Power Purchase cost is less than national average.

VIEWS OF THE GOVERNMENT OF ODISHA (Para-277)

277. Government of Odisha in Energy Department vide their Letter No.1704 dated 09.02.2024 have communicated their views/suggestions on various issues relating to tariff for FY 2024-25, which are reproduced hereunder:

- a) State Govt. has no plans to provide any direct subsidy to any class of consumers, since Govt. have been providing adequate budgetary support over the years for the creation of Capital Assets in order to keep the tariff low.

- b) In the matter of adequate coal supply to Vedanta for availing full entitlement of power as per PPA, GRIDCO has been advised to take necessary action. Further, the matter of JITPL is sub-judice with Hon'ble High Court, Orissa. GRIDCO has been advised to approach the Hon'ble Court for increase of the share from JITPL.
- c) Govt. can't provide any support for smart meters. The Commission may consider recovery of the smart meter cost over an extended period. so that, there is no additional burden on Consumers. The backend infrastructure for smart metering may be allowed in the CA PEX of DISCOMs.
- d) Interest burden of GRIDCO needs to be fully recognized in its ARR. The reason advanced by OERC for not recognizing the interest cost of loans incurred beyond FY 2015-16 is not reasonable as per the recent judgment dated 04.10.2023 of Hon'ble Supreme Court in Civil appeal No. 414 of 2007. On the other hand, Govt. has been supporting GRIDCO through various means. State Govt. has provided soft loans of Rs.700 Cr. each to GRIDCO during FY 2022-23 & FY 2023-24 and another trache of Rs.700 Cr. of soft loan is proposed to be provided during FY 2024-25. State Govt. has also converted Rs. 2,039.39 Cr. of loan to equity in FY 2021 -22.
- e) BSP of 3 DISCOMs namely TPCODL, TPNODL & TPWODL may be decided as thought prudent by the Commission, to the extent not to increase RST during FY 2024-25. Remaining unrealized cost may be recognized as Regulatory Asset of GRIDCO to be recovered during subsequent years. The RST for FY 2024-25 may not be increased from present level.
- f) As intimated already vide this Department letter No.3333 dated 24.03.2021. Govt. has agreed to extend the status-quo on up-valuation of assets till FY 2025-26.
- g) Commission would have taken note of the submission made by the Department's representatives during public hearings as well as SAC meeting. Hence, it is not necessary to provide further details in this regard.

Also, the following specific suggestions may kindly be considered.

- h) Damage to Power Distribution infrastructure due to natural calamities are not covered under Insurance Schemes. Therefore, a "Contingency Reserve Fund", preferably one fund for all DISCOMs need to be created to have a self-insurance fund to insure against probable damage to Distribution Network. The Commission

may create provisions in the ARR of DISCOMs in this regard including the administration of the “Contingency Reserve Fund” under the Commission.

- i) Large-scale green energy, particularly Solar power, has been added in the generation capacity for energy transition across the Country. Availability of the peak power during the evening time is reducing and market price of peak power is very high. Hence the Commission is requested to introduce necessary measures for demand side management as well as designing the TOD tariff (both with incentives and penalty) to discourage large consumers to consume power during peak evening hours. This will help in flattening demand curve as well as reduce the overall cost of power. Further, GRIDCO can be encouraged to procure more green power by sharing the additional revenue of green tariff introduced by the Commission.

OBSERVATIONS AND ANALYSIS OF THE COMMISSION ON THE ARR & BSP PROPOSAL OF GRIDCO (Para 278 to 496)

278. In course of hearing of the present Applications, Learned Objectors Shri R. C. Satapathy and Representative of Shri Soumya Ranjan Patnaik, Hon’ble MLA, Khandapada raised the point of competency of this Commission, functioning with the Officiating Chairperson and another Member, embarking upon the exercise of determination of tariff and other related areas etc. which were held to be unsustainable in the order passed by this Commission on the date of hearing i.e. on 31.01.2024. Thus, that part of controversy has reached quietus in the wake of the provisions under Section 93 of the Electricity Act, 2003 read with Section 9(4) of the Orissa Electricity Reform Act, 1995 and Regulation 8(1)(b) of the OERC (Conduct of Business) Regulations, 2004.

Legal Status of GRIDCO Ltd. and Nature of its Application

279. Prior to enactment of the Electricity Act, 2003, GRIDCO Ltd. was “Transmission and Bulk Supply Licensee” under the Orissa Electricity Reforms Act, 1995 (in short, ‘the Reforms Act’). As such GRIDCO Ltd. has entered into long-term Power Purchase Agreements (PPAs) with Generating Companies namely OHPC, OPGC, NTPC etc. for purchase of power and also Bulk Supply Agreements with the four Distribution Companies of Odisha, namely TPCODL, TPNODL, TPWODL and TPSODL to supply power for meeting the State demand. Under the said agreements, GRIDCO Ltd. is obliged to sell power on priority basis to the aforesaid Distribution Companies of Odisha as per their requirements and the Distribution Utilities are obligated to buy

power from GRIDCO Ltd. This type of bulk supply arrangement is known as the “Single- Buyer- Model” of power procurement for Distribution Companies of Odisha and the same is prevailing in the State as a historical legacy.

280. Under the Fifth Proviso to Section 14 of the Electricity Act, 2003 GRIDCO Ltd. has become a deemed licensee; but its position has had to be consistent with the provisions of the Electricity Act, 2003. GRIDCO Ltd. has had to belong to one of the categories of licensee as set forth in clauses (a) (b) or (c) of Section 14 of the Act. It could not continue to maintain its position as “Transmission and Bulk Supply Licensee” as per the Orissa Electricity Reforms Act, 1995. The transmission business was taken over by the OPTCL and GRIDCO’s present activity is now confined to bulk purchase of electricity for sale to the Distribution Companies of Odisha. This satisfies the definition of trading under Section 2(71) of the Act. Therefore, GRIDCO’s position as per the Fifth Proviso to Section 14 of the Electricity Act, 2003 is that of a deemed trading licensee, responsible for trading of electricity in bulk.
281. Bulk supply activities by a trader is not repugnant to any provisions of the Act, 2003. Such activity is tenable under law. It is a historical legacy coming down from the period under the Reforms Act, 1995 and continues so long as the long-term bulk supply agreements with Distribution Companies subsist. Some of the objectors have canvassed the view that the single buyer model is against the spirit of the Electricity Act, 2003 and adversely affects the consumers of Odisha. In this tariff proceeding, the Commission has to set tariff in the situation as it stands now and therefore it refrains from addressing this incoherent issue. Incoherent
282. Further, the Government of Odisha in Energy Department, vide Notification No. 7948 dated 17.08.2006, have notified GRIDCO as the State Designated Entity for execution of Power Purchase Agreements with generating companies involved in generation of power from thermal, hydro & renewable sources.
283. Regarding filing of ARR & BSP application of GRIDCO Ltd. before the OERC, it is to clarify that the Commission is empowered under Section 86 1(b) of the Electricity Act, 2003 to regulate the price for procurement of power by the DISCOMs. Thus, this provision enables the Commission to fix the regulated price for procurement of power by the DISCOMs under the existing Bulk Supply Agreement with GRIDCO. Incidentally the approval of regulated price of power purchase for DISCOMs happens to be the Bulk Supply Price of GRIDCO Ltd. under the present arrangement and as such,

the Commission is empowered to approve/disapprove the ARR & BSP of GRIDCO Ltd. Hence, GRIDCO's submission of its ARR & BSP application before the OERC for approval is quite logical and very much tenable under the law. Moreover, GRIDCO acts as a facilitator in the matter of regular and continuous procurement of power and safeguards the interest of the DISCOMs when they are put under financial hurdles and also protects possible Power Regulation by the generator(s).

284. Under Section 86(1)(b) of the Electricity Act, 2003, the Commission is vested with authority to regulate the price at which Distribution Companies may buy power from generating companies or licensees (such as GRIDCO Ltd., which is a deemed trading licensee) or from other sources through agreements. The power to regulate price includes the power to fix regulated price from time to time. This provision enables the Commission to fix a regulated price for procurement of power by Distribution Companies under the existing Bulk Supply Agreements with GRIDCO Ltd. Conceptually, this is different from fixing of general tariff for sale of electricity by GRIDCO Ltd. to any purchaser.
285. The Commission cannot and does not fix tariff for sale of electricity by a trader, vide Section 62 of the Act, and it does not intend to do so for GRIDCO Ltd. as a trader; even though under Section 86(1)(d) read with Section 62 of the Act, the Commission may determine tariff for whole-sale or bulk supply of electricity by generators or distributors (*i.e. licensees other than traders*). This follows from a harmonious reading of Section 62 and Section 86(1)(a) and Section 86(1)(j) of the Electricity Act, 2003. But it just happens that in the present situation of Single-Buyer-Model that the regulated purchase price for Distribution Companies fixed under Section 86(1)(b) of the Act coincides with the selling price of GRIDCO Ltd. as a trader for sale of power *only to the present Distribution Companies of Odisha*. If GRIDCO Ltd. sells surplus power, after meeting its contractual obligation under existing Bulk Supply Agreements, directly to any consumer under Section 42 read with Section 49 of the Act or another trader, or even to another distributor licensed under the 6th proviso to Section 14 of the Act, the procurement price, which coincides with the selling price of GRIDCO Ltd., fixed in this order is not applicable. **Thus, this order does not fix tariff for GRIDCO Ltd. as a trader.**
286. However, the single buyer model has put GRIDCO Ltd. in a dominant position, indeed a monopolistic position, so far as supply to the Distribution Companies of Odisha is

concerned. By virtue of Section 60 of the Act, GRIDCO Ltd. is under an obligation to refrain from abusing its dominant position. In particular, GRIDCO Ltd. has to refrain from exploiting scarcity situation in the State arising from inability of generating companies to supply adequate power to GRIDCO Ltd. under their PPAs. Where, in such a situation, GRIDCO Ltd. chooses to purchase power from open market and *de hors* the PPAs, it has to do so prudently and following merit order dispatch principle. Also, in taking such decision, GRIDCO Ltd. has to weigh the possibility of over-burdening the tariff payable by the consumers of Odisha as against reasonable power regulation. It would be proper for GRIDCO Ltd. to present facts before the Commission and seek Commission's directions under Section 23 of the Act. In this connection Commission's Order dated 14.01.2010 in Case No.01/2010 regarding Power Regulation Protocol may be referred to. If it is established that GRIDCO Ltd. has not taken such steps and arbitrarily purchased power at high cost, the Commission would be within its rights not to allow such costs to be passed on to consumers.

287. In the process of re-organization of electricity industry, GRIDCO Ltd. as a trading licensee could not be a transferee of the liabilities either of erstwhile OSEB or of erstwhile GRIDCO Ltd. functioning as a distribution or transmission company vide Section 131 of the Act. Therefore, it has been contended that GRIDCO Ltd. as deemed trading licensee now is not entitled to consideration of past losses and other related costs indicated in the application. On deeper analysis it transpires that these past losses, securitization of liabilities and other related costs etc. are a mirror reflection or virtual image of what in reality are the liabilities of Distribution Companies and are actually being serviced by Distribution Companies. These liabilities are the Liabilities already incurred by GRIDCO Ltd. as on 01.04.1999 when its distribution business was transferred to Distribution Companies and liabilities of the DISCOMs after privatisation. These are arrears on account of power purchase payable to generators and incurred by GRIDCO Ltd. in the course of its role as a bulk supplier or deemed trading licensee. These liabilities could not be transferred to Distribution Companies as Commission does not allow regulatory asset in the DISCOMs' account.
288. The regulatory power under Section 86(1)(b) of the Electricity Act,2003 can be exercised by the Commission Suo Motu. GRIDCO Ltd. has filed its application referring to Section 62, Section 64 and also referring to Section 86(1)(b) of the Act. GRIDCO Ltd. has however prayed for fixation of its selling price qua the present

distribution companies by virtue of the subsisting Bulk Supply Agreements with the Distribution Companies and filed its Aggregate Revenue Requirement (ARR) along with the application. The Distribution Companies have filed their tariff applications through their Chief Executive Officers vide Case No.116 of 2023 for TPWODL, Case No.119 of 2023 for TPSODL, Case No.122 of 2023 for TPNODL & Case No.125 of 2023 forTPCODL. They have not prayed for fixation of their power procurement price but such fixation being fundamental determinant of tariff, is implicit in their prayer for determination of tariff. In the circumstances GRIDCO's application is not being treated as a tariff application but as material for the Commission to proceed Suo Motu for fixation of a regulatory price for power procurement by the present Distribution Companies of Odisha under the existing Bulk Supply Agreements. In this context GRIDCO Ltd. had been heard at length on its Aggregate Revenue Requirement (ARR) because under the prevailing single buyer model, the procurement price of the present Distribution Companies coincides with the selling price of GRIDCO Ltd. Therefore, GRIDCO Ltd. ought to have say in the matter and ought to be heard even though the Commission is essentially fixing the procurement price for the present Distribution Companies. Consideration and approval of Aggregate Revenue Requirement of GRIDCO is not possible unless GRIDCO is heard in length. It is in this context that Aggregate Revenue Requirement (ARR) of GRIDCO Ltd. was considered and analysed and not in the context of fixing a general tariff for GRIDCO Ltd.

289. On detailed scrutiny & examination of the Aggregate Revenue Requirement and Bulk Supply Price Application of GRIDCO Ltd. for 2024-25, the written & oral submission of the objectors, the Commission has passed the order as enunciated in the subsequent paragraphs.

Principle followed for approval of ARR for FY 2024-25

290. The Commission, for determination and approval of the ARR of GRIDCO for FY 2024-25, continues to follow the principles laid down in terms and conditions for determination of tariff regulations and principles followed in the previous year. It continues to be guided by the provisions of the Tariff Policy as well as other statutory notifications and directives, while giving due considerations to the complexities of the Odisha Power Sector.
291. Tariff determination is based on various assumptions and principles to arrive at the ARR components for the next financial year and hence, it is a reasonable estimate. The

actual figures/amount may be different and this will be considered in the truing-up exercise. The Commission has determined the ARR for the FY 2024-25 using the following principles.

- a) The cost of power purchase on a merit-order basis for GRIDCO constitutes about 99% of the total cost structure. The availability of energy from state hydro generation has been estimated as per design energy and that of state thermal generation has been computed based on the generation plan submitted by OPGC and the cost has been considered as per norms of OERC's Regulations/Power Purchase Agreement (PPA). Availability from the Central Sector Generating Stations/Inter State Generating Stations (ISGS) has been considered as per the allocation/shares of Odisha in these stations and the applicable tariff is as per CERC norms. The drawal from Independent Power Producers (IPPs), Captive Generating Plants (CGPs), Cogeneration Plants and energy from renewable sources have been estimated based on the proposal of GRIDCO, the requirement of the state and other obligations
- b) Following the separation of the transmission business along with transfer of related assets, liabilities and personnel to OPTCL w.e.f. 01.04.2005, GRIDCO does not possess any asset on its books of account. It however continues to carry the accumulated burden of past liabilities arised due to non-payment of dues by the earlier DISCOMs in time. GRIDCO also does not have the benefit of depreciation provisions to meet these debt obligations. Keeping in line with earlier orders, to avoid a huge additional burden being passed on to the retail consumers, the Commission has provided for servicing a substantial part of debt liabilities from the non-core activities of GRIDCO, namely earnings from export of power and un-scheduled interchange charges, after meeting the requirement of DISCOMs.
- c) The Commission has scrutinised in detail the energy requirement proposed by the DISCOMs for FY 2024-25. Based on the energy availability, the Commission has observed that after drawal of power from all state-owned generating stations (both Thermal and Hydro), the State's share from central sector generating stations, and drawal from IPPs, Renewable sources, captive & co-generation sources, some surplus energy as contingency for any real time deficit situation in State demand or trading of such power in market, if such deficit situation does not arise for FY 2024-25. The availability of energy has been calculated based on normative loss.

The quantum of surplus energy may increase or decrease based on hydrology and/or projected drawal from IPPs & central sector generating stations, though this has been estimated on normative basis for the ensuing year.

Quantum of Power Purchase

292. GRIDCO as a deemed trading licensee procures power from the generating stations within and outside the State to meet the requirement of the consumers of the State. The power purchased by GRIDCO is supplied to the DISCOMs through the OPTCL's transmission system.
293. GRIDCO Ltd. as well as DISCOMs have submitted their ARR applications for FY 2024-25 to the Commission separately for approval. In their applications, the Distribution Companies have furnished their projections of drawal of power from GRIDCO for FY 2024-25 and GRIDCO has projected the total power to be purchased from the Generators considering the requirement of distribution companies, emergency requirement of industries owning CGPs and the energy loss in OPTCL transmission system. The ARR applications filed by GRIDCO and DISCOMs in respect of expected quantum of power purchase by GRIDCO & energy drawl by DISCOMs have been examined & estimated by the Commission based on the quantum of present drawl of power and expected additional load growth during FY 2024-25.
294. The quantum of power to be purchased by the four Distribution Utilities for the FY 2024-25 has been assessed and approved by the Commission while determining their Revenue Requirement & Tariff in Case No.125/2023 (TPCODL), Case No.122/2023 (TPNODL), Case No.116/2023 (TPWODL) and Case No.119/2023 (TPSODL), in line with the provisions in the existing Regulations. The Commission has approved the total energy requirement of 37540 MU for all the DISCOMs for the FY 2024-25 and this would be about 1.5 % increase over the approved figure of previous FY 2023-24. Accordingly, the requirement of TPCODL, TPNODL, TPWODL and TPSODL would be about 12513 MU, 8163 MU, 11940 MU and 4924 MU respectively.
295. The Commission has considered 3% as loss in the transmission system of OPTCL for the FY 2024-25 and accordingly OPTCL's tariff order for the FY 2024-25 has been approved in Case No. 113 of 2023.
296. The Commission observed that as per the performance review data furnished by GRIDCO for the FY 2022-23, GRIDCO has sold 209.31 MU towards emergency power sale to the CGPs and others. Similarly, from the performance review data for first six

months of the current FY 2023-24, it is observed that GRIDCO has sold 218.25 MU towards emergency power sale to the CGPs and others. Considering the said sale of higher quantum of energy for the past period, the sale of emergency power supply of 100 MU to the CGPs has been taken into account and approved for FY 2024-25. Considering 3% as transmission loss, the estimated quantum of power purchase by GRIDCO to meet requirement of DISCOMs and emergency power supply to the CGPs, would be 38804.12 MU. The details of the estimated power purchase to meet the requirement/demand of the State is indicated in the Table below:

Table –16
Purchase of Power by GRIDCO for State Use for FY 2024-25
(In MU)

Name of the DISCOMs	Commission's Approval for FY 2023-24	GRIDCO's Proposal in ARR for FY 2024-25	Commission's Approval for FY 2024-25
TPCODL	11256.00	11469.34	12513.00
TPNODL	7508.00	8172.19	8163.00
TPWODL	13286.00	11704.00	11940.00
TPSODL	4920.00	4917.00	4924.00
TOTAL DISCOMs	36970.00	36262.53	37540.00
CGP	70.00	70.00	100.00
TOTAL SALE	37040.00	36332.53	37640.00
Transmission loss at EHT in MU (DISCOMs Purchase only)	1145.57 (@ 3.00% Transmission loss)	1123.69 (@ 3.00% Transmission loss)	1164.12 (@ 3.00% Transmission loss)
Total Purchase	38185.57	37456.21	38804.12

297. The Commission has approved the energy drawal by the Distribution Utilities for FY 2024-25 considering their present drawal pattern and the future projection due to additional load growth. Hence there may not be much variations from the approved drawal. The Distribution Utilities need to plan their drawal in consultation with GRIDCO keeping in view the deviation settlement mechanism and actual losses in the system.

Simultaneous Maximum Demand (SMD) in MVA

298. GRIDCO has stated that as requested by it, the DISCOMs have projected their SMD for FY 2024-25 considering the additional SMD on account of estimated additional load growth over the maximum SMD that occurred during the period from April, 2023 to September, 2023 and submitted the same to GRIDCO. The projections by DISCOMs for the FY 2024-25 are given in the Table below:

Table-17
SMD Projections by DISCOMs for FY 2024-25 (MVA/Month)

DISCOMs	OERC approval for FY 2023-24	Highest SMD recorded during FY 2023-24 (Apr'23 to Sep'23)	Projection of SMD of DISCOMs for FY 2024-25
TPCODL	2190	2244	2583
TPNODL	1280	1267	1394
TPWODL	1860	1676	1900
TPSODL	760	711	863

299. GRIDCO has submitted that the above projections of SMD by DISCOMs seems to be higher as compared to the actual occurrence in the summer months of the current financial year. Moreover, the rate of increase in projected SMD is much higher compared to the projected energy requirement of the DISCOMs for FY 2024-25. Therefore, GRIDCO has requested the Commission for prudent determination of SMD in respect of each DISCOMs for the ensuing year. GRIDCO has further submitted that during course of the year, there would be shut down of plants due to planned maintenance or force outage at any point of time and also the availability of renewable energy may not coincide with the time of maximum demand. Therefore, in order to meet the above projected maximum demand of the State at all times of the year, there could be requirement of scheduling of power from all thermal stations (for which PPAs has been signed with GRIDCO) to avoid load shedding. GRIDCO has requested the Commission to take into account above aspect while determining the power purchase cost.
300. The Commission observed that Bulk Supply Price (BSP) contains a component of demand charge which is calculated on the basis of average system demand of the DISCOMs. In ARR application, GRIDCO has considered the simultaneous maximum demand as furnished by DISCOMs to GRIDCO with additional amount towards projected additional growth for the ensuing year. As per the RST application of DISCOMs, the monthly demand for the period from April'23 to Dec'23 is as given in the table below:

Table -18
Demand in MVA during 2023-24 (Upto Dec' 23)

	TPCODL	TPNODL	TPWODL	TPSODL	Total
Apr-23	2029	1216	1676	703	5624
May-23	2156	1123	1569	587	5434
Jun-23	2244	1267	1556	711	5778

	TPCODL	TPNODL	TPWODL	TPSODL	Total
Jul-23	2019	1208	1423	693	5343
Aug-23	2005	1203	1540	684	5432
Sep-23	1926	1221	1546	686	5379
Oct-23	2121	1181	1382	693	5377
Nov-23	1638	1045	1617	606	4905
Dec-23	1494	895	-	618	3006
Average (4/23 to 12/23)	1959	1151	1539	664	5142

301. From the above table, it is observed that the total demand of all four DISCOMs varies over the year and the peak demand of 5778 MVA is observed in the month of June, 2023 coinciding with peak demand month of three DISCOMs (TPCODL, TPNODL, TPSODL). However, the maximum demand (1676 MVA) occurs in the area of operation of TPWODL in the month of April, 2023 whereas the maximum demands of TPCODL (2244 MVA), TPNODL (1267 MVA), TPSODL (711 MVA) occur in the month of June, 2023.

302. The Commission has considered actual energy requirement, peak demand and corresponding load factor (LF) of all four DISCOMs from FY 2018-19 to FY 2023-24 (9 months). The average LF of each DISCOM has been calculated and accordingly the expected peak demand with respect to the projected energy requirement has been estimated for FY 2024-25. The details of the same is given in the Table below:

**Table -19
Demand in MVA for FY 2024-25**

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (9 months)	2024-25 Approval)
TPCODL	Input Energy (MU)	8,783.92	8,160.10	8,370.43	8,816.55	9,901.98	8,854.13	12,513.00
	Maximum Demand (MVA)	1,579.00	1,590.49	1,531.00	1,661.89	1,891.49	2,244.00	2,349.00
	Load Factor %	70.6%	65.1%	69.3%	67.3%	66.4%	66.7%	67.6%
TPNODL	Input Energy (MU)	5,575.61	5,439.43	4,941.19	5,327.04	6,473.32	5,446.39	8,163.00
	Maximum Demand (MVA)	973.31	1,015.24	980.50	937.94	1,154.65	1,267.00	1,478 .00
	Load Factor %	72.7%	68.0%	63.9%	72.0%	71.1%	72.7%	70.1%
TPWODL	Input Energy (MU)	7,590.22	7,523.90	7,624.82	9,313.21	13,002.41	9,508.21	11,940.00
	Maximum Demand (MVA)	1,382.72	1,238.94	1,422.64	1,524.24	1,794.13	1,676.00	1,893.00
	Load Factor %	69.6%	77.0%	68.0%	77.5%	91.9%	95.9%	80.0%
TPSODL	Input Energy (MU)	3,638.95	3,468.63	3,599.30	3,941.54	4,188.45	3,304.92	4,924.00
	Maximum Demand (MVA)	634.18	613.86	600.00	650.00	721.00	711.00	833.00

		2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (9 months)	2024-25 Approval)
	Load Factor %	72.8%	71.7%	76.1%	76.9%	73.7%	78.6%	75.0%

Purchase of Power from Different Generating Stations

OHPC Hydro Power Stations

303. The ARR and Generation Tariff of individual power stations of OHPC for the FY 2024-25 has been dealt in Case No.111/2023 separately based on the application of OHPC filed under Section 62, 64 and 86 of the Electricity Act, 2003. The details of energy available to GRIDCO from various power stations of OHPC and the rates thereon have been dealt in the order passed in Case No. 111/2023, wherein the Commission has considered the existing design energy of the power stations of OHPC for the purpose. Further, the design energy of Machhkund Joint Venture H.E. Project is 525 MU. Considering 1% auxiliary consumption and Odisha share of 50%, the net energy drawal from this station comes to 259.88 MU. Hence, the Commission approves an availability of 259.88 MU to GRIDCO from Machhkund (Jt.) HE projects. The Commission desires that the State should draw its full share from Machhkund power station every day in a planned and economical manner. GRIDCO/OPTCL and TPSODL should co-ordinate to maximise the drawal from Machhkund in consultation with Government of Odisha whenever necessary. GRIDCO's proposal and Commission's approval for drawal of energy from OHPC stations for the FY 2024-25 are given in the Table below:

**Table –20
Drawal from Hydro Power Stations of OHPC (in MU)**

Source of Generation	FY 2023-24	FY 2024-25	
	Commission's Approval	GRIDCO's Proposal	Commission's Approval
OHPC (Old Stations)	3660.22	3642.71	3660.22
Upper Indravati	1942.38	1396.46	1942.38
Machhkund	259.88	259.88	259.88
Total Hydro	5862.48	5299.05	5862.48

304. The tariff approved for OHPC Stations in the order passed in Case No.111/2023 will be considered for determination of the power procurement cost of GRIDCO in respect of all stations of OHPC. Accordingly, the cost of power purchase by GRIDCO from each of the power stations of OHPC is given in the table below:

**Table –21
Cost of Power Purchase from Power Stations of OHPC for FY 2024-25**

Name of the Power Station	Quantum of Power Purchase for 2024-25 (MU)	Approved Average Tariff for 2024-25 (P/U)	Cost of Power Purchase for FY 2024-25 (Rs. Crore)
Burla	660.52	144.34	95.34
Chipilima	485.10	83.18	40.35
Balimela	1171.17	82.00	96.04
Rengali	519.75	131.16	68.17
Upper Kolab	823.68	76.51	63.02
Sub-Total	3660.22	99.15	362.91
Upper Indravati	1942.38	83.35	161.90
Machhkund	259.88	123.65	32.13
Total	5862.48	95.00	556.94

IB Thermal Power Station of OPGC

305. Orissa Power Generation Corporation (OPGC) owns IB Thermal Power Station at Banharpalli in the district of Jharsuguda with an installed capacity of 2x210 MW (Units-I & II) in Stage-I and GRIDCO is entitled to draw 100% power from Stage-I. also has expansion project i.e. Stage-II (Unit-III & IV) having installed capacity of (2x660 MW) i.e. 1320 MW and GRIDCO has 100 % share from Stage-II with effect from 01.04.2023 as per the approved Supplementary PPA executed between OPGC & GRIDCO on 24th January 2019. In its application, GRIDCO has projected to procure the net energy of 2447.98 MU from the Units-I&II (Stage-I) for FY 2024-25 based on the auxiliary consumption @9.50% and PLF of 73.52% at which the plant was operated during FY 2022-23. The Commission observed that OPGC in its generation plan for FY 2024-25 has projected to export 2668.307 MU to GRIDCO from Unit-I&II. Accordingly, the Commission approves the net drawal of 2668.31 MU by GRIDCO from Units-I & II of IB Thermal Power Station of OPGC for the FY 2024-25. GRIDCO submits that the Annual Fixed Charge (AFC) and Energy Charge Rate (ECR) of OPGC Stage-I (Unit I&II) may be considered by the Commission as per the tariff to be determined in respect of Stage I of OPGC upon hearing their tariff application for FY 2024-25. The Commission observed that in the order passed in Case No.112/2023, the annual fixed cost of OPGC Units-I & II has been determined as Rs.309.91 crore and the ECR has been estimated @165.10 P/U. Accordingly, the power procurement cost comes to Rs.750.46 Crore towards purchase of 2668.31 MU from OPGC Units-I & II at the average rate of Rs.281.25 P/U and the same is approved by the Commission for the purpose of determination of ARR and BSP of GRIDCO for the FY 2024-25. Further, the year-end charges of Rs 27.30 crore, as determined in the aforesaid order in Case No.112/2023, has been considered as pass through in the ARR of GRIDCO, which shall

be reimbursed by GRIDCO to OPGC on actual basis after verification of the relevant data/documents furnished by OPGC.

306. GRIDCO has submitted that OPGC has shared Generation Plan for 2 X 660 MW OPGC Stage-II (Units- III & IV) for FY 2024-25 wherein the gross generation has been projected to be 9,865.47 MU and the normative Ex-Bus export quantum of power to be 9236.11 MU. Accordingly, GRIDCO has considered 9236.11 MU to be made available from OPGC Stage-II (Units-III&IV) for FY 2024-25 considering availability at 85.20% and auxiliary consumption of 6.25 %. Further, GRIDCO has submitted that the Commission, vide its order dated 07.01.2023 passed in Case No.96 of 2021, has determined Generation Tariff for OPGC Stage II (Units- III & IV) fixing the Annual Fixed Charges for FY 2023-24 as Rs.1904.70 Cr. and GRIDCO has considered the same for the FY 2024-25 subject to determination of AFC by the Commission for FY 2024-25. Considering the actual average ECR for first six months of FY 2023-24, GRIDCO has proposed the as ECR @ 138 Paise/kWh for FY 2024-25. Further, GRIDCO has projected year end charges of Rs 31.31 crore for FY2024-25 in respect of OPGC Stage II (Units- III & IV). Accordingly, GRIDCO has proposed power procurement cost of Rs 3210.59 crore in respect of OPGC Stage II (Units- III & IV) for FY 2024-25 at an average rate of 347.61 P/U towards purchase of 9236.11 MU.
307. After scrutiny of the above proposal of GRIDCO, the Commission observed that as per Notification No. 10485 dated 20.12.2018 of the Department of Energy, Government of Odisha, the contracted capacity is 100% in respect of OPGC Units-III&IV (2x660 MW) w.e.f. 01.04.2023 till completion of 25 years i.e. upto 31.03.2048. The Commission further observed that OPGC in its generation plan for its Units-III & IV has projected export of 9235.72 MU to GRIDCO for FY 2024-25 which translates to availability of about 85.20%. The Commission approves the same as the drawl from OPGC Stage-II (Units-III &IV) for FY 2024-25 for State consumption. The Commission observed that the generation tariff for OPGC Units-III & IV has already been determined by the Commission vide its order dated 07.01.2023 passed in Case No.96 of 2021. The Commission in the said order has approved Annual Fixed Charge of Rs.1904.70 Crore and provisionally computed the ECR @ 126.15 P/U for the FY 2023-24. Since the tariff of OPGC Stage-II (Units-III &IV) has not yet been determined by the Commission for the next control period starting from FY 2024-25, the Commission provisionally considers the fixed cost of Rs.1904.70 Crore for the ensuing FY 2024-25. Further,

considering the actual average ECR for the period from April'23 to Sep'23, the Commission considers the ECR @138.12 P/U for the purpose of computation of ARR of GRIDCO for the ensuing FY 2024-25. However, the monthly energy charges shall be computed by OPGC in accordance with the OERC Generation Tariff Regulations, 2020 and billed to GRIDCO along with the details of required data/information on coal and oil used for generation as per the said Regulations. Accordingly, the Commission estimates the power procurement cost in respect of OPGC Units-III & IV as Rs.3180.34 Crore for procurement of 9235.72 MU during the FY 2024-25 at an average rate of 344.35 P/U. Further, the Commission approves year end charges of Rs.36.46 crore in respect of OPGC Units-III & IV as pass through in the ARR of GRIDCO for the ensuing FY 2024-25, which shall be reimbursed by GRIDCO to OPGC on actual basis after verification of the relevant data/documents furnished by OPGC. Further, after notification of OERC (Determination of Input Price of Coal) Regulations by this Commission, the same shall be applicable for computing the ECR.

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

308. In the application, GRIDCO has submitted that with availability of OPGC Units-III & IV and NTPC Stations i.e. Darlipalli (1600 MW), Barh-I and capacity addition from renewable sources, there would not be any requirement of power from CGP sources during the ensuing FY 2024-25 on regular basis. However, GRIDCO may resort to source power from CGPs provided the economics of power procurement works out in favour of GRIDCO and depending on the power supply & demand situation of the State and exigency/force majeure conditions, such procurement may be justified. Since CGP power is essentially meant for the captive consumption and not a firm source of power, it is not feasible on the part of GRIDCO to propose a definite quantum of power for procurement from the CGPs. GRIDCO has further submitted that drawal of firm power from the generators with whom it has signed PPAs, has to be sourced in order to economise the procurement cost, otherwise the liability of payment of fixed cost remains with GRIDCO irrespective of quantum of drawal of power. However, as directed by the Commission in the tariff order for FY 2023-24, GRIDCO will try to procure power from captive sources based on requirement and Merit Order Despatch (MOD) principles.
309. Some of the objectors have stated that GRIDCO has not proposed to procure any power from the 52 nos. of Captive Generating Plants of the State. The CGPs are running in

normal operating conditions and the surplus power available with them can be harnessed by GRIDCO. It will be always beneficial for GRIDCO to procure the surplus power available from the CGPs of the State considering the fact that the tariff of CGP power is cheaper in comparison to the tariff at which GRIDCO buys power from the Central Sector Generating Station (NTPC) as it is not associated with any transmission loss, central transmission charges and other associated costs. They requested the Commission that to pass appropriate order so as to ensure a specified quantum of power to be purchased from CGPs in Odisha and the tariff of the same may be approved looking into the present cost of the generation. One of the objectors stated that the reasons submitted by GRIDCO for not procuring power from CGPs are not proper and adequate. GRIDCO should plan and submit proposal for procuring power from CGP at market price. Another objector proposed that GRIDCO may procure power from CGPs through tendering process.

310. In response to the above objections, GRIDCO has submitted that projections from the approved generating sources/stations have been planned considering long term PPAs which have been executed with the generators for ensuring energy security for the State. No projection has been made towards procurement from CGPs and co-generation plants in absence of any contractual obligation. Moreover, the availability of power from these sources are not consistent as the same is meant for the captive consumptions of the respective industries. Regarding execution of PPAs with CGPs within the State, GRIDCO has submitted that CGPs are infirm sources and are primarily commissioned to meet their own power requirement. Therefore, it may not be feasible on the part of GRIDCO to execute long term PPAs with the CGPs to meet the State demand. Nevertheless, power may be availed from the CGPs on short term basis to meet any exigency conditions, provided the economics of power procurement works out in GRIDCO's favour depending on the Power Supply & Demand situation of the State. Further, the drawal of firm power from the Generators with whom PPAs have been signed, has to be sourced in order to economize the power procurement cost; otherwise, the liability of payment of Fixed Cost remains with GRIDCO irrespective of energy drawal. The projected procurement of energy of about 39652 MU during FY 2024-25 from such firm sources /generating stations shall match in meeting the Projected Demand of the DISCOMs for the consumption within the State and thus the surplus power needs to be sold leaving no opportunity for procurement of power from infirm

CGP Sources during the ensuing year. During the deficit scenarios, GRIDCO endeavors to arrange power through power banking and other short-term avenues.

311. GRIDCO has further submitted that the Peak demand of the State shows upward trend during March to July in the recent years. To ensure power availability during the summer months, GRIDCO usually floats short term power purchase tenders to procure power from both inter-State and intra-State sources, including CGPs. For FY 2023-24, two nos. of tenders were floated by GRIDCO, vide NIT No.:01/2023 & 02/2023, for purchase of power from intra-State CGPs. However, both the tenders were unresponsive and no pre-bid queries/ clarifications were sought by the CGPs, indicating lack of interest of CGPs to participate in GRIDCO's tenders. Presently, GRIDCO has also floated short term tender to make procurement of RTC firm power of 200 MW to 300MW during April'24 to July'24 and 200 MW during any time slot during April'24 to July'24, from the intra-State CGPs. Thereafter, a consultation meeting was also held with different CGPs for better understanding of the apprehensions of the CGPs regarding participation in GRIDCO's power purchase tenders. In the said meeting, the CGPs were requested to submit their issues as pre-bid queries for the floated power purchase tender. However, no response has been received from the CGPs in this regard. Moreover, GRIDCO is open for purchase of power from CGPs, under "force majeure" or "exigency conditions". But, the procurement from CGPs at market price, is quite unaffordable as the market price in the peak period and off-peak period are exorbitantly higher as compared to the cost of firm power from the costliest station of NTPC. Thus, the contention regarding procurement from CGPs at the market price is quite unjustified and is in the adverse interest of the State power sector as a whole.

Availability of Energy and Procurement Cost of Renewable Energy

(A) Small Hydro Sources:

312. GRIDCO has submitted that considering procurement of 424.75 MU during FY 2022-23 and drawal of 249.16 MU during the first six months of FY 2023-24 from Small/Mini Hydro Projects, GRIDCO is expecting availability of about 468.70 MU of Renewable Energy during FY 2024-25 from the SHEPs i.e. Meenakshi, Samal, Lower Baitarani, Saptadhara, Bargarh Head Regulator and OPGC Mini Hydel Project. The details are given in the Table below.

Table-22
Proposed Drawal from the SHE Projects by FY 2024- 25

Sl. No.	Name of the SHEPs	Installed Capacity	Energy drawal during FY 2022-23	Energy drawal during Apr-Sep' 23	Proposed Energy procurement for FY 2024-25
		MW	MU	MU	MU
1	Lower Kolab & Middle Kolab SHEP of Meenaskhi Power Ltd. through PTC	37	174.73	105.58	180.97
2	SAMAL Barrage SHEP of M/s OPCL through PTC	20	97.51	46.79	95.38
3	Lower Baitarani SHEP by M/s BPPPL	24	82.05	52.98	99.00
4	Saptadhara SHEP by M/s APPPL	18	47.94	32.87	57.00
5	Bargarh Head Regulator SHEP by M/s Kakatiya Industries Pvt. Ltd.	09	22.53	10.96	36.00
6	OPGC MHP	1.15	0.16	-----	0.35
	Total	109.15	424.92	249.18	468.70

313. GRIDCO has submitted that as per OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2021 dated 17.01.2022, the generation from SHEPs commissioned on and after 08.03.2019 can qualify towards HPO. Accordingly, generation from 24 MW Lower Baitarani SHEP, 18 MW Saptadhara SHEP and 09 MW Bargarh Head Regulator SHEP is to be considered towards HPO compliance. Further, in case the 15 MW Sharvani SHEP of M/s Sharvani Energy Pvt. Ltd. achieves COD during FY 2024-25, it will be considered towards HPO compliance.

314. GRIDCO has proposed the cost of power procurement from the above SHEPs are as under:

- a. **Lower Kolab & Middle Kolab SHEPs:** Procurement of 180.97 MU of energy from Lower Kolab & Middle Kolab SHEPs of M/s. Meenakshi Power Pvt. Limited has been proposed at a rate of 368 P/U including PTC Trading Margin of 04 P/U. Accordingly, power procurement cost of 180.97 MU of energy comes to Rs. 66.60 Crore.
- b. **Samal Barrage SHEP:** Procurement of 95.38 MU of energy from 20 MW Samal Barrage SHEP of M/s OPCL has been proposed at a rate of 371 P/U including

PTC Trading Margin of 04 P/U. Accordingly, the power procurement cost of 95.38 MU comes to Rs.35.39 Crore.

- c. **Lower Baitarani SHEP:** Procurement of 99 MU of energy from 24 MW Lower Baitarani SHEP of M/s BPPPL has been proposed at a tariff of 503 P/U as approved by the Commission vide its Order dated 06.01.2023/13.01.2023 and 30.09.2023 in Case no 88/2020. Accordingly, the power procurement cost of 99 MU comes to Rs.49.80 Crore.
 - d. **Saptadhara SHEP:** Procurement of 57 MU of energy from Saptadhara SHEP of M/s. APPPL has been proposed at a tariff of 506 P/U as approved by the Commission vide order dated 07.05.2022 in Case No. 100/2021. Accordingly, the power procurement cost of 57 MU comes to Rs. 28.84 Crore.
 - e. **Bargarh Head Regulator SHEP:** Procurement of 36 MU of energy from Bargarh Head Regulator SHEP M/s Kakatiya Industries Pvt. Ltd. has been proposed at a rate of 506 P/U as per the PPA dated 02.12.2015. Accordingly, the power procurement cost of 36 MU comes to Rs.18.22 Crore.
 - f. **Biribati & Kendupatna MHPs:** Procurement of 0.35 MU of energy from Biribati & Kendupatna Mini Hydel Projects of OPGC has been proposed @ 391 P/U based on the Commission's order dated 05.01.2019 passed in Case No.35 of 2018. Accordingly, the power purchase cost of 0.35 MU comes to Rs. 0.14 Crore.
 - g. Accordingly, the total power purchase cost of the above Small/Mini Hydel Projects comes to Rs.198.98 Crore towards purchase of total 468.70 MU at an average price of 425 P/U.
315. After scrutiny of the above proposal of GRIDCO, the Commission approves the quantum of 468.70 MU of energy to be procured by GRIDCO from the small/mini hydel sources during the FY 2024-25 as proposed by GRIDCO. It is further observed that the Commission in its order dated 19.05.2011 passed in Case Nos.17 & 24 of 2011 have fixed 368.00 P/U (inclusive of 4 P/U as trading margin of PTC) towards procurement of power by GRIDCO from PTC in respect of drawal from Lower Kolab & Middle Kolab SHEPs of M/s. Meenaskhi Power Pvt. Ltd. Similarly, the Commission, vide its order dated 04.02.2016 passed in Case No. 15/2015, have fixed 371.00 P/U (inclusive of 4 P/U as trading margin of PTC) towards procurement of power by GRIDCO from PTC in respect of drawal from Samal Barrage SHEP of M/s. OPCL. The Commission further observed that the tariff of 506 P/U has been approved, vide order

dated 07.05.2022 in Case No. 100/2021, for procurement of power from Saptadhara SHEP. Further, GRIDCO has proposed to procure 36 MU energy from Bargarh Head Regulator SHEP at a rate of 506 P/U as per the PPA executed by GRIDCO with the project developer. Further, vide Commission's order dated 05.01.2019 passed in Case No. 35/2018, the tariff for procurement of power from Biribati and Kendupatna mini hydel projects of OPGC has been fixed at Rs.3.91/kWh. Further, the Commission vide its order dated 06.01.2023 passed in Case No. 88/2020 had approved 503 P/U towards procurement of power from the SHEP of M/s Baitarani Power Projects Pvt. Ltd. However, M/s Baitarani Power Projects Pvt. Ltd has challenged the said Order before the APTEL, vide Appeal No 25 of 2024 & IA No 2343 of 2023 and the APTEL, vide their Order dated 05.02.2024 passed in IA No 2343 of 2023, have directed GRIDCO to pay a tariff of Rs.5.65 per unit to the Appellant-M/s Baitarani Power Projects Pvt. Ltd from the date of the impugned Order, and during the pendency of this appeal. Accordingly, the tariff of 565 P/U is considered towards purchase of power from the SHEP of M/s Baitarani Power Projects Pvt. Ltd. till final Order in this matter is passed by the APTEL. Accordingly, the Commission approves the procurement cost of Rs.205.11 Crore towards purchase of total 468.70 MU by GRIDCO from the Mini and Small Hydro sources during the FY 2024-25 for State consumption at an average rate of 437.62 P/U. The details of which is given in the Table below:

Table-23
Procurement & Cost of Power from Mini /Small Hydro Sources for FY 2024-25

Sl. No.	Name of the Projects	Installed Capacity (MW)	Energy Approved for Drawal (MU)	Rate (P/U)	Total Cost (Rs. Cr.)
1.	Lower Kolab & Middle Kolab SHEP of Meenaskhi Power Ltd. through PTC	37	180.97	368.00	66.60
2.	SAMAL Barrage SHEP of M/s OPCL through PTC	20	95.38	371.00	35.39
3.	Lower Baitarani SHEP by M/s BPPPL	24	99.00	565.00	55.94
4.	Saptadhara SHEP by M/s APPPL	18	57.00	506.00	28.84
5.	Bargarh Head Regulator SHEP by M/s Kakatiya Industries Pvt. Ltd.	09	36.00	506.00	18.22
6.	OPGC MHP	1.15	0.35	391.00	0.14
	Total	109.15	468.70	437.62	205.11

(B) Bio-mass Energy:

316. In its ARR application, GRIDCO has proposed to procure Biomass Energy of 70 MU during FY 2024-25 from the 20 MW of Bio-mass plant of M/s. Jagannath Power & Infra Pvt. Ltd. (JPIPL), at a cost of Rs. 53.20 Crore at the rate of 760 P/U. GRIDCO has submitted that the Commission has determined the tariff of Rs 7.60/ kWh (variable cost of Rs 5.65 /kWh and fixed cost of Rs 1.95 /kWh) for the Biomass project for FY 2023-24. In absence of any further direction of the Commission in this regard, GRIDCO has provisionally considered the tariff of 760 P/U for FY 2024-25.
317. The Commission observed that as per the order dated 01.10.2020 passed in Case No. 12/2019, the tariff for procurement of Bio-mass energy from M/s. Shalivahan Green Energy Ltd. (presently M/s. Jagannath Power & Infra Pvt. Ltd. (JPIPL) is 760 P/U for the FY 2023-24 and no further tariff has been determined for this project. Hence, the Commission accepts the proposal of GRIDCO and approves the cost of Rs.53.20 Crore towards procurement of 70 MU of Biomass energy from M/s. Jagannath Power & Infra Pvt. Ltd. (JPIPL) at the rate of 760 P/U for computation of ARR of GRIDCO for the FY 2024-25.

(C) Wind Energy:

318. GRIDCO has submitted that Power Sale Agreements (PSAs) have been executed with PTC India Ltd. and SECI to purchase total 360 MW of wind power under different schemes of MNRE, GoI where ISTS Charges are waived off. ISTS losses shall also be not applicable for the procurement of wind power in all Tranches except 10 MW Wind Power under Tranche-XI. The details are as given below:
- a. GRIDCO has signed PSA with PTC on dated 20.07.2017 to avail 50 MW of “Wind Power” through “ISTS Connected Wind Power Projects Scheme” of MNRE, Govt. of India. This 50 MW of Wind Power has been allocated to GRIDCO from M/s. Ostro Kutch Wind Pvt. Ltd. located in Kutch District of Gujarat at the applicable tariff of 353 Paise per kWh including Trading Margin of 7 Paise per kWh of M/s. PTC India Ltd.
 - b. GRIDCO has signed PSA with SECI on dated 24.11.2017 for availing 100 MW of Wind power under the “ISTS Connected Wind Power Projects Scheme, Phase-II” of MNRE, Govt. of India, at the applicable tariff of 272 Paise per kWh including Trading Margin of 7 Paise per kWh of SECI.

- c. GRIDCO has executed PSA with SECI on dated 23.03.2018 to avail 50 MW of Wind Power under the “ISTS Connected Wind Power Projects Scheme, Phase-III” of MNRE, Govt. of India at the applicable tariff of 251 Paise per kWh including Trading Margin of 7 Paise per kWh of SECI. Now GRIDCO is availing 37.5 MW wind power from this project. The developer has filed a Petition (No. 56/MP/2022) before CERC for cancellation of PPA for a quantum of 100 MW under this scheme from which GRIDCO has a share of 12.5 MW and the matter is now sub-judice.
 - d. GRIDCO has executed PSA with SECI on dated 15.06.2018 to avail 100 MW of Wind Power under the “ISTS Connected Wind Power Projects Scheme, Phase-IV” of MNRE, Govt. of India at the applicable tariff of 258 Paise per kWh, including Trading Margin of 7 Paise per kWh of SECI. Out of the 100 MW of contracted capacity, now 84 MW of Wind Power has been made available to GRIDCO since SECI, vide PPA amendment dated 01.09.2023, has terminated the PPA for capacity of 32 MW under this scheme, from which GRIDCO has a share of 16 MW.
 - e. GRIDCO has executed PSA with SECI on dated 22.08.2019 to avail 50 MW of Wind Power under the “ISTS Connected Wind Power Projects Scheme, Phase-VI” of MNRE, Govt. of India at the applicable tariff of 289 Paise per kWh including Trading Margin of 7 Paise per kWh of SECI.
 - f. GRIDCO has executed PSA with SECI on dated 07.11.2022 to avail 10 MW of Wind Power under the “ISTS Connected Wind Power Projects Scheme, Phase-XI” of MNRE, Govt. of India. Out of 10 MW of wind power, 5.25 MW shall be available at 276 Paise per kWh and 4.75 MW at 277 Paise per kWh. including SECI Trading margin of 7 Paise per kWh. The Wind Power is scheduled to be available from December, 2023. In this case, ISTS losses shall be applicable as per the Orders dated 23.11.2021 and 30.11.2021 of Ministry of Power, Govt. of India.
319. GRIDCO has submitted that at present it is availing 321.5 MW wind power out of the contracted capacity of 360 MW for the reasons indicated above. Further, considering energy procurement of 932.67 MU of wind power during FY 2022-23, drawl of 595.16 MU during the first six months of FY 2023-24 and availability of additional 10 MW Wind power from Tranche-XI Scheme, GRIDCO has proposed to procure around

1091.92 MU of wind power from PTC & SECI in FY 2024-25. Accordingly, GRIDCO has proposed to draw 1091.92 MU of Wind power during FY 2024-25 from the aforesaid sources at procurement cost of Rs.305.56 Crore at an average rate of 279.84 P/U. The details are given in the Table below:

Table-24
Procurement of Wind Energy by GRIDCO for FY 2024-25

Sl. No.	Wind Project Schemes	Contracted Capacity (MW)	Capacity Commissioned (MW)	Applicable Tariff (Rs/kWh)	Proposed Energy for FY 2024-25 (MU)	Rate (P/U)	Total Cost (Rs. Cr.)
1	MNRE ISTS-Connected Wind Power Scheme through PTC, Tranche-I	50	50	3.53	157.68	353.00	55.66
2	MNRE ISTS-Connected Wind Power Scheme through SECI, Tranche-II	100	100	2.72	303.98	272.00	82.68
3	MNRE ISTS-Connected Wind Power Scheme through SECI, Tranche-III	50	37.5	2.51	124.26	251.00	31.19
4	MNRE ISTS-Connected Wind Power Scheme through SECI, Tranche-IV	100	84	2.58	316.72	258.00	81.71
5	MNRE ISTS-Connected Wind Power Scheme through SECI, Tranche-VI	50	50	2.89	157.79	289.00	45.60
6	MNRE ISTS-Connected Wind Power Scheme through SECI, Tranche-XI	5.25	-	2.76	16.18	276.00	4.47
		4.75	-	2.77	15.31	277.00	4.24
	Total	360	321.5		1091.92	279.84	305.56

320. After scrutiny, the Commission accepts the above proposal of GRIDCO and approves the procurement cost of Rs.305.56 Crore towards purchase of 1091.92 MU of wind energy by GRIDCO during the FY 2024-25 at an average rate of 279.84 P/U for State consumption.

(D) Solar Energy

321. In its submission, GRIDCO has proposed to procure 1950 MU of solar energy from different sources during the FY 2024-25 as given hereunder:

- (i) 13 MU at the rate of 628 P/U from 8 Nos. of Solar PV Projects, each of 1 MW capacity commissioned in the State under 'Rooftop PV and Small Solar Power Generation Programme' (RPSSGP) guidelines of MNRE, GoI,.
- (ii) 34 MU @ 1065 P/U from 20 MW Solar capacity as per the PSA executed with NTPC Vidyut Vyapar Nigam Limited (NVVNL) on 12th January 2011 under 'New Projects Scheme' Phase-1 of Jawaharlal Nehru National Solar Mission (JNNSM) where Solar capacity bundled with equal quantum of thermal capacity from the unallocated quota of the NTPC Coal Based Stations available to GRIDCO.
- (iii) 17 MU from 10 MW Solar capacity as per the PPA executed with NTPC on 26.04.2011 to procure Solar power of 5 MW from Dadri Solar PV project in U.P. (8.50 MU @ 1294 P/U) and another 5 MW from Faridabad Solar PV Project in Haryana (8.50 MU @ 935 P/U).
- (iv) 7 MU @ 700 P/U from the 5 MW Solar PV Project developed by M/s. Alex Green Energy Ltd. at Patnagarh in Bolangir district under OREDA State Scheme.
- (v) 42 MU @ 728 P/U from 25 MW Solar PV Project developed by M/s ACME Odisha Solar Power Pvt. Ltd. in Bolangir district under OREDA State Scheme Phase-II.
- (vi) 108 MU @ 550 P/U from 70 MW Solar Capacity allocated to GRIDCO through SECI under Viable Gap Funding (VGF) Scheme under JNNSM Phase-II, Batch-I.
- (vii) 401 MU @ 450 P/U from 270 MW capacity Solar PV Projects allocated to GRIDCO through SECI under Viability Gap Funding (VGF) Scheme under JNNSM Phase-II, Batch-IV.
- (viii) 112 MU @ 306 P/U from the 75 MW Solar PV project developed by M/s. Aditya Birla Renewables Limited, selected under GRIDCO e-bidding Scheme

as per Resolution dated 03.08.2017 of the Ministry of Power, Government of India.

- (ix) 635 MU @ 260 P/U from the 300 MW Solar Power being procured through SECI under ISTS-connected Solar power Projects Scheme which is expected to be available during FY 2024-25.
 - (x) 409 MU @ 265 P/U from the 200 MW Solar power allocated to GRIDCO through SECI under ISTS-connected Solar power Projects Scheme which is expected to be available during FY 2024-25.
 - (xi) 12 MU @ 284 P/U from the upcoming 8 MW Solar PV Project developed by GEDCOL at 5 nos. of locations (3 nos. of OPTCL Sub-stations, one at Mukhiguda Power House and another is Manamunda Solar Project of GEDCOL) in the un-utilized surplus land.
 - (xii) 91 MU @ 261 P/U from 167 MW out of 500 MW solar project through SECI under ISTS – connected manufacturing linked scheme which is expected to be available in 2 phases i.e 167 MW from M/s Azure Power Fifty-Two Pvt. Ltd. by 31.12.2024 and 333 MW from M/s Adani Green Energy Twenty-Six Pvt. Ltd. during FY 2025-26.
 - (xiii) 69 MU @ 250 P/U is expected to be available during FY 2024-25 from two nos. of PSAs (18.04.2022 & 30.09.2022) signed by GRIDCO with NTPC under ISTS Solar Projects towards procurement of total 400 MW with 200 MW each at the applicable tariff of Rs.2.50/kWh including trading margin of Rs.0.07/kWh. However, only 200 MW Solar Project is expected to be commissioned by January'2025 and balance 200 MW is expected to be available during FY 2025-26.
322. Accordingly, the estimated procurement of 1950 MU of Solar Power during FY 2024-25 from the above sources with procurement cost of Rs. 690.87 Crore at an average rate of 354.29 P/U. After scrutiny, the Commission accepted the above proposal of GRIDCO. However, GRIDCO in its application has claimed total year end charges of Rs 29.21 Crore, out of which Rs.27.32 crore towards STU charges / SLDC & RLDC charges, Compensation towards Safe Guard Duty (SGD) for purchase of the solar power from some sources and Rs.1.89 crores towards ash transportation charges for NVVN bundled power as given in the table below.

Table-25
Proposed Year End Charges towards Purchase of Solar for FY 2024-25

Sl. No.	Name of Station	Capacity (MW)	Nature of Expenditure	Projected Expenditure for FY 2024-25 (Rs. in Crore)
1	Rajasthan and Gujarat through SECI under VGF Scheme Ph-2, Batch-1	50	Re-imbursement towards STU Charges and SLDC charges	11.60
2	Dadri & Faridabad Solar PV stations through NTPC	10	Re-imbursement towards RLDC & SLDC charges	
3	Bundled Power through NVVN	15	Re-imbursement towards STU Charges and SLDC charges	
4	ISTS Solar Projects Tranche-1 through SECI	300	Compensation towards Safe Guard Duty claims under Change in Law provision of PSA dated 21.08.2018	13.86
5	ISTS Solar Projects Tranche-3 through SECI	200	Compensation towards Safe Guard Duty claims under Change in Law provision of PSA dated 21.08.2018	1.86
6	Bundled Power through NVVN	20	Ash Transportation charges claimed by NTPC as per CERC Order dated 28.10.2022	1.89
	Total	595		29.21

323. After examining the above proposal of GRIDCO, the Commission allowed year end charges of Rs.27.32 crore only in the ARR of GRIDCO for FY 2024-25 comprising of proposed STU charges / SLDC & RLDC charges, Safe Guard Duty (SGD) compensation for purchase of the solar power. However, the Commission does not allow the claim of GRIDCO amounting to Rs.1.89 crores towards ash transportation charges for NVVN bundled power which shall be considered during truing up exercise on actual basis as per audited accounts. Similarly, GRIDCO has claimed year ebd charges Rs.0.19 crore towards SLDC charges in respect of Samal Barrage SHEP & Lower Baitarani SHEP. The Commission does not allow the same in the ARR of GRIDCO for FY 2024-25. However, the same may be considered as pass through in the ARR of GRIDCO for the next year as per the prevailing practice.

324. Accordingly, the Commission approves procurement of 1950 MU of solar power during the FY 2024-25 from various sources as proposed by GRIDCO with the cost of Rs.718.13 Crore at an average rate of 368.27 P/U as given in the Table below:

Table –26
Quantum & Procurement Cost of Solar Power during FY 2024-25

Sl. No.	Solar RE Sources	Quantum	Rate	Approved Purchase Cost of Solar Power for FY 2024-25
		(MU)	(P/U)	(Rs. Cr.)
1	8 Nos. of Solar PV projects of 1MW each under RPSSGP*	13	628	8.16
2	20 MW through NVVN under 'New Projects scheme' under JNNSM, Ph-1	34	1065	36.21
3	10 MW through NTPC from 5 MW Solar PV projects at Dadri& Faridabad	17	8.50 MU @1294 P/U & 8.50 MU @935 P/U	18.95
4	5 MW from M/s Alex Green Energy Ltd. through OREDA State scheme	7	700	4.90
5	25 MW from ACME Odisha Solar Power Private Ltd.	42	728	30.58
6	70MW through Solar Energy Corporation of India (SECI) under JNNSM, Phase –II, Batch-I	108	550	59.40
7	270MW through SECI under JNNSM, Phase –II, Batch-IV	401	450	180.45
8	75 MW from M/s. Aditya Birla Renewables Ltd. under GRIDCO e-bidding.	112	306	34.27
9	300 MW through SECI under ISTS – Connected Solar Power Projects Scheme	635	260	165.10
10	200 MW through SECI under ISTS – Connected Solar Power Projects Scheme	409	265	108.39
11	8 MW from GEDCOL implemented in un-utilized surplus land	12	284	3.41
12	500 MW through SECI under manufacturing linked Scheme	91	261	23.75
13	400 MW through NTPC under ISTS Solar	69	250	17.25
14	Year End Charges			27.32
	Total	1950	368.27	718.13

325. The Commission, in the above paragraphs, has approved total 3580.62 MU from renewable energy sources (both solar and non-solar) to be purchased by GRIDCO during the FY 2024-25 based on its proposal and availability of the same. The total procurement cost of such renewable energy is estimated at Rs.1282.00 Crore at an average rate of 358.04 P/U as summarized in the Table below:

Table-27
Estimated Cost of Renewable Energy Procurement for FY 2024- 25

RE Sources	RE Procurement Approved for FY 2024-25	Average Rate	Estimated Cost
	(MU)	(P/U)	(Rs. Crore)
Non-Solar			
SHEP	468.70	437.62	205.11
Biomass	70.00	760.00	53.20
Wind	1091.92	279.84	305.56
Total Non-Solar	1630.62	345.80	563.87
Total Solar	1950.00	368.27	718.13
TOTAL (Non-Solar & Solar)	3580.62	358.04	1282.00

326. The Commission observed that as per OERC (Procurement of Energy from Renewable Sources and its Compliance) Regulations, 2021, for FY 2024-25, Solar RPO is 9.75%, the 'Non-solar RPO' is 8.25% which includes 1.08% of Hydropower Purchase Obligation (HPO) and 7.17% of 'Other Non-solar RPO'. The HPO shall be met from the eligible large hydro plants commissioned on or after 08.03.2019. If power from eligible large hydro plants is insufficient to meet HPO, generation from small hydro sources commissioned on and after 08.03.2019 would qualify for fulfilment of HPO. In such cases, if small hydro generation exceeds the desired HPO, the surplus will then be considered under category 'Other Non-solar RPO'. Further, as per the said Regulations, the RPO shall be calculated in energy terms as a percentage of total consumption of electricity excluding consumption met from large hydro sources of power (both State and Central Sector). For the FY 2024-25, the Commission has estimated a quantum of 6531.20 MU to be purchased by GRIDCO from large hydro sources (5862.48 MU from State hydro and 668.72 MU from Central hydro). Further, the Commission has estimated a quantum of 37640.00 MU to be sold by GRIDCO for State consumption during FY 2024-25. Thus, deducting the quantum of power from large hydro sources, the State consumption for the purpose of computation of RPO comes to 31108.80 MU including 100 MU towards sale of emergency power to CGPs by GRIDCO. The source-wise estimated power procurement from Renewable Energy sources and projected compliance of RPO by GRIDCO (on behalf of DISCOMs) are indicated in the Table below:

**Table –28
Drawal from Renewable Energy Sources during FY 2024-25**

Sl. No.	RE Sources	Renewable Energy approved for drawal during FY 2024-25 (MU)	Percentage w.r.t. the total estimated State drawl of 31108.80 MU (%)	RPO fixed in Regulation for FY 2024-25 (%)
A.	Non-Solar (including HPO)			
(i)	Mini / Small Hydro Electric Projects (SHEPs)	468.70	1.51	
(ii)	Bio-mass Energy	70.00	0.23	
(iii)	Wind Energy	1091.92	3.51	
	Sub-Total (Non-Solar & HPO)	1630.62	5.24	8.25
B.	Solar	1950.00	6.27	9.75
C.	Total (Solar & Non-Solar)	3580.62	11.51	18.00

327. It is observed from the above table that with procurement of renewable energy of this magnitude, GRIDCO will not be able to meet its RPO target set by the Commission for the ensuing year 2024-25. In its reply to the Commission's queries, GRIDCO has submitted that it has executed seven nos. of PPAs for purchase of total 78 MW SHEP capacity, the commissioning of those projects has been delayed due to various reasons. For fulfilment of RPO requirement, GRIDCO has entered into PPA/PSAs with different RE Power Developers in phases. As a result, currently GRIDCO has a total contracted capacity of 5828 MW from different types of Renewable Sources including 2363 MW of Large Hydro capacity towards fulfilling the specified RPO target. GRIDCO further submits that the Ministry of Power, Govt. of India, vide notification dated 20.10.2023, in consultation with Bureau of Energy Efficiency, specified the minimum share of consumption of non-fossil sources (renewable Energy) during the FY 2024-25 upto FY 2029-30, which shall come into force from 01.04.2024. Vide the said Notification, the MoP, GoI has created a new RPO category i.e., Distributed Renewable Energy. The said notification has also allowed fungibility among RPO Categories, i.e. deficit in one category can be met from excess consumption in some other category. As per the said notification dated 20.10.2023, GRIDCO would be able to comply the RPO target of 88.33% for FY 2024-25. During FY 2023-24, GRIDCO has procured Renewable Power from short term market through G-DAM and also procured nuclear power available from un-allocated share. Depending on the price of Renewable Energy and availability in the market, GRIDCO shall also endeavour to procure necessary quantum of Renewable Energy through G-DAM/ G-TAM towards compliance of RPO during FY

2024-25. As regards to the future plan for RPO compliance following steps are being taken by GRIDCO;

- GRIDCO has planned for purchase of around 412 MW of Hydro Power (both large & small) to meet the HPO compliance.
- To meet the peak demand and variability of RE integration in future as well as to meet the RPO target, GRIDCO has planned to procure around 2000 MW of power from Pumped Storage projects.
- GRIDCO, in coordination with other CPSUs and NIWE, is working towards assessment of Wind potential in the State and planned to procure around 1000 MW of wind capacity in the State.
- GRIDCO has planned to procure the entire power from the 40 kW Biogas Power Plant, a Pilot Project to be commissioned in Rourkela Municipality.
- Similarly, GRIDCO has made its plan upto FY 2035-36 to procure renewable energy as per the requirement to fulfil the RPO target and accordingly, tied up with several RE developers, out of which many projects are in pipeline from which GRIDCO shall purchase Renewable Energy in near future.

328. The Commission observed that as per the RST order for FY 2024-25, the consumers of any category can get a 'Green Consumer Certificate', if 100% of their power requirement is met by DISCOMs from renewable sources, for which the consumer has to pay additional 20 Paise/Unit as premium over and above the normal rate of energy charges. For this purpose, the quantum of renewable energy purchased by GRIDCO needs to be apportioned in favour of each DISCOM in order to facilitate them to provide renewable power to the green consumers to that extent. In view of the above, the Commission apportions the total projected available renewable energy to the DISCOMs in proportion to their estimated total energy requirement for the FY 2024-25. Accordingly, out of the total projected renewable energy of 3580.62 MU available to GRIDCO for the ensuing year, 1193.51 MU, 778.60 MU, 1138.85 MU & 469.66 MU are allocated to TPCODL, TPNODL, TPWODL & TPSODL respectively for the above purpose. The DISCOMs can issue 'Green Consumer Certificate' to the consumers desirous of availing such certificates in their respective area within the above ceiling limit of renewable energy. However, in case of surplus of such renewable energy with one DISCOM and deficit with another, the DISCOM having deficit renewable power

may draw more renewable power with consent of the DISCOM having surplus renewable power under intimation to GRIDCO.

Independent Power Producers (IPPs)

329. In its application GRIDCO has submitted that it is entitled to draw power from five nos. of IPPs in the State, namely M/s. Vedanta Limited, M/s. GMR Kamalanga Energy Limited (M/s. GKEL), M/s. Jindal (India) Thermal Power Limited (M/s. JITPL), M/s NAVA Ltd (earlier M/s. NBVL) and M/s. Ind Barath Energy (Utkal) Ltd (M/s. IBEUL), a subsidiary of JSWEL, which is expected to commence supply of power during fourth quarter of FY 2023-24. GRIDCO has stated that the actual supply of power from IPPs is varying from the State's entitlement, for which there have been substantial difference in terms of energy supplied from IPPs and approved by the Commission. The approved Vs. actual power purchase from the IPPs during last four years is given hereunder:

Table-29
Actual vs Approved Power Purchase from IPPs (MU)

IPPs	FY 2019-20		FY 2020-21		FY 2021-22		FY 2022-23		Actual (Avg.)
	Approval	Actual	Approval	Actual	Approval	Actual	Approval	Actual	
M/s. Vedanta Ltd.	5039.45	747.84	3053.00	2806.01	3003.48	2101.19	2628.70	3049.85	2176.22
M/s. GKEL	2167.28	1814.75	2167.28	1769.88	1844.00	1960.32	1670.00	1899.72	1861.17
M/s. JITPL	1010.57	11.95	1010.57	0	0	0	0	458.38	117.58
M/s. NAVAL	-	-	-	-	-	-	39.66	39.64	39.64
M/s IBEUL	-	-	-	-	-	-	-	-	-
Total	8217.30	2574.54	6230.85	4575.89	4847.48	4061.52	4338.36	5447.59	4194.61

330. GRIDCO stated that the significant gap between the Commission's approval/ projection vis-à-vis actual quantum of power supplied by the IPPs adversely impacts the BSP and during real time operation, GRIDCO depends on the high-cost power sources to meet/cater State demand. Therefore, GRIDCO requests the Commission to approve energy availability from IPPs based on realistic levels and direct the IPPs to comply/adhere to the subsisting contracts to supply power to GRIDCO as per the contracted capacity without fail. GRIDCO has further submitted that it had requested the IPPs to submit their generation plan and tentative tariff proposal for FY 2024-25. In response three IPPs, except M/s. JITPL, have furnished their tentative generation plan to GRIDCO. Based on their generation plan GRIDCO has projected availability of power of the individual IPPs as stated in the following paragraphs.

M/s. Vedanta Limited

331. GRIDCO has submitted the entitlement of State's share of power, as per OERC order dated 27.01.2016 in Case No. 21 of 2015 which has been confirmed vide order dated 03.05.2023 in case No 129 of 2021 is 25%+7%/5% of total energy sent out from the power station or total ex-bus generation from Unit-II whichever is higher. Further, in case of non-supply or short supply of power from IPP Unit#2 (600 MW), Vedanta Ltd shall supply the requisite quantum of power from its converted CGP Units as per the aforesaid order. The quantum of energy approved by the Commission vis-a-vis the actual power supply made by M/s Vedanta Ltd to GRIDCO is summarized in the table below:

Table-30
Quantum of energy approved by the Commission vis-a-vis the actual power supplied by M/s. Vedanta Ltd.

FY	Approval of State Demand by Commission (MU)	Quantum of Power available from Vedanta- IPP as approved by OERC (MU)	% Share of Vedanta Power availability	Actual Quantum of power supplied to GRIDCO (MU)	% Share of Vedanta Power actually supplied to GRIDCO against approved quantum	Approved power purchase rate by Commission (P/U)
22-23	30474.23	2628.70	8.63	3049.85	116.02	279.05
21-22	28791.96	3003.48	10.43	2101.19	69.96	251.99
20-21	29018.76	3053.00	10.52	2806.01	91.91	251.29
19-20	28731.03	5039.45	17.54	747.84	14.84	243.26
18-19	26803.81	5039.45	18.80	978.11	19.41	260.96
17-18	26051.63	5039.45	19.34	1061.52	21.06	237.78
16-17	25492.87	5039.45	19.77	3216.84	63.83	223.10
15-16	25776.23	4199.54	16.29	3414.16	81.30	212.09
14-15	25495.71	4199.54	16.47	3093.07	73.65	207.32
13-14	24058.42	3132.90	13.02	2849.67	90.96	275.00
12-13	24096.98	2612.57	10.84	3027.27	115.87	275.00
11-12	23489.18	3357.12	14.29	1964.55	58.52	275.00
10-11	21003.75	646.23	3.08	468.50	72.50	243.45
AVG.	26098.81	3614.68	13.85	2213.74	61.24	248.87

332. GRIDCO has submitted that from the above table, it is evident that average quantum of power availability from the IPP Unit-II of Vedanta was about 14% of total power demand of the State as approved by the Commission. However, actual supply of power by Vedanta-IPP to GRIDCO in the respective financial years was only 61.24% of availability of power from IPP Unit as approved by the Commission. In earlier years, the Commission had approved availability of full normative entitlement/State share of power from Vedanta's IPP Unit which has resulted into lower BSP because of lower cost of procurement from the said IPP Unit which is in operation since last 13 years.

The rate/ tariff of power is low on account of recovery of capital cost through Annual Fixed Charges comprising of depreciation, interest on loan, Return on Equity etc. over last 13years of operation and Linkage Coal available under long term Fuel Supply Agreement with MCL based on long term PPA with GRIDCO (25 years validity). The Commission has time and again directed GRIDCO in its ARR orders to avail full entitlement of power from the said IPP. Accordingly, GRIDCO always endeavours to avail the full entitlement of power from the State dedicated IPP Unit of Vedanta since its commercial operation in 2010. But, in view of compensation mechanism stipulated by the Commission, vide order dated 22.06.2020 in Case No. 68 of 2018, Vedanta Ltd. prefers to pay compensation instead of supplying power to the State. Further, in case of non /short supply of power by the IPP Unit, Vedanta Ltd. has never scheduled and supplied power from its converted CGP Units which has been generating power to their full-capacity unlike Unit#2. However, M/s. Vedanta has intimated GRIDCO that on the basis of allocation of linkage coal under FSA and considering the coal grade (~3000~3400 kCal/kg) supplied by MCL, it shall be able to supply net power in the range of 300~350 MW during the FY 2024-25, whereas the state share is 564 MW from IPP-Unit-2 plus 5% of the energy sent out from the entire power plant.

333. In view of the above, in order to avoid any distortion in the ARR & BSP to be approved by the Commission, GRIDCO has estimated the availability of 2873.03 MU only for FY 2024-25 from IPP Unit-II of M/s. Vedanta Ltd. considering availability of 350 MW capacity at 85% PLF basing on the intimation of M/s. Vedanta Ltd. However, the entitlement of State's share of power as per OERC Order dated 27.01.2016 in Case No. 21 of 2015 at normative generation (i.e., 85% PLF and 6.55% Auxiliary Energy Consumption) works out to be 5010 MU. Hence, the projection of GRIDCO fall short of 2136.97 MU (approx.) from IPP of Vedanta during FY 2024-25. But to avoid over projection of availability, GRIDCO has considered the above generation projection.

334. GRIDCO further stated that Vedanta's inability to dispose Ash generated from generation of power from its thermal power plant has become the root cause of non-supply / short supply of power and the matter of grave concern in view of frequent outage of IPP Unit. Out of the four Units (4 x 600 MW), Vedanta always keeps one Unit under shut down i.e. the State dedicated IPP Unit-II remains out of operation most of the time so that other three Units can run at full Capacity and its Captive Consumption can be met at its SEZ Smelter. Moreover, when Unit-II comes into

operation, it runs at part-load i.e. maximum at 280 MW to 300 MW except evening peak hours when supply is enhanced to the tune of 400 MW and sometimes 450MW. Though no stay order has been obtained by the M/s. Vedanta Ltd. against order dated 03.05.2023 in Review Petition No. 129 of 2021, Vedanta is not scheduling/supplying any power from its converted CGP Units when the State dedicated IPP Unit-II is making short supply/not supplying the requisite quantum of power as per Commission's Order dated 27.01.2016. M/s. Vedanta Ltd. safeguards its own interest by meeting its captive demand from converted CGP Units at the same time curbing/hampering/adversely affecting the obligation of GRIDCO in respect of meeting State demand. If Vedanta would have supplied RTC full ex-bus generated from Unit-II, GRIDCO could have avoided scheduling of high-cost power from the costlier stations as per merit order to meet State demand in case of exigencies and purchasing power from the exchange at the market price which often hovers around Rs.10/kWh. As a consequence, GRIDCO is unable to manage its power procurement with the approved costs. Though compensation for such non/short -supply of power is being paid by M/s. Vedanta Ltd., but in no way, it can replace/compensate the physical requirement of power during real time operation.

335. GRIDCO has submitted that the Commission may direct Vedanta to supply full entitlement of power to the State as per the terms of existing PPA and the subsequent Order in Case No. 21 of 2015 dated 27.01.2016 and Order dated 03.05.2023 in Case No. 129 of 2021. M/s. Vedanta may also be directed to avail good quality of linkage coal under the FSA for Unit #2 (600 MW). Further, Vedanta is getting credit/debit notes under the FSA based on the grade of GCV of linkage coal. Therefore, Vedanta may not be allowed to take plea of lower GCV of linkage coal/difficulty in ash disposal etc. to supply power lower than the State entitlement under the subsisting PPA and Commission's order. In case of non-supply of power from Vedanta, power will have to be scheduled from the costlier stations as per merit order. However, GRIDCO has requested the Commission for approving the projected quantum of 2873.03 MU of power from M/s Vedanta Ltd during the FY 2024-25 for State requirement in order to optimize the power procurement cost so as to have lower BSP for the State consumers.
336. GRIDCO has projected the average rate of power from M/s Vedanta Ltd. at 280.85 Paise/kWh (FC- 95.67 P/kWh + ECR- 181.14 P/kWh+ ED and SOC&MOC- 4.05 P/kWh) and submitted that it is well within the merit order for procurement of power to meet the State requirement. GRIDCO has provisionally considered the Fixed Cost at

95.67 P/U / Unit as approved in the ARR & BSP order of GRIDCO for FY 2023-24. However, the final hearing of MYT application of M/s. Vedanta Ltd. in Case No. 20 of 2020, for the five years control period i.e. from FY 2019-20 to FY 2023-24, has been completed and order is reserved. Therefore, the Commission may consider the Fixed Cost of M/s. Vedanta Ltd. for FY 2024-25, as determined for the FY 2023-24 in the said MYT order.

337. GRIDCO has further submitted that as per Regulation 3(ff) of OERC (Terms and Conditions of Determination of Generation Tariff) Regulations, 2020, the GCV of Coal has to be considered on “As Received” basis for the purpose of determination of Energy Charge Rate (ECR). However, considering the GCV data provided by Vedanta in Form-15 format along with energy bills for the month of April, 2023 to September, 2023, the “As Received” GCV has been derived and based on which the average ECR works out by GRIDCO to be 181.14 P/U as shown in table below. GRIDCO proposes the same for procurement of power from M/s. Vedanta Ltd. during FY 2024-25.

Table-31
Energy Charge Rate (ECR) of Vedanta IPP from April-23 to Sept-23

Month	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23
LPPF (Rs. /kg)	2.195	2.106	2.163	2.194	2.246	2.440
CVPF (kCal /kg)	3250	3252	3248	3247	3259	3248
GHR (kCal /kwh)	2375	2375	2375	2375	2375	2375
SFC (ml/kWh)	1	1	1	1	1	1
CVSF (kCal/ml)	9.85	9.85	9.85	9.85	9.85	9.85
LPSFi (Rs. /Lit.)	0.075971	0.070358	0.068017	0.070614	0.077709	0.084527
AUX (%)	6.55	6.55	6.55	6.55	6.55	6.55
ECR (P/U)	179.083	171.421	175.837	178.558	182.752	199.176
Average (P/U)						181.14

338. GRIDCO has estimated the Year-end Charges for FY 2024-25 by considering Electricity Duty @55 P/U on total projected drawl of 2873.03 MU amounting to Rs.11.08 Crore and SOC & MOC charges amounting to Rs. 0.55 Crore. Thus, the total projected Year-end Charges works out by GRIDCO to be Rs. 11.62 Crore payable to M/s. Vedanta Ltd. for FY 2024-25. Accordingly, GRIDCO has estimated the power procurement cost of projected energy to be procured from Vedanta-IPP during FY 2024-25 as given in the table below:

Table-32
Power Procurement Cost of Vedanta-IPP for FY 2024-25

Projected Energy (MU)	Fixed Charges (Rs. Cr.)	Energy Charges (Rs. Cr.)	Year-end Charges (Rs Cr.)	Total Estimated Cost (Rs. Cr.)	Unit Rate (P/U)
2873.03	274.86	520.41	11.62	806.90	280.85

339. M/s. Vedanta Ltd., as an objector to the present case, has submitted that it has been supplying power to GRIDCO in terms of the PPA and as per the allocation of linkage coal under the FSA. Vide its letter dated 04.10.2023, it has intimated to GRIDCO that considering linkage coal allocation under FSA, they will be able to supply 340-350 MW of power to GRIDCO for the FY 2024-25 due to degradation in declared grade of coal GCV supplied by MCL against the scheduled grade under the FSA. It has time and again vide various communications and affidavits in petition no 62 /2019 & 20/2020 raised this issue. As per schedule-III of the FSA “Quality of Coal”, Vedanta is entitled to receive linkage coal of GCV between ~G8 (5200-4900 Kcal/Kg) - G13 (3400-3700 Kcal/Kg). Based on the CEA norms, for 250 MW and above units considering SHR as 2375 Kcal/kWh for G8 grade coal total (ACQ) requirement of 600 MW unit @ 85% availability = 3673 (tonne/MW/Annum) x 564 MW = 20.71 Lakh tonne/annum and for G14 grade coal ACQ of coal = 5865 (tonne/MW/Annum) x 564 MW = 33.09 Lakh tonne/annum. However, MCL has been supplying linkage coal having GCV in the range of G14 (3400-3100 Kcal/Kg) grade under FSA dated 27.08.2013 and the quantity of linkage coal allocated under the said FSA is 25.70 Lakh tonne per annum. On the basis of CEA norms and the GCV of coal supplied by MCL, Vedanta’s coal allocation is required to be increased to 33.09 lakh tonne/annum (5865 X 564 MW). Accordingly, Vedanta has shortage of linkage coal of around ~7.5 lakh tonne per annum to supply 564 MW at 85% PLF to GRIDCO which is subject to the GCV grade of coal supplied by MCL.

340. M/s. Vedanta Ltd. has further submitted that in view of the above, maximum power that can be generated from Unit-II under the existing FSA basis G14 grade of coal is 350 MW. However, Vedanta has been paying short supply compensation to GRIDCO for the reason beyond its control. Further, they have requested MCL several times to provide additional linkage coal on account of the above reasons. However, MCL is yet to respond on the same till date. Further, OERC, vide its orders dated 27.01.2016 in Case No. 21/2015, 22.06.2020 in Case No. 68/2018 and 05.10.2021 in Case No.

34/2018, has directed that supply of power from Unit II for State entitlement shall be from linkage coal only and GRIDCO may purchase power beyond the state entitlement if it is commercially cheaper. M/s. Vedanta Ltd. has further submitted that it is committed to supply power to GRIDCO as per the terms of the consolidated PPA and subsequent OERC order and now it has been supplying power to GRIDCO based on the availability of linkage fuel. However, due to the technical issues in power plant and the issues related to ash disposal, not only Unit-II, the entire plant is being affected. Therefore, Vedanta has always been importing power from market due to the aforementioned issues and deficit in availability of captive power requirement for its aluminium smelters.

341. The Commission scrutinised the above proposal of GRIDCO and observed that as per the Commission's order dated 27.01.2016 passed in Case No. 21/2015, the Unit-II (600 MW) of 2400 MW (4x600 MW) power plant of M/s. Vedanta Ltd. will continue to remain as IPP and must remain connected to STU network as state dedicated unit and the other three Units-I, III & IV of the power plant are converted to Captive Generating Plant w.e.f. 01.04.2015. As per the said order, the quantum of power supply to GRIDCO towards state entitlement should be 25% at full cost and 7% / 5% (depending upon the allotment of coal block within the State) of the total energy sent out of the power station at variable cost as per the PPA in force. The power supply to GRIDCO must be 25% of the total energy sent out of the power station or total ex-bus generation from Unit-II whichever is higher plus 7%/5% of the total energy sent out from the power station. The Commission further observed that as per the OERC Tariff Regulations, 2020, the normative auxiliary consumption for the thermal generating stations with unit capacity of more than 300 MW is 5.75% and additional 0.8% where tube type coal mill is used. Therefore, considering PLF of 85% and auxiliary consumption of 6.55%, the State share of energy from the thermal power plant of M/s. Vedanta Limited comes to 5009.97 MU.

342. Further, the Commission at Para-30 of its order dated 05.10.2021 passed in Case No. 34/2018 has observed as under:

"30. Accordingly, considering the submission of parties and basing on the above analysis we allow GRIDCO to operate its PPA without losing its entitlement under the same.

(a) The Unit-II of M/s. Vedanta shall normally operate as CGP. If in any quarter, GRIDCO requires power form M/s. Vedanta for State consumption they can

avail the same giving three months prior notice to M/s. Vedanta and avail the same for a period of at least three months. During that period the CGP will operate as IPP and GRIDCO will be required to pay fixed cost for the said period in addition to energy charge and other charges.

- (b) During IPP mode of operation, Quantum of power supply to GRIDCO towards State entitlement should be 25% (at full cost) and 7% / 5% (at variable cost) of total energy sent out from the power station (4 x 600 MW) as per the PPA in force. The Unit-II must remain connected to STU as State dedicated unit and accordingly supply to GRIDCO must be 25%+7%/5% of total energy sent out from the power station or total ex-bus generation from Unit-II whichever is higher. Such quantum of power supply should not be disturbed at any point of time.*
- (c) During IPP mode of operation, the coal used for generating power for State entitlement shall be linkage coal / captive mines allocated to the Petitioner for State use.*
- (d) If M/s. Vedanta fails to supply power after requisition by GRIDCO within the stipulated period, M/s. Vedanta will compensate GRIDCO by paying the differential cost incurred by GRIDCO for such drawal at margin over and above the cost of normal power purchase from M/s. Vedanta IPP Unit-II.*
- (e) If at any time it is found that M/s. Vedanta has failed to supply IPP power after requisition by GRIDCO and is trading the same, M/s. Vedanta will have to pay, in compensation, two times the differential cost incurred by GRIDCO at margin over and above the IPP power cost from M/s. Vedanta.*
- (f) In order to prevent dislocation in the current supply of power, the Unit-II will continue as IPP for the current quarter. GRIDCO has to exercise its option to avail IPP power from M/s. Vedanta for the next quarter within one month of this order failing which the IPP Unit –II of M/s. Vedanta shall operate as CGP with effect from the 1st of January, 2022. Thereafter, as stated in sub-para (a) above, GRIDCO will have to give three months prior notice for availing power in any quarter.*
- (g) The option of GRIDCO to avail IPP power shall be prudently exercised in order to minimise the total power purchase cost and shall be scrutinised by the Commission at any time.”*

343. GRIDCO had filed a review petition before this Commission against the above order dated 05.10.2021 passed in Case No.34 of 2018 which was registered as Case No. 129 of 2021. The Commission upon hearing of the said Review Petition, vide its order dated 28.10.2022, had directed to re-hear the Case No.34 of 2018. M/s. Vedanta Limited had filed an Appeal before the Hon’ble APTEL challenging the said order dated 28.10.2022 in Appeal No.437 of 2022 and the Hon’ble APTEL in its judgment dated 13.01.2023 has allowed the appeal by setting aside the order of the Commission on the ground that the Commission has not indicated the reasons why it had reviewed the earlier order and directed that the Commission shall pass an Order afresh assigning reasons for reviewing

its earlier Order, and thereafter act in accordance with law. Thereafter, the Commission, after hearing the parties, passed the order dated 03.05.2023 in the aforesaid Review Petition of GRIDCO (Case No.121 of 2021) and in Para 25 of the said order, the Commission has observed as under:

“For the whole discussions made here-in-before, we are of the considered view that in the face of the subsisting PPA dated 19.12.2012 which is for a tenure of as long as 25 years, and the order dated 27.01.2016 passed in Case No.21 of 2015 which has already attained finality, and also the written undertaking given by M/s. Vedanta Ltd. through affidavit in course of the proceeding of Case No.21 of 2015 to the effect that it shall comply with the requirement of supplying power to M/s. GRIDCO Ltd. as per the terms and conditions of the PPA, the direction issued vide the order dated 05.10.2021 that the Unit-II of M/s. Vedanta Ltd. shall normally operate as CGP, and the consequential directions are found to be patently and self-evidently erroneous. Hence, the Review Petition is allowed directing both the Respondent No.1-M/s. Vedanta Ltd. and the Petitioner-GRIDCO to abide by the Order dated 27.01.2016 passed by this Commission in Case No.21 of 2015. Without prejudice to the PPA dated 19.12.2012 and the order dated 27.01.2016 passed in Case No.21 of 2015, either side is at liberty to raise individual issue, if any, pertaining to individual cause of action, if any, through appropriate proceeding which shall be decided according to law. The Order dated 05.10.2021 passed in Case No.34 of 2018 is reviewed accordingly.”

344. The Commission observed that as per the above order dated 03.05.2023 both GRIDCO and M/s. Vedanta Ltd. are to abide by the order dated 27.01.2016 passed by this Commission in Case No.21 of 2015. In the present tariff petition, GRIDCO has proposed to avail 2873.03 MU of energy from M/s Vedanta Ltd during the FY 2024-25 for State requirement based on the projection of M/s. Vedanta Ltd., to supply 350 MW of power on RTC basis and the present trend of supply of power by M/s. Vedanta Ltd., in place of estimated normative State share of 5009.97 MU. However, the Commission observed that GRIDCO has drawn about 1839.17 MU from M/s. Vedanta Ltd. during the period from April, 2023 to December, 2023 of the current year and 3049.85 MU during the FY 2022-23. In the last ARR & BSP order of GRIDCO, the Commission had directed that GRIDCO must purchase power from M/s. Vedanta Ltd. to the extent of generation from the available linkage coal and the drawal by GRIDCO was 3049.85 MU during FY 2022-23. However, the Commission projects an availability of 5009.97 MU from M/s. Vedanta Limited for the ensuing FY 2024-25 for State consumption. Further, the Commission observed that the Government of Odisha in its views during the tariff proceedings for the FY 2024-25 have submitted that in the matter of adequate coal supply to Vedanta for availing full entitlement of power as per PPA, GRIDCO has

been advised to take necessary action. Therefore, both GRIDCO and M/s. Vedanta Ltd. are directed to take up the matter with the coal supplier M/s. MCL in coordination with the State Government for resolution of the issue of coal supply by M/s. MCL so that GRIDCO can avail the State share of power as per PPA at lower price.

345. The Commission observed that the Multi-Year Tariff (MYT) has been determined by the Commission for the FY 2019-20 to 2023-24 in respect of the IPP of M/s. Vedanta Ltd. vide order dated 26.12.2023 in Case No.20 of 2020. In this order dated 26.12.2023, the fixed cost of the IPP of M/s. Vedanta Ltd. was determined as 89.79 P/U for FY 2023-24. The Commission provisionally considers the same for the ensuing year 2024-25. Further, considering the average of actual ECR paid by the GRIDCO for the period of last 9 months i.e. from April, 2023 to December, 2023, the Commission provisionally consider the ECR of 184.20 P/U for the purpose of computation of ARR of GRIDCO for the FY 2024-25. Further, the Commission allows Rs.12.31 Crore in tariff towards payment of E.D. on normative auxiliary consumption(Rs.11.76 Crore) and SLDC charges (Rs.0.55 Crore), the per unit cost of which comes to 4.04 P/U. Accordingly, the average tariff for M/s. Vedanta Ltd. comes to 278.02 P/U. The Commission has projected normative State share of 5009.97 MU as per PPA for procurement by GRIDCO from M/s. Vedanta Ltd. But considering the aforesaid problems on availability of linkage coal and actual drawal of power during the financial year 2022-23, the Commission projects drawal of 3050 MU from M/s. Vedanta Limited under MOD for the ensuing FY 2024-25 in order to avoid adverse impact on estimation of BSP and balance quantum would be considered as surplus power. Accordingly, the power procurement cost estimated as Rs.847.97 Crore has been considered in the ARR towards procurement of 3050 MU@ 278.02 P/U from M/s. Vedanta Ltd. during the FY 2024-25. However, apart from the above consideration, the Commission reiterate the earlier direction that GRIDCO must purchase power from M/s. Vedanta Limited to the extent of generation from the available linkage coal and may purchase power beyond the generation from the available linkage coal upto the State entitlement (5009.97 MU), if it is commercially viable.

M/s. GMR Kamalanga Energy Limited (M/s. GKEL)

346. GRIDCO has submitted that M/s. GKEL, in its generation plan for the FY 2024-25 has projected to supply 1917.50 MU to GRIDCO towards State entitlement with PLF of 89%. GRIDCO, in its ARR application for the FY 2024-25 has proposed to draw the

same. GRIDCO states that fixed charges have been considered at normative availability of 85%. Above normative availability of 85%, the incentive claimed by M/s. GKEL will be reproduced during the truing up for FY 2024-25.

347. GRIDCO has submitted that M/s. GKEL, vide Petition No. 407/GT/2020, has filed MYT application for determination of tariff for the control period FY 2019-24, which is now sub-judice before the CERC. However, CERC, vide its order dated 29.06.2018 in Petition No.61/GT/2016, had passed the final Tariff Order for the control period 2014-19 in respect of procurement of contracted capacity of 262.5 MW by GRIDCO from GKEL. The Annual Fixed Charges (AFC) fixed by CERC in respect of GKEL for the control period FY 2014-19 is as given below and GRIDCO has provisionally considered the AFC of FY 2018-19 for the ensuing FY 2024-25.

Table-33
Fixed Charge for GMR for the period FY 2014-19 (Rs Cr.)

Item	2014-15	2015-16	2016-17	2017-18	2018-19
Total AFC of the IPP	1,228.89	1,255.99	1,272.95	1,280.79	1,258.96
GRIDCO's Share of AFC	307.22	314.00	318.24	320.20	314.74

348. GRIDCO has submitted that, as per the Order dated 20.12.2019 of the APTEL in Appeal No. 135/2018 & 54/2018, the firm and tapering linkage assured/supplied to the M/s GKEL has to be apportioned on pro-rata basis among all its beneficiaries. The said Order of the APTEL has been challenged by GRIDCO before the Hon'ble Supreme Court of India on dated 13.10.2020, vide Civil Appeal No.3429 of 2020. However, GRIDCO is now paying the Energy Charge to GKEL considering first the Firm Linkage Coal and SHAKTI Coal and alternate source coal (if required to meet supply to GRIDCO), under protest based on the said Order of APTEL. Accordingly, GRIDCO has worked out the average of actual monthly Energy Charge Rate (ECR) at 169.62 P/U considering the ECR for the period from April, 2023 to Sept., 2023 with availability of Linkage, SHAKTI and other sources of coal to GKEL and proposed the same for FY 2024-25. Accordingly, GRIDCO has proposed the procurement cost of Rs.639.99 Crore towards purchase of 1917.50 MU of energy from M/s. GKEL at an average rate of 333.76 P/U as given in the Table below:

Table -34
Proposed Power Purchase Cost of GMR-IPP for FY 2024-25

Name of the IPP	Energy (MU)	Annual Fixed charges (Rs. Cr)	Energy Charges Rs. Cr.)	Total Projected Cost (Rs. Cr.)	Average Rate (P/U)
M/s. GKEL	1917.50	314.74	325.25	639.99	333.76

349. The Commission observed that as per the PPA with M/s. GKEL the State share is 25% of the total energy sent out from the station at 80% PLF and power generated in excess of 80% PLF shall be available to the State at variable cost. Since the IPP of M/s. GKEL is supplying power to more than one State, its tariff is being determined by CERC. As per CERC Tariff Regulations, 2019, the auxiliary consumption shall be 6.25% for the IPP of M/s. GKEL. The Commission further observed that the present installed capacity of the IPP is 1050 MW (3x350 MW) and considering normative plant availability of 85% & auxiliary consumption at 6.25% as per CERC norms, the net generation comes to 7329.66 MU. Further, considering plant availability of 80% and auxiliary consumption of 6.25%, net generation comes to 6898.50 MU. As per the PPA, energy available to GRIDCO is 25% of total energy sent out at 80% PLF i.e. 1724.62 MU (i.e. 25% of 6898.50 MU) plus excess power generated beyond 80% PLF i.e. 431.16 MU (7329.66 MU – 6898.50 MU). Thus, the total availability to GRIDCO would be 2155.78 MU at normative plant availability of 85%. However, as per the generation plan of M/s. GKEL the gross generation for FY 2024-25 would be 7658 MU and considering auxiliary consumption of 6.25%, the net generation as per generation plan would be 7179.38 MU which is less than the net generation at normative plant availability of 85%. Hence, energy available to GRIDCO beyond 80% PLF would be 280.88 MU (7179.38 MU – 6898.50 MU). Accordingly, total energy available to GRIDCO is estimated as 2005.50 MU (1724.62 MU at 80% plant availability + 280.88 MU beyond 80% plant availability as per generation plan). Accordingly, the Commission approves the availability of 2005.50 MU for drawal by GRIDCO from the IPP of M/s. GKEL during the FY 2024-25.
350. The Commission observed that the MYT application of M/s GKEL in Petition No. 407/GT/2020 for determination of tariff of its IPP for the period FY 2019-24 is now sub-judice before CERC. However, CERC, vide its order dated 29.06.2018 in Petition No.61/GT/2016, have pronounced the tariff order for the control period FY 2014-19 in respect of procurement of power by GRIDCO from M/s. GKEL. Hence, GRIDCO has proposed the Annual Fixed Charges (AFC) for FY 2024-25, same as that approved by

CERC for FY 2018-19. The Commission observed that as per the abovesaid CERC order, GRIDCO's share of AFC is Rs. 314.74 Crore towards 25% of the State share of installed capacity. The Commission has approved to draw 2005.50 MU by GRIDCO from M/s. GKEL during FY 2024-25 which is more than 25% of total energy sent out at 80% PLF i.e. 1724.62 MU. Hence, GRIDCO has to pay its share of fixed cost in full as approved by CERC i.e. Rs. 314.74 Crore to M/s. GKEL towards drawal of State share of power. Further, considering the actual ECR of M/s. GKEL from the month of April'23 to December'23, as submitted by GRIDCO, the average ECR is computed as 171.25 P/U, which is provisionally considered by the Commission for procurement of power from M/s. GKEL during FY 2024-25. Hence, the total energy charges for procurement of approved quantum of 2005.50 MU comes out Rs.343.45 Crore. Accordingly, the total power procurement cost is arrived at Rs. 658.19 Crore at an average rate of 328.19 P/U for drawal of the approved quantum of 2005.50 MU for State use during the FY 2024-25.

M/s. NAVA Limited (M/s. NAVAL)

351. GRIDCO has submitted that on its request, M/s. NAVAL, vide its letter dated 30.09.2023, has furnished its generation plan for FY 2024-25. In its generation plan, M/s. NAVAL has considered to supply 38.74 MU of energy towards State entitlement. GRIDCO has proposed to procure the entire State entitled power available from the 60 MW IPP of M/s. NAVAL. GRIDCO has been procuring 12% of Energy Sent Out from the IPP of M/s. NAVAL at single part provisional tariff of 199.50 Paise/kWh i.e. tentative approved ECR of 209 Paise/kWh less 9.5Paise/kWh due to non-consumption of limestone by the IPP for supply of power to GRIDCO. The monthly ECR claimed by the IPP is not satisfied, as on verification of Form-15 format every month, anomalies have been found in GCV claimed and landed price of coal and such deviations have been duly intimated to the IPP. Therefore, GRIDCO has proposed the tariff of 199.50P/U to purchase power from M/s. NAVAL during FY 2024-25. Accordingly, GRIDCO has estimated the power purchase cost of Rs.7.73 Crore towards procurement of 38.74 MU from the IPP of M/s. NAVAL during FY 2024-25 at the rate of 199.50P/U as given in the table below.

**Table -35
Power purchase cost of NAVAL-IPP for FY 2024-25**

Name of the IPP	Energy (MU)	AEC at 11% (MU)	Net Generation (MU)	Odisha Share (12%) (MU)	Total Cost (Rs. Cr.)
M/s. NAVAL	362.74	39.90	332.83	38.74	7.73

352. The Commission observed that as per the PPA dated 31.10.2014 and supplementary PPA dated 23.09.2015 executed between GRIDCO and M/s. NBVL (presently M/s. NAVAL), GRIDCO is entitled to draw 12% of total energy sent out from the 60 MW power plant of M/s. NAVAL as State share at variable cost (ECR), which is to be determined by the Commission. M/s. NBVL had approached the Commission for determination of ECR in respect of its 60 MW power plant in Case No. 44/2021. The Commission, vide its order dated 12.01.2022, has fixed the annual plant availability factor of 85% and auxiliary energy consumption @ 10% for the 60 MW power plant of M/s. NBVL. Accordingly, the energy availability to GRIDCO from this power plant comes out to 48.25 MU considering State share of 12% of total energy sent out. However, M/s. NBVL in its generation plan has projected generation of 362.74 MU for the FY 2024-25. Considering auxiliary energy consumption and State entitlement of 12% of total energy sent out, the net availability to GRIDCO from the power plant comes out to 38.74 MU. Therefore, the Commission approves the drawal of 38.74 MU by GRIDCO from 60 MW power plant of M/s. NBVL for the ensuing financial year 2024-25.
353. The Commission, vide its order dated 12.01.2022, has fixed the annual plant availability factor, auxiliary energy consumption, gross Station Heat Rate and norms of secondary fuel oil consumption for the 60 MW IPP of M/s. NBVL. The Commission observed that the energy charge is to be calculated as per Regulations 27 (8) and 27 (9) and ECR is to be calculated as per Regulations 27 (10) and 27 (11) of OERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and accordingly billing shall be prepared by the generator. The Commission further observed that GRIDCO has proposed the ECR of 199.50 P/U to purchase power from M/s. NBVL during FY 2024-25 basing on the existing procurement price. The Commission provisionally consider the same for computation of ARR of GRIDCO for the FY 2024-25. Accordingly, the Commission approves the power procurement cost of Rs.7.73 Crore towards procurement of 38.74 MU by GRIDCO from 60 MW IPP of M/s. NBVL at the rate of 199.50 P/U during the ensuing financial year 2024-25.

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

354. GRIDCO has submitted that M/s. JITPL has not supplied power to GRIDCO from May, 2019 to 28th April, 2022 under the shelter of interim Order dated 16.05.2019 of Hon'ble High Court of Orissa. M/s. JITPL has started supplying power to GRIDCO from its IPP

- after issue of interim Order dated 29.04.2022 by the Hon'ble High Court of Orissa. The Hon'ble High Court of Orissa have fixed a provisional flat tariff of JITPL at Rs.3.36 per kWh, on the further condition of payment of 50% of the transmission cost of the demand raised by the CTU subject to the cap of Rs.5(Five) Crore payable by GRIDCO.
355. GRIDCO, vide its letter dated 12.09.2022, had requested M/s. JITPL to furnish their Generation Plan for FY 2024-25, but no response has been received from them. In absence of the generation plan of M/s. JITPL for FY 2024-25, GRIDCO has considered the average supply for first six months (April 2023 to September 2023) of FY 2023-24 and pro-rated the same to derive the estimated quantum of power i.e. 496.40 MU to be supplied by M/s. JITPL during FY 2024-25. Considering the State entitled energy of 1008 MU from M/s. JITPL, there will be a shortfall of 511.60 MU. Considering the tariff of 336 P/U as fixed by the Hon'ble High Court of Orissa in their interim Order dated 29.04.2022, GRIDCO has calculated the power purchase cost of Rs.166.79 Crore towards procurement of 496.40 MU from M/s. JITPL. GRIDCO submitted that the above projection of availing power from M/s. JITPL is subject to continuation/extension of interim order dated 29.04.2022 of the Hon'ble High Court of Orissa in W.P. (C) No. 18150 of 2018, which has been extended upto 10.11.2023.
356. The Commission observed that the installed capacity of M/s JITPL is 1800 MW (3x600 MW), out of which two units (2x600 MW) are in commercial operation. As per PPA dated 05.01.2011 with M/s JITPL, GRIDCO is entitled for 12% (after de-allocation of coal blocks by the Hon'ble Supreme Court of India) of the power sent out at Variable Cost/Energy Charge Rate (ECR) to be determined by the Commission. Since, two generating units (2x600 MW) are in operation, considering the State share of 12% (equivalent to 144 MW), normative PLF of 85% and normative auxiliary consumption of 6.25%, energy availability to the State from the existing 1200 MW (2X600 MW) capacity of M/s JITPL would be 1005.21 MU.
357. The Commission further observed that M/s. JITPL has challenged the MoU and PPA with GRIDCO before the Hon'ble High Court of Orissa in W.P.(C). No. 18150/2018 and based on the interim stay order dated 16.05.2019 of Hon'ble High Court of Orissa in this writ petition, M/s. JITPL was not supplying power to the State since 22.05.2019. M/s. JITPL has also challenged the Commission's order dated 04.06.2019 passed in Case No.01/2017 before the APTEL on the matter of PPA approval. However, as submitted by GRIDCO, M/s. JITPL is supplying power to GRIDCO after issue of the

interim order date 29.04.2022 by the Hon'ble High Court of Orissa and the Hon'ble Court has fixed a provisional flat tariff of 336 P/U for drawal of power from M/s. JITPL, on the further condition of payment of 50% of the transmission cost of CTU subject to a cap of Rs.5.00 Crore payable by GRIDCO. Further, the Hon'ble High Court of Orissa in the said order dated 16.05.2019, have directed the petitioner company M/s. JITPL to supply power of 120 MW daily to GRIDCO at the rate of 336 paise per unit. Accordingly, considering normative PLF of 85% and normative auxiliary consumption of 6.25%, energy availability to the State from the IPP of M/s JITPL would be 837.68 MU for the FY 2024-25. Since, the ECR of 336 paise per unit fixed by the Hon'ble Court does not come under merit order principle, the Commission has not considered the availability of 837.68 MU for State consumption for the FY 2024-25.

358. However, GRIDCO is directed to draw the power from M/s. JITPL for State consumption in case of exigencies i.e. when there will shortfall in drawal of energy from the approved sources or increase in State demand on real time basis. Further, GRIDCO may also avail this power for trading purpose to meet its past liabilities, if it is commercially viable. The Government of Odisha in its views on the tariff issues for the FY 2024-25 have submitted that as the matter of M/s. JITPL is sub-judice with Hon'ble High Court of Orissa, GRIDCO has been advised to approach the Hon'ble Court for increase of the share from M/s. JITPL. Thus, the Commission directs GRIDCO to expedite the matter in coordination with State Government and pursue the cases related to M/s. JITPL at appropriate judicial forum for early resolution of the disputes as State share of energy would be available at the variable cost only. After resolution of disputes, GRIDCO should draw State share of power in full from the IPP of M/s. JITPL at the ECR based on the formula given in OERC Generation Tariff Regulations, 2020 and considering linkage coal.

359. As described in the above paragraphs, the Commission considers the availability of 8051.14 MU for the FY 2024-25 from the IPPs operating in the State. Though some of the objectors have suggested for drawal of full State share of power by GRIDCO from the IPPs, the Commission has approved only 5094.24 MU from the IPPs for the reasons cited in the preceding paragraphs. The proposal of GRIDCO and approval of the Commission in respect of purchase of power from the IPPs for the FY 2024-25 is as indicated in the table below.

Table -36
Power Procurement Cost from IPPs during FY 2024-25

IPPs	GRIDCO's Proposal			Commission's Approval			
	Quantity (MU)	Rate (P/U)	Cost (Rs. Crore)	Availability MU	Quantity (MU)	Rate (P/U)	Cost (Rs. Crore)
M/s.Vedanta Ltd.	2873.03	280.85	806.90	5009.97	3050.00	278.02	847.97
M/s GKEL	1917.50	333.76	639.99	2155.78	2005.50	328.19	658.19
M/s. NAVAL	38.74	199.50	7.73	48.25	38.74	199.50	7.73
M/s. JITPL	496.40	336.00	166.79	837.68	-	-	-
Total	5325.67	304.45	1675.43	8051.68	5094.24	297.18	1513.89

360. The Commission has provisionally considered the above price of the IPPs for the purpose of computation of ARR of GRIDCO for the FY 2024-25. However, GRIDCO should make payment of the energy bill of these IPPs after due scrutiny as per the PPA and tariff determined by the appropriate Commission. Further, the Commission directs that deviations/adjustment in revenue, if any, on this account shall be considered in the truing up exercise.

Power Purchase from Central Generating Stations

361. Odisha has been allocated shares in the NTPC's stations located in the Eastern Region as well as from the Chukha, Tala, Mangdechhu and Kurichu Hydro Electric Projects in Bhutan and Teesta & Rangit Hydro Electric Project of NHPC in Sikkim. The entitlement from these stations is based on share allocation made by the CEA/Ministry of Power, GoI from time to time. In the instant case the percentage of share allocation in favour of Odisha has been considered based on the latest Regional Energy Accounts (REA) of the Eastern Regional Power Committee (ERPC).

Central Transmission Loss:

362. GRIDCO has submitted that the central transmission losses are being calculated at all India level as per CERC (Sharing of Inter State Transmission Charges and Losses) Regulations. GRIDCO has computed the average Inter-State Transmission Loss of 3.45% based on the weekly transmission losses uploaded in NLDC website for the period from April, 2023 to September, 2023 and has projected the same for FY 2024-25. After scrutiny, the Commission accepts the above proposal of GRIDCO and provisionally considers the Inter-State Transmission Loss @ 3.45% for drawal of power by GRIDCO from central sector generating stations during the FY 2024-25.

Hydro Generating Stations of Central Sector and Neighbouring Country (Bhutan)

363. **Chukha HEP (Bhutan):** GRIDCO has submitted that as per latest ERPC allocation Order dated 27.07.2023, Odisha has a share of 14.61% (Firm Allocation: 12.96% & Unallocated Share percentage: 1.65%) with effect from 01.08.2023 from the ER allocation of 270 MW in the Chukha Hydro Electric Project (4x84 MW) of Bhutan. GRIDCO has proposed the availability of 264.88 MU from Chukha HEP for FY 2024-25 considering the average drawal of last 6 years i.e. from FY 2017-18 to 2022-23 and deducting Inter-State transmission loss @ 3.45%, the net drawl of GRIDCO from Chukha HEP has been projected at 256MU for the FY 2024-25. In its application, GRIDCO has considered the rate of 300 P/U (including trading margin @ 4 P/U) for procuring power from Chukha hydro power station during the FY 2024-25, based on the Office Memorandum dated 08.03.2018 of Ministry of External Affairs, Govt. of India and PTC letter No. C/PTC/Chukha/7388 dtd.13.03.2018. Further, considering Inter-State Transmission Loss of 3.45%, GRIDCO has estimated the rate of 310.72 P/U towards procurement of power from Chukha hydro power station for the FY 2024-25. Thus, the power purchase cost of the proposed drawal of 256 MU is worked out to Rs.79.54 crore by GRIDCO, which excludes ISTS charges.
364. The Commission scrutinized the above proposal of GRIDCO and observed that the drawal of GRIDCO from Chukha during the period from FY 2017-18 to 2022-23 were 263.90 MU, 223.86 MU, 269.90 MU, 315.27 MU, 276.30 MU, 240.02 MU respectively, which varies from 223.86 MU during FY 2018-19 to 315.27 MU during the FY 2020-21. Due to such variations, the Commission estimates drawal of 264.88 MU from Chukha considering the average drawal in last 6 years i.e. from FY 2017-18 to 2022-23. Further, deducting the Inter-State Transmission Loss @ 3.45%, the Commission approves the net drawl of 255.74 MU by GRIDCO from Chukha hydroelectric project for FY 2024-25. Further, the Commission approves power procurement from Chukha HEP for FY 2024-25 at the rate of 310.72 P/U considering Inter-State transmission loss @ 3.45%. Hence, the cost of power from Chukka power station comes out Rs.79.46 Crore for the approved drawal of 255.74 MU for FY 2024-25. The details are given in Table below:

Table – 37

Chukha HEP	GRIDCO's Proposal	Commission's Approval
Net Energy Drawal (MU)	256.00	255.74
Energy Charge Rate (P/U)	300.00	300.00
Energy Charge Rate considering Inter-State Tr. Loss @3.45% (P/U)	310.72 (C.T.L. @ 3.45%)	310.72 (C.T.L. @ 3.45%)
Cost of Chukha Power (Rs. Cr.)	79.54	79.46

365. **TALA HEP (Bhutan):** GRIDCO has submitted that Odisha has an allocated share of 4.25% from Tala HEP, Bhutan having installed capacity of 1020 MW (6X170 MW). GRIDCO has proposed the availability of 119.87 MU of energy from Tala HEP during FY 2024-25 by averaging the drawal of last 6 years i.e. from FY 2017-18 to 2022-23 and deducting Inter-State transmission loss @ 3.45%, GRIDCO has projected net drawal of 116 MU from Tala HEP for FY 2024-25. In its application, GRIDCO has considered the rate of 227 P/U (including trading margin @ 4 P/U) for procuring power from TALA HEP during the FY 2024-25 based on the bills served to GRIDCO in accordance to the PTC Letter No.C/PTC/Tala/14169 dated 11.11.2021. Further, considering Inter-State Transmission Loss @3.45%, GRIDCO has estimated the rate as 235.11 P/U towards procurement of power from TALA HEP for the FY 2024-25. Thus, the power purchase cost of the proposed drawal of 116 MU is worked out by GRIDCO as Rs. 27.27 Crore for the FY 2024-25 excluding the charges of ISTS.

366. After scrutiny, the Commission observed that the availability to GRIDCO from Tala Hydro Power Station during the period from FY 2017-18 to 2022-23 were 122.81 MU, 107.96 MU, 125.71 MU, 144.14 MU, 117.66 MU and 100.95 MU respectively, which varies from 107.96 MU during FY 2018-19 to 144.14 MU during the FY 2020-21. Due to such variations, the Commission estimates the availability of 119.87 MU from Tala Hydro Power Station considering the average drawal of last 6 years i.e. from FY 2017-18 to 2022-23. Further, deducting the Inter-State Transmission Loss @ 3.45%, the Commission approves the net drawl of 115.74 MU by GRIDCO from Tala hydroelectric project for FY 2024-25. Further, considering the submission of GRIDCO, the Commission approves the power procurement from TALA HEP for FY 2024-25 at the rate of 235.11 P/U including the Inter-State transmission loss @ 3.45%. Hence, the cost of TALA power comes to Rs.27.21 Crore for the approved drawal of 115.74 MU for FY 2024-25. The details are given in Table below:

Table –38

Tala HEP	GRIDCO Proposal for 2024-25	Commission's Approval for 2024-25
Net Energy Drawal (MU)	116.00	115.74
Energy Charge Rate (P/U)	227.00	227.00
Energy Charge Rate considering Inter-State Tr. Loss (P/U)	235.11 (C.T.L. @ 3.45%)	235.11 (C.T.L. @ 3.45%)
Cost of Tala Power (Rs. Cr.)	27.27	27.21

367. **Mangdechhu HEP (Bhutan):** GRIDCO has submitted that Odisha has share of 10.796% (Firm Allocation: 9.33% & Unallocated Share percentage: 1.47%) from the Mangdechhu Hydro Electric Project in Bhutan having Installed Capacity of 720 MW (4x180 MW) i.e. Odisha share is equivalent to 77.736 MW. GRIDCO has proposed to draw 296.78 MU from Mangdechhu HEP during FY 2024-25 considering the average drawal of preceding 3 years and 7 months i.e. from September, 2019 to March, 2023. Further, considering the ISTS loss of 3.45%, the net availability to GRIDCO has been proposed as 287 MU from Mangdechhu HEP during FY 2024-25. In its application, GRIDCO has considered the cost of power from Mangdechhu HEP as 419 P/U (including the PTC Margin of 7 P/U) based on the protocol to the Agreement (signed on 23.04.2019) between the Govt. of the Republic of India & the Royal Govt. of Bhutan regarding Mangdechhu HEP and the Power Sale Agreement executed between PTC & GRIDCO on 30.08.2019 to this effect. Further, considering ISTS Loss @ 3.45%, the rate of Mangdechhu power has been proposed as 433.97 P/U. Accordingly, GRIDCO has estimated the power purchase cost of Mangdechhu power at Rs.124.55 Crore for procurement of 287 MU @ 433.97 P/U during FY 2024-25.
368. The Commission scrutinized the above proposal of GRIDCO and observed that the average annual drawal from Mangdechhu HEP comes to 301.43 MU considering the actual drawal of FY 2021-22 & 2022-23. Further, considering the ISTS loss @ 3.45%, the net availability to GRIDCO comes to 291.03 MU. Hence, the Commission approves an availability of 291.03 MU from Mangdechhu HEP during FY 2024-25 for State consumption. Further, the Commission approves the power procurement from Mangdechhu HEP for FY 2024-25 at the rate of 433.97 P/U basing on the submission of GRIDCO and factoring ISTS loss @ 3.45%. Hence, the cost of Mangdechhu hydel power comes to Rs.126.30 Crore towards procurement of the approved drawal of 291.03 MU during FY 2024-25. The details are given in Table below:

Table –39

Mangdechu HEP	GRIDCO's Proposal for 2024-25	Commission's Approval for 2024-25
Net Energy Drawal MU	287.00	291.03
Energy Charge (P/U)	419.00	419.00
Energy Charge including Inter-State Tr.Loss (P/U)	433.97 (C.T.L. @ 3.45%)	433.97 (C.T.L. @ 3.45%)
Cost of Mangdechhu Power (Rs. in Cr.)	124.55	126.30

369. **Kurichu HEP (Bhutan):** GRIDCO has submitted that ERPC, vide its letter dated 15.02.2023, has re-allocated the power from Central Generating Stations of Eastern Region and Hydro Power Stations of Bhutan upon Uniform allocation of unallocated power among ER beneficiaries from Eastern Region pool as per the directive of CEA and Ministry of Power. The revised allocation has been implemented with effect from 17.02.2023. Accordingly, GRIDCO has been allocated share from unallocated share from Kurichu Hydro Power Station of Bhutan, although there was no firm allocation from the said HEP earlier. As per the latest ERPC allocation Order dated 27.07.2023, GRIDCO has an allocation of 1.02% corresponding to 0.611 MW from unallocated share from Kurichu Hydro Electric Project of Bhutan with effect from 01.08.2023. As per the drawl pattern of last 4 months GRIDCO propose to draw 1 MU energy from Kurichu for FY 2024-25. In its application, GRIDCO has considered the cost of power from Kurichu HEP as 228 P/U (including the PTC Margin). Further, considering ISTS Loss @ 3.45%, the rate of Kurichu power has been proposed as 236.15 P/U. Accordingly, GRIDCO has estimated the power purchase cost of Kurichu power at Rs.0.236 Crore for procurement of 1 MU @ 236.15 P/U during FY 2024-25.

370. After scrutiny, the Commission approves the proposal of GRIDCO for procuring 1 MU from Kurichu HEP of Bhutan during FY 2024-25 for State consumption at the rate of 236.15 P/U factoring ISTS loss @ 3.45%. Accordingly, the power procurement cost of 1 MU from Kurichu HEP comes to Rs.0.24 crore at the rate of 236.15 P/U. The details are given in Table below:

Table –40

Kurichu HEP	GRIDCO's Proposal for 2024-25	Commission's Approval for 2024-25
Net Energy Drawal MU	1.00	1.00
Energy Charge (P/U)	228.00	228.00
Energy Charge including Inter-State Tr.Loss (P/U)	236.15 (C.T.L. @ 3.45%)	236.15 (C.T.L. @ 3.45%)
Cost of Kurichu Power (Rs. in Cr.)	0.236	0.24

371. **TEESTA HEP (NHPC):** GRIDCO has submitted that the Annual Design Energy of Teesta-V Hydro Electric Project (Installed Capacity: 510 MW) situated in Sikkim is 2572.67 MU. After factoring for 12% free energy to the Home State & 1.20% towards Auxiliary Consumption, the Annual Saleable Energy of the project is estimated as 2236.78 MU. GRIDCO has a share of 22.42% (Firm Allocation: 20.59% & Unallocated Share percentage: 1.83 %) from Teesta-V HEP as per latest ERPC allocation Order dated 27.07.2023. The share of GRIDCO comes to 25.48% after factoring 12% free power to the Home State). Accordingly, GRIDCO has estimated the drawal of 551 MU the from Teesta-V for FY2024-25 considering ISTS Loss of 3.45%. However, GRIDCO has submitted that due to heavy rainfall on 4th & 5th October 2023, the power station was completely damaged and as per the power station authority, now it is difficult to predict the time by which the Teesta-V station will become operational during the ensuing FY 2024-25. Therefore, GRIDCO has not considered any drawal of power from Teesta-V power station during FY 2024-25 in view of uncertainty in revival of the power station. Similarly, at present GRIDCO is also uncertain regarding claim of fixed charges by the generator in absence of any intimation from NHPC in this regard.
372. The Commission scrutinized the above proposal of GRIDCO and observed that the share of GRIDCO from Teesta-V HEP is 22.42% and hence, GRIDCO is entitled to get 22.42% on the total generation less auxiliary consumption. Accordingly, the Commission estimates an availability of 569.87 MU from Teesta-V power station considering the State share of 22.42% on annual saleable energy of 2541.80 MU i.e. the design energy (2572.67 MU) less auxiliary consumption @ 1.20%. Further, considering the ISTS loss @ 3.45%, the Commission the net drawl from Teesta-V HEP would be 550.21 MU. However, as Teesta-V HEP was completely damaged and there is uncertainty for operation of the power station during the ensuing FY 2024-25, the Commission do not consider any drawal of power from Teesta-V power station for FY 2024-25 as proposed by GRIDCO. However, in case Teesta-V HEP becomes operational during the FY 2024-25, GRIDCO shall draw the available power from this hydro-electric project at the tariff determined by CERC.
373. **Rangit HEP:** GRIDCO has submitted that ERPC, vide its letter dated 15.02.2023, has re-allocated the power of Central Generating Stations of Eastern Region and Bhutan HPS upon uniform allocation of unallocated power among the beneficiaries from Eastern Region pool as per the directives of CEA and Ministry of Power. The revised

allocation has been implemented with effect from 17.02.2023. Accordingly, as per latest ERPC allocation Order dated 27.07.2023, share of 1.83% (corresponding to 1.10 MW) has been allocated to GRIDCO out of the unallocated share of Rangit Hydro Power Station of NHPC Ltd. although GRIDCO had no firm allocation of power from the said HEP earlier. GRIDCO proposes to draw around 6 MU from Rangit during the FY2024-25 considering the design energy of Rangit Hydro Power Station, 12% free power to the home State and ISTS Loss @3.45%. In its application, GRIDCO has submitted that as per the latest CERC Order dated 22.06.2023 in respect of Rangit Hydro Electric Project for the Control Period 2019-24, the AFC approved for Rangit HEP for the FY 2023-24 is Rs.118.50 Crore. Since NHPC has not filed the Tariff Petition for the Control Period 2024-29, GRIDCO proposes the same AFC for FY2024-25. Considering State's share of 1.833%, free power @ 12% of Sikkim and 3.45% ISTS Loss, power procurement cost of Rs. 2.46 Crore (50% considered as fixed cost Rs.1.23 crore and 50% considered as variable cost Rs.1.23 crore) has been proposed by GRIDCO towards drawal of 6 MU during FY 2024-25.

374. The Commission scrutinized the above proposal of GRIDCO and observed that the share of GRIDCO from Rangit Hydro Power Station of NHPC Ltd. is 1.834% and hence, GRIDCO is entitled to get 1.834% on the total generation less auxiliary consumption. Accordingly, the Commission estimates an availability of 5.39 MU from Rangit Hydro Power Station considering Design Energy of 338.61 MU, Auxiliary Consumption @ 1.20%, free power of 12% for the Home State and GRIDCO share of 1.834%. Further, considering the ISTS loss @ 3.45%, the Commission estimates the net drawl from Rangit HEP as 5.21 MU. Further, considering the recent bills raised by NHPC for the month of December, 2023, the Commission provisionally approves procurement cost of Rs 2.17 crore for net drawl of 5.21 MU from Rangit HEP @ 416.90 P/U for computation of ARR of GRIDCO for the ensuing FY 2024-25.
375. In view of the above, the Commission approves the total energy drawal of 668.72 MU from the Central Hydro Generating Stations for the FY 2024-25 with the estimated procurement cost of Rs.235.38 Crore at an average rate of 351.99 P/U. The proposal of GRIDCO and approval of the Commission are summarised in the Table below:

Table –41
Drawal from Central Hydro Stations during FY 2024-25

Central Hydro Stations	Installed Capacity (MW)	GRIDCO Share (MW)	GRIDCO's Proposal			Commission's Approval		
			Net Energy Drawal (MU)	Rate (P/U)	Cost (Rs. Cr.)	Net Energy Drawal (MU)	Rate (P/U)	Cost (Rs. Cr.)
Chukha	336 (4*84) (ER Allocation =270)	39.45 (14.613%)	256.00	310.72	79.54	255.74	310.72	79.46
Tala	1020 (6*170)	43.35 (4.250%)	116.00	235.11	27.27	115.74	235.11	27.21
Mang-dechhu	720 (4*180)	77.74 (10.797%)	287.00	433.97	124.55	291.03	433.97	126.30
Kurichu	60	0.61 (1.018%)	1.00	236.15	0.24	1.00	236.15	0.24
Teesta-V	510 (3*170)	114.36 (22.424%)	-	-	-	-	-	-
Rangeet	60	1.10 (1.834%)	6.00	410.00	2.46	5.21	416.90	2.17
TOTAL			660.00	351.45	234.06	668.72	351.99	235.38

Central Sector Thermal Generating Stations

376. GRIDCO has submitted that the normative energy availability from the Central Sector Thermal Generating Stations of NTPC for GRIDCO during FY 2024-25 have been estimated by considering the existing share allocation to GRIDCO from the respective stations as per the latest REA for the month of September'2023 and the parameters including Normative Plant Load Factor as 85%, Auxiliary Consumptions as per the existing CERC Generation Tariff Regulations, 2019 and all India Central Transmission Loss of 3.45% (considering average loss during the period from April, 2023 to September, 2023). The normative energy availability to GRIDCO from the existing Central Thermal Generating Stations of NTPC for the FY 2024-25, as estimated by GRIDCO, is summarized in the table below:

Table-42
Normative Availability of Central Sector Generating Stations for the FY: 2024-25

Station	Installed Capacity (MW)	GRIDC Share (%)	Auxiliary Consumption (%)	PLF (%)	Net Availability before Loss (MU)	Tr. Loss (%)	Net Availability after Loss (MU)
FSTPS-I&II	1600	1.76	6.78	85	195.46	3.45	188.72

Station	Installed Capacity	GRIDC Share	Auxiliary Consum-	PLF (%)	Net Availability	Tr. Loss	Net Availability
FSTPS-III	500	18.65	6.25	85	650.94	3.45	628.49
KhSTPS-I	840	1.64	9.00	85	93.34	3.45	90.12
KhSTPS-II	1500	3.38	6.25	85	353.92	3.45	341.71
TSTPS-I	1000	33.43	7.05	85	2,313.71	3.45	2,233.89
TSTPS-II	2000	10.00	7.05	85	1,384.21	3.45	1,336.46
DSTPS-I	1600	51.82	6.25	85	5,787.78	3.45	5,588.10
Barh-I	1320	12.03	6.25	85	1,108.50	3.45	1,070.25
Barh-II	1320	1.61	6.25	85	148.35	3.45	143.23
MTPS-II (Kanti Bijli)	390	8.85	9.00	85	233.91	3.45	225.84
Nabinagar STPS-I	1980	0.79	6.25	85	109.02	3.45	105.26
North Karanpura STPS-I	1320	21.83	6.75	85	2,001.10	3.45	1,932.06
Total					14,380.25		13,884.13

377. GRIDCO submits that the PPAs for procurement of power from Barh-I (3X660 MW) and KBUNL (2X195 MW) of NTPC were signed on 11.08.2006 and 27.12.2010 respectively between GRIDCO and NTPC. The Commission, vide Orders dtd 04.10.2021 and 01.11.2021, has disapproved the PPAs for KBUNL and Barh-I respectively due to surplus power scenario prevailing in the State and issued directives to take necessary actions for de-allocation of State share of power from KBUNL and Barh-I. But, NTPC has challenged the said orders before the APTEL against disapproval of PPAs (both KBUNL and Barh-I) and the APTEL has issued the stay order on 17.12.2021 against the Commission's order dated 04.10.2021 for disapproval of PPA of KBUNL. As on date, appeal pertaining to disapproval of PPA of Barh-I is pending before APTEL. However, based on request of the Govt. of Odisha for de-allocation of the aforesaid high-cost power, the MoP, GoI vide Notifications dated 11.03.2022 and dated 29.06.2022, have re-allocated Odisha share of power from one unit of Barh-I (139.33 MW) to Gujarat with effect from 01.07.2022 for a period of five years. Further, vide Notification dated 28.03.2022, MoP, GoI have transferred the State share of power from KBUNL to Tamil Nadu for a period of 5 years with effect from 30.03.2022 which was subsequently revised to a period of 14 months only i.e., up to 28.05.2023. Recently, the second unit of Barh-I of 660 MW has been put into commercial operation with effect from 01.08.2023. Now power from both KBUNL and Barh-I (2nd unit) are being availed by GRIDCO to meet the State demand during peak

- hour and to address any contingency situation. Till October, 2023, around 93.42% of Barh-I & 91.65% of State share of power from KBUNL has been utilised by GRIDCO for meeting the State requirement. The surrendered quantum of power from Barh-I (from CoD of unit # 2) and KBUNL are 18.36 MU and 9.77 MU respectively till October, 2023 and the rates of Barh-I and KBUNL power are cheaper than the rate prevailing in the power market i.e. mostly hovering around Rs.10/kWh during the peak period.
378. In its reply to the Commission's query, GRIDCO has submitted that in view of the above circumstances, it has filed applications before this Commission on 29.12.2022 seeking approval of the PPA executed between NTPC and GRIDCO on 11.08.2006 and 27.12.2010 for procurement of power from Barh STPS-I and Muzaffarpur TPS-II (KBUNL) respectively. In this regard, NTPC shall be requested to withdraw the appeals filed before APTEL against the aforementioned OERC orders in respect of disapproval of PPAs with KBUNL and Barh-I. In the above background, GRIDCO has prayed the Commission to allow the fixed cost claimed by GRIDCO in respect of these two stations in its present ARR application for FY 2024-25.
379. GRIDCO has further submitted that based on the actual drawal pattern from the Central Sector Generating Stations for the first 6 months of the FY 2023-24 and by prorating the same for the entire year, it has estimated the drawal of 12,429.61 MU from all the NTPC stations against the normative availability of 15,740.82 MU. The actual availability from most of the Central Sector Generating Stations may not match with the normative availability (i.e 85%). Though the actual availability of the stations like TSTPS-I, Nabinagar STPS-I & North Karanpura STPS-I are more than the normative availability (i.e. 85%) for the FY 2023-24 for the period from Apr'2023 to Sep'2023, but actual availability of power from other NTPC Stations i.e. TSTPS-II, FSTPS-I&II, FSTPS-III, KhSTPS-I, KhSTPS-II, DSTPS-I, Barh-I, Barh-II & MTPS-II for the FY 2023-24 are lower than the normative availability (i.e. 85%) as per the actual availability for the first six months of FY 2023-24. Therefore, for realistic assessment of availability, GRIDCO has estimated the energy drawal from the NTPC stations during the FY 2024-25 based on actual availability for the period from Apr'2023 to Sep'2023 or normative availability at 85% PAFM whichever is lower.
380. As per LGBR Report published by CEA for the FY2023-24 on 20.03.2023, Unit #2 & Unit #3 of North Karanpura STPS-I is to be commissioned during November, 2023 and

March'2024. The Unit #2 of North Karanpura has already been synchronised on 09.11.2023 and NTPC has not confirmed the status of CoD of Unit#3. Therefore, GRIDCO has not considered share of power from Unit #3 in the estimated availability of power. However, additional firm power of 132 MW and unallocated power of 24.202 MW from Unit #2 of North Karanpura is expected to be available for drawal during the FY 2024-25. Therefore, total of 300.303 MW of power will be available for drawal by GRIDCO for the FY 2024-25 from NKSTS-I and considering Auxiliary Consumption of 6.75% as per the existing CERC Tariff Regulations, Plant Load Factor of 85% and the Central Transmission Loss of 3.45%, estimated quantity of energy expected to be available to GRIDCO from NKSTPS Stage-I during FY 2024-25 is 1932.05 MU.

381. During the period from April, 2023 to September, 2023 GRIDCO has drawn 52.71%, 72.42%, 51.73%, 69.02%, 26.45%, 74.54% of power from FSTPS-I&II, FSTPS-III, KhSTPS-I, KhSTPS-II, BSTPS-I and BSTPS-II against the actual cumulative availability of 75.62%, 101.79%, 77.78%, 100.92%, 82.07%, 93.62% respectively. The power from these stations have been drawn in order to meet the State demand especially during peak hours and at times during off peak hours in the event of shortage scenario due to outage of generators/higher State demand/ higher market rate. During off peak hours, the State has adequate availability of power in meeting the demand. But as per present trend, the market rate also remains high even during off peak hours due to increase in national demand of power during summer. Therefore, GRIDCO purchases ISGS power in order to sell in the market to optimise the overall power cost. Considering such Merit Order Despatch (MoD) principle, GRIDCO has drawn 60.60 MU, 277.30 MU, 28.40 MU, 143.70 MU, 172.47 MU and 65.05 MU (totalling to 747.52 MU of power during Apr'23 to Sep'23 and expecting to draw 121.20 MU, 554.59 MU, 56.80 MU, 287.40 MU, 334.93 MU and 130.10 MU (totalling to 1485.02 MU) of power during the FY2023-24. Therefore, GRIDCO has projected such drawal for the ensuing FY 2024-25.
382. GRIDCO in co-ordination with SLDC, is always adhering to the Merit Order Despatch (MoD) principle and scheduling for drawal of power from the Central Sector Generating Stations on real time basis by ascertaining the actual availability of power from State Thermal Power Stations and IPPs, having lower variable cost, for meeting the State demand. Therefore, GRIDCO has prayed the Commission to approve the drawal of

power from the Central Sector Generating Stations as projected by it for the FY 2024-25.

383. Considering the above, the drawal of power from all the Central Sector Thermal Generating Stations of NTPC as projected by GRIDCO for the FY 2024-25 is summarised below:

Table-43
Availability of Energy from NTPC's Stations Projected by GRIDCO for the FY 2024-25 (MU)

Station	Normative Availability (85%)	Actual Availability based on drawal from Apr'23 to Sep'23	Projection for FY: 2024-25
TSTPS-I	2,233.89	2,460.43	2,233.89
TSTPS-II	1,336.46	1,348.43	1,336.46
FSTPS-I&II	188.72	121.20	121.20
FSTPS-III	628.49	554.59	554.59
KhSTPS-I	90.12	56.81	56.81
KhSTPS-II	341.71	287.40	287.40
DSTPS-I	5,588.10	5,207.20	5,207.20
Barh-I	1,070.25	960.07	960.07
Barh-II	143.23	130.10	130.10
MTPS-II (Kanti Bijli)	225.84	171.70	171.70
Nabinagar STPS-I	105.26	123.47	105.26
North Karanpura STPS-I (U#1, #2)	1,932.05	1,008.21	1,932.05
Total	13,884.11	11,814.49	13,096.72
* 1008.21MU is the estimated actual availability of Unit#1 of NKSTPS-I. Actual availability of power from Unit #2 & #3 of North Karanpura STPS-I has not been taken into consideration because the same shall be calculated and considered in the passthrough cost of GRIDCO.			

384. The Commission examined the above submissions of GRIDCO and observed that Central Electricity Authority (CEA) is the statutory body of the Govt. of India for allocation/deallocation of share from the Central Generating Stations and last year, by the order of the CEA, ERPC has re-allocated share to the State from the Central Sector Generating Stations irrespective of the PPA and the beneficiaries were directed to sign/extend PPA accordingly and enter into commercial arrangements/maintain LC in accordance with the newly allocated share to the respective States. Now, the power is being supplied to GRIDCO as per the revised share allocation and bills are being raised on GRIDCO accordingly. Further, as per the MoP, GoI Notification dtd. 03.06.2022 of Electricity (Late Payment Surcharge) Rules, 2021, in case of non-payment of electricity bills of the central generating stations, there would be power regulation to the States.

Keeping in view the growing demand of power in our State, there would be difficulty in meeting the State requirement in case of power regulation is made by the Central Authority. Therefore, the Commission accepts the proposal of GRIDCO for purchasing power from all available sources of central generating stations including presently allocated share from Barh STPS-I and Muzaffarpur TPS (Kanti Bijli), as the order of this Commission pertaining to disapproval of PPA in respect of Muzaffarpur TPS has been stayed by the Hon'ble APTEL and the appeal of NTPC against Commission's order regarding disapproval of PPA in respect of Barh-I is now pending before the Hon'ble APTEL. Further, GRIDCO has filed application before this Commission for approval of PPA in respect of both Barh STPS-I and Muzaffarpur TPS (Kanti Bijli).

385. The Commission provisionally considers the normative plant availability factor for the purpose of computation of availability of power from the central sector thermal power stations of NTPC during the FY 2024-25. Further, the State share of power purchase by GRIDCO from ER-NTPC thermal stations has been considered by the Commission based on the latest share allocation of the CEA, Government of India. Considering the normative NAPAF of 85%, normative auxiliary consumption as per existing CERC guidelines and central sector transmission loss of 3.45%, the availability of power from Central Sector Thermal Stations has been estimated for the FY 2024-25 and GRIDCO's drawal approved by the Commission for State requirement are given in the Table below:

Table -44
Approved Drawal from Central Thermal Generating Stations for FY 2024-25

Central Thermal Stations	Installed Capacity (MW)	Aux. Cons. (%)	Plant Availability Factor (PAF) considered (%)	GRIDCO Share (%)	GRIDCO Share (MU)	Central Trans. Loss (%)	Estimated Energy after Central Sector Transmission Loss (MU)	OERC Approval for State Consumption (MU)
TSTPS –I	1000	7.05	85	33.427	2313.52	3.45	2233.71	2233.71
TSTPS –II	2000	6.25	85	10.000	1396.13	3.45	1347.96	1347.96
FSTPS-I& II	1600	6.78	85	1.761	195.61	3.45	188.86	-
FSTPS-III	500	6.25	85	18.650	650.95	3.45	628.49	-
KhSTPS–I	840	9.00	85	1.636	93.11	3.45	89.90	-
KhSTPS–II	1500	6.25	85	3.382	354.10	3.45	341.88	261.37
DSTPS-I (Units 1&2)	1600	6.25	85	51.818	5787.51	3.45	5587.84	5587.84
North Karanpura	1320	6.75	85	21.834	2001.10	3.45	1932.06	1932.06
Muzaffarpur TPS	390	9.00	85	8.852	233.91	3.45	225.84	225.84
Nabinagar STPS-I	1980	6.25	85	0.789	109.03	3.45	105.26	105.26
Barh STPS-I	1320	6.25	85	12.030	1108.51	3.45	1070.26	-
Barh STPS-II	1320	6.25	85	1.608	148.15	3.45	143.04	-
TOTAL					14391.61		13895.10	11694.04

Fixed Cost Proposed by GRIDCO for Central Sector Thermal (NTPC-ER) Stations

386. GRIDCO has submitted that the CERC Tariff Regulations for the control period FY 2024-29 has not yet been pronounced by the CERC and NTPC has also not filed any Tariff Petitions before CERC for the said control period in respect of the CGSs from whom GRIDCO is procuring power. In the absence of the above, GRIDCO has provisionally considered the Capacity Charge (Fixed Cost) of NTPC Stations as per the existing Tariff Orders of CERC (considering applicable tax rate) and as per Tariff Petitions filed by NTPC before CERC for the control period FY 2019-24. GRIDCO has apportioned the Capacity Charge for Central Thermal Generating Stations as per the present share allocation to it and accordingly projected the Fixed Cost for the FY 2024-25 as shown in table below:

Table- 45
Projected Annual Fixed Cost for NTPC Stations for the FY 2024-25

Central Generating Station	Installed Capacity	AFC of the Station	Share of GRIDCO	Proportionate AFC for GRIDCO
	(MW)	(Rs. Cr.)	(%)	(Rs. Cr.)
FSTPS-I & II	1,600	1,007.77	1.76%	17.75
FSTPS-III	500	520.59	18.65%	97.09
KHSTPS-I	840	596.48	1.64%	9.76
KHSTPS-II	1,500	968.64	3.38%	32.76
TSTPS-I	1,000	663.67	33.43%	221.85
TSTPS-II	2,000	1,144.55	10.00%	114.46
Darlipali STPS-I	1,600	1,855.77	51.82%	961.62
BSTPS-I	1,320	2,042.69	12.03%	245.74
BSTPS-II	1,320	1,695.83	1.61%	27.27
MTPS-II	390	670.33	8.85%	59.33
NSTPS-I	1,980	3,004.77	0.79%	23.70
NKSTPS-I	1,320	1,850	21.83%	403.83
Total				2,215.15

387. GRIDCO has submitted that irrespective of the drawl of power from the Central Generating Stations, it is mandatory to pay the Fixed Charge of all Central Generating Stations as per the allocated share and Plant Availability. Therefore, GRIDCO has prayed the Commission to approve fixed costs (capacity charges) in spite of no or some power procurement from these stations for the ensuing FY 2024-25.

Energy Charge Rate (ECR) Proposed by GRIDCO for Central Sector Thermal Stations

388. GRIDCO has submitted that as per the CERC Tariff Regulations, 2019 for the block period 2019-24, the Energy Charges of CGSs shall include Charges towards both

Primary fuel (i.e. coal) as well as Secondary Fuel Oil (SFO) and shall be payable by every beneficiary for the total energy scheduled to be supplied to it during the calendar month on Ex-Power Plant basis. Accordingly, at present, NTPC is claiming the Monthly Energy Charges every month as per the ECR worked out from the landed price and GCV of Coal & Oil for the respective month, considering the operational parameters laid down in CERC Tariff Regulation, 2019. GRIDCO has projected the Energy Charge Rate (ECR) for the FY 2024-25 taking average of actual ECR claimed by NTPC during the period from April'2023 to September'2023 and considering Central Sector loss for the said period, the details of which given in the table below:

Table-46
Proposed Energy Charge Rates (ECR) of NTPC Stations for the FY: 2024-25

Station	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	6month's Average ECR	CS Loss	Proposed ECR (after CS Loss)
	(in Rs/ kWh)							(%)	(in Rs/kWh)
FSTPS-I&II	3.270	3.274	3.165	3.248	3.702	3.765	3.404	3.45%	3.526
FSTPS-III	3.147	3.097	3.033	3.119	3.421	3.299	3.186	3.45%	3.300
KhSTPS-I	3.197	3.313	3.186	3.068	3.255	3.295	3.219	3.45%	3.334
KhSTPS-II	3.033	3.140	3.022	2.910	3.088	3.126	3.053	3.45%	3.162
TSTPS-I	1.699	1.694	2.003	2.233	2.365	1.845	1.973	3.45%	2.044
TSTPS-II	1.684	1.678	1.987	2.193	2.390	1.819	1.959	3.45%	2.028
DSTPS-I	1.063	1.039	1.056	1.050	1.054	1.003	1.044	3.45%	1.081
BSTPS-I	3.052	2.995	2.881	3.124	3.156	2.995	3.034	3.45%	3.142
BSTPS-II	3.367	3.293	3.148	3.309	3.828	3.396	3.390	3.45%	3.511
MTPS-II	2.761	2.856	2.865	2.998	2.997	2.810	2.881	3.45%	2.984
NSTPS-I	2.585	2.617	2.377	2.411	2.435	2.477	2.484	3.45%	2.572
NKSTPS-I	1.538	1.446	1.431	1.450	1.436	1.472	1.462	3.45%	1.514

389. Considering the proposed ECR and proposed Energy drawal from the Central Sector Generating Stations, the total Energy Charges proposed by GRIDCO for the FY 2024-25 are given in the table below:

Table-47
Proposed Energy Charges of NTPC Stations for the FY 2024-25

Station	Proposed Energy	Proposed ECR	Proposed Energy Cost
	(in MU)	(in Rs/kWh)	(in Rs. Cr.)
FSTPS-I & II	121.20	3.526	42.73
FSTPS-III	554.59	3.300	183.01
KhSTPS-I	56.81	3.334	18.94
KhSTPS-II	287.40	3.162	90.88

Station	Proposed Energy	Proposed ECR	Proposed Energy Cost
	(in MU)	(in Rs/kWh)	(in Rs. Cr.)
TSTPS-I	2,233.89	2.044	456.53
TSTPS-II	1,336.46	2.028	271.10
DSTPS-I	5,207.20	1.081	563.15
BSTPS-I	960.07	3.142	301.68
BSTPS-II	130.10	3.511	45.68
MTPS-II	171.70	2.984	51.24
NSTPS-I	105.26	2.572	27.08
NKSTPS-I	1,932.05	1.514	292.59
Total/Wtd. Average	13,096.72	1.790	2,344.60

390. The Ministry of Power have issued advisory dated 01st September'2023 regarding blending of imported coal to combat the coal crisis and vide their letter dated 25th Oct'2023, has allowed blending of imported coal @6%(by weight) minimum, which may be continued till March'2024 with directives for review of stock position by the Generators and opt for blending as per the requirements, if the shortfall in domestic coal supply is more than 6%. GRIDCO submits that the shortage in coal supply to the thermal stations in the preceding few years was quite alarming and the generation was deeply affected. GRIDCO anticipates that in view of the shortage of coal availability as per the past trends, there may be change in the ECR rate, which needs to be considered during levy of the Fuel Surcharge bill to the DISCOMs as per the directives of the Commission.

Claim of Year-end Adjustment Charges of Central Sector Generating Stations

391. GRIDCO has submitted that NTPC had filed application before the CERC for recovery of Additional Expenditure incurred on account of Ash Transportation Charges on a recurring basis, in view of MOEF & CC Notifications dated 03.11.2009 & 25.01.2016. The CERC, vide order dtd 28.10.2022, has directed that the additional expenditure incurred by GRIDCO towards Fly Ash Transportation Cost for the period 2019-24, is admissible as additional O&M expenses, as the same is in terms of the MOEF & CC notifications dated 25.1.2016 and 31.12.2021. GRIDCO has filed an Appeal before the APTEL as Appeal No.673 of 2023 challenging the CERC Order dated 28.10.2022 with Interim Application for stay of the order. As per the current status, no stay has been granted by the APTEL and the matter is sub-judice for hearing on merit. Therefore, GRIDCO is making reimbursement of Ash Transportation Charges on monthly basis as

claimed by NTPC towards CGS Stations which is subject to the final outcome of the aforesaid Appeal of GRIDCO.

392. However, the Year End Charges of Rs.139.19 crore has been projected by GRIDCO for the FY 2024-25 considering the actual Year End Charges incurred for the period from April'2023 to September'2023 comprising of RLDC Charges, ED on AEC and Ash Transportation Charges for the existing Central Generating Stations and prorating the same for the entire year. Other Year End Charges such as Compensation Charges, Incentive, Addl. O&M Charges due to Wage Revision, FERV Charges, Water Charges, Deferred Tax Liability, etc. have not been projected in the present petition and shall be claimed based on actual amount, during the levy of FPPAS / True-up application for the FY 2024-25. The details of Year End charges payable by GRIDCO for FY 2024-25 as projected by GRIDCO are given in the table below:

Table -48
Projected Year End Charges for FY 2024-25

(Rs. Cr.)

Station	RLDC Charges	Electricity Duty	Ash Transportation Charges	Total
FSTPS-I & II	0.05	0.00	2.26	2.31
FSTPS-III	0.09	0.00	10.08	10.17
KhSTPS-I	0.01	0.00	0.40	0.41
KhSTPS-II	0.04	0.00	2.08	2.12
TSTPS-I	0.32	9.80	11.27	21.40
TSTPS-II	1.07	4.95	6.38	12.40
DSTPS-I	0.81	18.45	68.16	87.41
BSTPS-I	0.04	0.00	1.78	1.82
BSTPS-II	0.02	0.00	0.95	0.97
MTPS-II(KBUNL)	0.02	0.00	0.00	0.02
NSTPS-I	0.02	0.00	0.00	0.02
NKSTPS-I	0.14	0.00	0.00	0.14
Total	2.63	33.20	103.37	139.19

393. GRIDCO has requested the Commission to approve the Fixed Cost and Energy Charges along with Year End charges in respect of the various Central Sector Generating Sources as submitted above. The summary of power procurement cost of Central Thermal Generating Stations as proposed by GRIDCO for FY 2024-25 is summarized in the table below:

Table-49
Proposed Power Procurement Cost of Central Sector Thermal Stations FY 2024-25

Sl. No.	Name of the Generating Station	Energy (MU)	Fixed/Capacity Charge (Rs. Cr.)	Variable Charges/Energy Charge (Rs. Cr.)	Year End Charge (Rs. Cr.)	Total Cost (Rs. Cr.)	Rate (P/U)
1	FSTPS-I & II	121.20	17.75	42.73	2.31	62.79	518.07
2	FSTPS-III	554.59	97.09	183.01	10.17	290.27	523.40
3	KHSTPS-I	56.81	9.76	18.94	0.41	29.11	512.42
4	KHSTPS-II	287.40	32.76	90.88	2.12	125.76	437.57
5	TSTPS-I	2,233.89	221.85	456.53	21.40	699.78	313.26
6	TSTPS-II	1,336.46	114.46	271.10	12.40	397.96	297.77
7	DSTPS-I	5,207.20	961.62	563.15	87.41	1,612.18	309.61
8	BSTPS-I	960.07	245.74	301.68	1.82	549.23	572.08
9	BSTPS-II	130.10	27.27	45.68	0.97	73.92	568.17
10	MTPS-II	171.70	59.33	51.24	0.02	110.59	644.11
11	NSTPS-I	105.26	23.70	27.08	0.02	50.79	482.55
12	NKSTPS-I	1,932.05	403.83	292.59	0.14	696.56	360.53
Total		13,096.72	2,215.15	2,344.60	139.19	4,698.94	358.79

394. **Fixed Charge:** The Commission scrutinized the proposal of GRIDCO and observed that CERC Tariff Regulations for the control period FY 2024-29 has not yet been pronounced by CERC. GRIDCO has considered the Fixed Charges of the Central Generating Stations in line with the claim of NTPC as per the existing tariff orders of CERC and as per the tariff petitions filed by NTPC before CERC. However, the Commission has provisionally considered the fixed cost of NTPC thermal generating stations based on the latest bills raised by NTPC to GRIDCO for the month of November, 2023. But in case of North Karanpura Power Station, the Commission has considered 85% of the total fixed cost proposed by NTPC in its tariff filing before CERC and has factored the same with the latest allocated State share from this power station.

395. **Energy Charge Rate (ECR):** The Commission observed that GRIDCO has considered the ECR of NTPC stations for the FY 2024-25 taking average of the ECR claimed by NTPC in respect of its power station for the period from April, 2023 to September, 2023. The Commission scrutinized the bills submitted by NTPC to GRIDCO from the month of April, 2023 to December, 2023 for the existing thermal power stations of NTPC and observed that the variation in ECRs of these generating stations do not follow any particular pattern. Therefore, the Commission has considered the average of

actual ECR of first nine months of the current FY 2023-24 (i.e. from April, 2023 to December, 2023) of the existing Central Sector Thermal Power Stations for the purpose of computation of ARR of GRIDCO for FY 2024-25. The ECR of central generating stations considered by the Commission for the FY 2024-25 are given in the table below:

Table –50
Energy Charge Rate (ECR) of Central Sector Generating Stations approved for 2024-25
(Paise/Unit)

Central Thermal Stations	GRIDCO's Proposal for 2024-25 (including Loss)	Approval of the Commission considering the Avg. of actual ECR from April'23 to Dec'23 (excluding ISTS Loss)	Approval of the Commission including ISTS Loss
TSTPS-I	204.40	185.31	191.93
TSTPS-II	202.80	183.88	190.45
FSTPS-I & II	352.60	349.46	361.95
FSTPS -III	330.00	318.00	329.36
KHSTPS-I	333.40	314.68	325.92
KHSTPS-II	316.20	301.56	312.34
DSTPS-I (Units I&II)	108.10	107.29	111.12
North Karanpura STPS	151.40	147.06	152.32
Muzaffarpur TPS	298.40	285.51	295.71
Nabinagar STPS-I	257.20	260.22	269.52
Barh STPS-I	314.20	305.94	316.88
Barh STPS-II	351.10	330.40	342.21

396. In case of any variation in ECR during 2024-25 over the rate approved by the Commission, the same may be recovered in accordance with the procedure and guidelines outlined in Regulation 5.7 of OERC (Terms and Conditions for Determination of Wheeling Tariff and Retail Supply Tariff) Regulations, 2022. This would be over and above the normal tariff applicable. Alternatively, the differential amount would be considered during truing up exercise for FY 2024-25.

397. Year-end Adjustment (YEA) Charges: The Commission observed that in its application GRIDCO has proposed the year-end adjustment charges of central sector generating stations for FY 2024-25 to the tune of Rs.139.19 Crore based on the actual YEA charges incurred for the period from April'2023 to September'2023 which includes RLDC Charges, ED on AEC and Ash Transportation Charges and prorating the same for the entire year. GRIDCO has included ash transportation charges in the year-end charges in view of the MOEF & CC Notifications dated 25.01.2016 & 31.12.2021 and CERC order dated 28.10.2022.

398. The Commission examined the above proposal of GRIDCO and after scrutiny, provisionally approves the Year-end Charges of Rs.124.76 Crore for the FY 2024-25 in respect of existing NTPC's thermal power stations, which includes RLDC Charges, ED on normative auxiliary consumption and ash transportation charges only. The above approval is based on prorating the actual data of these stations for the period from April, 2023 to September, 2023 and State share of power for FY 2024-25. The Commission does not allow any incentive as normative generation has been considered for FY 2024-25. The details of the year-end charges approved by the Commission are given in the table below:

Table –51
Year End Charges Approved for the FY 2024-25

Central Generating Stations	RLDC Charges (Rs. Cr.)	Electricity Duty (Rs. Cr.)	Ash Transportation Charges (Rs. Cr.)	Total (Rs. Cr.)	Estimated energy after ISTS Loss (MU)	Rate including Loss (P/U)
TSTPS –I	0.32	9.65	9.40	19.37	2233.71	8.67
TSTPS-II	1.07	5.12	5.32	11.51	1347.96	8.54
FSTPS- I & II	0.05	0.00	1.88	1.93	188.86	10.24
FSTPS – III	0.09	0.00	8.40	8.49	628.49	13.51
KhSTPS –I	0.01	0.00	0.33	0.34	89.90	3.83
KhSTPS –II	0.04	0.00	1.73	1.77	341.88	5.19
DSTPS-I (Units I&II)	0.81	21.22	56.80	78.83	5587.84	14.11
North Karanpura STPS	0.14	0.00	0.00	0.14	1932.06	0.07
Muzaffarpur TPS	0.02	0.00	0.00	0.02	225.84	0.09
Nabinagar STPS-I	0.02	0.00	0.00	0.02	105.26	0.19
Barh STPS-I	0.04	0.00	1.48	1.52	1070.26	1.42
Barh STPS-II	0.02	0.00	0.79	0.81	143.04	5.68
Total	2.63	35.99	86.14	124.76	13895.10	

399. Taking all the above costs into account, the summary of estimated power purchase cost in respect of drawl of power from Central Sector Thermal Generating Stations by GRIDCO for FY 2024-25 is given in the table below:

Table –52
Summary of Power Purchase Cost from Central Generating Stations for FY 2024-25

Sl. No.	Generators	Estimated Availability of Energy (MU)	Approved drawal of Energy for the State (MU)	Fixed Cost (Rs. Cr.)	Fixed Cost (P/U)	Energy Charge Rate (P/U)	Other Cost (P/U)	Total Rate (P/U)	TOTAL Cost (Rs Cr)
1	TSTPS-I	2233.71	2233.71	221.85	99.32	191.93	8.67	299.92	669.93
2	TSTPS-II	1347.96	1347.96	114.46	84.91	190.45	8.54	283.90	382.68
3	FSTPS-I&II	188.86	-	17.75	93.99	361.95	10.24	466.17	17.75
4	FSTPS- III	628.49	-	97.09	154.48	329.36	13.51	497.36	97.09
5	KhSTPS-I	89.90	-	9.76	108.54	325.92	3.83	438.30	9.76
6	KhSTPS-II	341.88	261.37	32.76	95.81	312.34	5.19	413.34	115.75
7	DSTPS-I	5587.84	5587.84	961.62	173.09	111.12	14.11	297.32	1661.36
8	North Karanpura STPS	1932.06	1932.06	392.43	203.11	152.32	0.07	355.50	686.86
9	Muzaffarpur TPS	225.84	225.84	59.33	262.73	295.71	0.09	558.53	126.14
10	Nabinagar STPS	105.26	105.26	23.70	225.16	269.52	0.19	494.87	52.09
11	Barh STPS-I	1070.26	-	245.74	229.60	316.88	1.42	547.91	245.74
12	Barh STPS-II	143.04	-	27.27	190.62	342.21	5.68	538.51	27.27
	Total	13895.10	11694.04	2203.74				349.96	4092.40
NB: The rates include ISTS Loss.									

Inter-State Transmission System (ISTS) Charges

400. GRIDCO has submitted that the ISTS Charges of CTUIL / PGCIL are being determined as per the norms and principles laid down by the CERC from time to time. The CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022 along with its first Amendment (General Network Access (GNA) Regulations), which is effective from 01.10.2023. CERC has also amended the CERC Sharing Regulations, 2020 in line with the GNA Regulations and brought out the CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023, which has also come into force with effect from 01.10.2023. The Billing, Collection and Disbursement of the inter-State transmission charges and losses for the billing period of October, 2023 is to be undertaken in the billing month of December, 2023 in accordance with the Principal Regulation as amended by First Amendment to Regulation and the process for the subsequent billing period shall be followed accordingly. According to the said Regulations, the Inter-State Transmission System charges are divided into the following components:

- A. National Component (NC)
 - A1: NC-RE
 - A2: NC-HVDC
- B. Regional Component (RC)
 - B1: RC-HVDC
 - B2: RC-AC
- C. Transformer Component (TC)
- D. AC system Component (ACC)
 - D1: AC-UBC (Usage Based AC Charge)
 - D2: AC-BC (Balance AC Charge)

401. GRIDCO has submitted that as per General Network Access (GNA) Regulations, 2022, the Deemed GNA of Odisha has been fixed as 2157 MW and has been granted to STU (OPTCL). Under the GNA Regulations, the access has been delinked from PPA/contracts. The GNA is based on ISTS drawl requirement of a State and it can schedule power under any contract as per its requirement. Under GNA Regime, States shall be able to schedule power under various contracts based on their assessment of merit order on day ahead basis within their GNA. This flexibility will help them to optimise their overall procurement cost. There is provision of availing T-GNA (Temporary GNA) in GNA Regulations, which will help in managing temporary increase of drawal from Central Sector. The practical impact on account of GNA Regulations can only be analysed post receipt of Bills based on GNA Regulations. There are many teething issues with the GNA Regulations which have been brought to the notice of CERC and MoP, GoI by CTUIL and beneficiaries including Odisha. Therefore, it is difficult to project the Transmission cost considering GNA at present. In view of the aforesaid facts pertaining to new GNA Regulations effective from 01.10.2023, the ARR pertaining to CTUIL charges has been projected on the basis of LTA.

402. GRIDCO submits that the total ISTS charges include Bill # 1, Bill # 2 & Bill # 3 raised by CTUIL and the Non-PoC Bills raised by PGCIL. Considering all the components and sub components of the ISTS charges for the billing months April to November, 2023 on actual basis and balance period of the current financial year on projection basis, GRIDCO has estimated the ISTS charges at Rs.925.48 crore for the current FY 2023-24. Further, considering an increase in ISTS charges due to asset addition, GRIDCO has considered 10% escalation and estimated ISTS charges at Rs.1018.03 crore for the

ensuing FY 2024-25. GRIDCO has calculated the energy drawl from Central Sector Generators as 13762.72 MU. Since the calculations are made on all India basis & with limited data available, it is extremely difficult to project the exact amount of ISTS Charges due to the uncertainty of upcoming GNA regime. Therefore, certain assumptions are taken to arrive at the projections for FY 2024-25. Further, as per provisions of the Sharing Regulations, the Transmission Loss for ISTS shall be calculated on All India average basis for each week. The Average Loss computed to be 3.45 % considering for the first six months FY 2023-24. Accordingly, the per unit ISTS Charge before Loss and after Loss comes out to be 62.88 P/U and 65.13 P/U respectively including RE drawal. As the Per Unit ISTS charges depend upon the quantum of Central Sector drawal, and if the scheduling of power will be less, the average per unit ISTS charges will increase. The proposed estimation of ISTS charge for FY 2024-25 is as calculated in the table below:

Table-53
Proposed Transmission charges for FY 2024-25 (Rs Cr.)

Particulars	Amount (Rs. Cr.)
Net amount payable by GRIDCO towards Transmission Charges (Rs. Cr.)	1,018.03
Energy Drawal by GRIDCO (MU)	13,763
RE Drawal by GRIDCO from Central Sector (MU)	2,427
Total Energy Drawal (MU)	16,190
ISTS Charge excluding RE drawal (P/U)	73.97
Average All India Central Sector Transmission Loss (%)	3.45%
ISTS Charge excluding RE drawal & including Loss (P/U)	76.61
ISTS Charge including RE drawal (P/U)	62.88
ISTS Charge incl.RE drawal & Loss (P/U)	65.13

403. The Commission observed that the transmission charges for Inter-State Transmission System (ISTS) shall be payable as per the principles and norms laid down by the CERC from time to time. The CERC has notified CERC (Connectivity and General Network Access to the inter-State Transmission System) Regulations, 2022. CERC has also notified the first Amendment to the CERC (General Network Access (GNA) Regulations), which is effective from 01.10.2023. Further, CERC has also amended the CERC Sharing Regulations, 2020 in line with the GNA Regulations and notified CERC (Sharing of Inter-State Transmission Charges and Losses) (First Amendment) Regulations, 2023, which is also effective from 01.10.2023. The Commission scrutinised the proposal of GRIDCO along with the bills of ISTS charges payable by

GRIDCO for the FY 2023-24. It is observed that the amount of against Bill #1 of ISTS charges for the period from April, 2023 to January, 2024 is Rs.574.48 crore and from the month of December, 2023, the GNA quantum allocated to GRIDCO has been raised to 2157 MW on the basis of amended GNA Regulations. Considering Bill #1 of ISTS charges for the months of February and March, 2024 taking the average of Bill #1 for the months of December, 2023 & January, 2024, the total amount of Bill #1 comes to Rs.694.78 crore for the entire FY 2023-24. It is further observed that the net amount charged against Bill #2 of the ISTS charges for the period from April, 2023 to September, 2023 is Rs.16.73 crore and prorating the same for the entire FY 2023-24, it comes to Rs.33.46 crore. Further, the amount charged against Bill #3 of ISTS charges for the period from March, 2023 to August, 2023 (six months) is Rs.34.83 crore and prorating the same for 12 months, the amount comes to Rs.69.66 crore. In addition, Rs.1.26 crore has been raised in ISTS charge bill for Non-PoC charges. Therefore, the total estimated ISTS charges for the current FY 2023-24 Comes to Rs.799.15 crore. Considering an escalation of 5% on Rs.799.15 crore, the ISTS charges of GRIDCO for the ensuing FY 2024-25 is estimated as Rs.839.11 Crore. Therefore, the Commission provisionally approves Rs.839.11 Crore in the ARR of GRIDCO towards the charges of ISTS for the FY 2024-25.

ERLDC Fees and GCIL (formerly POSOCO) Charges

404. GRIDCO has submitted that as per CERC (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations 2019, the RLDC fees and charges shall comprise of fees to be recovered by Grid Controller of India Ltd. (GCIL) formerly POSOCO towards registration for commencement of Grid access, scheduling and annual charges to be collected in the form of annual LDC charges from the users. The RLDC charges shall be collected equally (1/3rd of Monthly Charges) from (a) Distribution Licensees & Buyers (b) Generating Stations & Sellers and (c) Transmission Licensees. GRIDCO has forecasted the ERLDC fees and GCIL charges as Rs.3.50 Crore for FY 2024-25 by prorating the actual expenses for the period from April' 2023 to Oct.' 2023 for the entire year. The Commission scrutinised the above proposal of GRIDCO and allows Rs.3.50 Crore in the ARR of GRIDCO towards ERLDC fees and GCIL charges for the FY 2024-25.

405. Accordingly, the Commission approves Rs. 842.61 Crore towards ISTS Transmission Charges and GCIL Charges payable by GRIDCO for the FY 2024-25 as given in the table below:

Table –54
ISTS Transmission Charges and GCIL Charges for FY 2024-25

Particulars	Commission's Approval
ISTS Transmission charge payable by GRIDCO (Rs. Cr.)	839.11
GCIL Charges (Rs. Cr.)	3.50
Total amount payable by GRIDCO (Rs. Cr.)	842.61

Summary of Availability and Requirement of Power for State Consumption

406. The Commission observed that the total estimated availability of power from different sources is 43962.08 MU, whereas total power requirement of GRIDCO is estimated at 38804.12 MU only for State consumption. Therefore, following the Merit Order Despatch (MOD) principle, procurement of costly power from generating stations has not been considered in the ARR of GRIDCO for consumption within the State. However, GRIDCO may trade available surplus power, if commercially viable and earn some revenue to reduce its past losses. Hence, taking the least cost power procurement from different generating stations for the State consumption, the Commission approves the quantum of power purchase for FY 2024-25 as given in the table below:

Table –55
Quantum of Power Purchase from Various Sources for FY 2024-25

(Figures in MU)

Sources of Purchase	Commission's Approval for State Drawl for 2023-24	GRIDCO's Proposal for 2024-25	Estimated Availability for 2024-25	Commission's Approval for State Drawl for 2024-25
HYDRO (OLD)	3660.22	3642.71	3660.22	3660.22
Indravati	1942.38	1396.46	1942.38	1942.38
Machakund	259.88	259.88	259.88	259.88
Total State Hydro	5862.48	5299.05	5862.48	5862.48
OPGC-I (Units-I & II)	2731.66	2447.98	2668.31	2668.31
OPGC-II (Units-III & IV)	9294.69	9236.11	9235.72	9235.72
IPPs	5471.25	5325.67	8051.67	5094.24
Total State Thermal	17497.60	17009.76	19955.17	16998.27
Small Hydro	483.35	468.70	468.70	468.70
Biomass Energy	80.00	70.00	70.00	70.00
Wind Energy	1060.43	1091.92	1091.92	1091.92
Solar Energy	2160.00	1950.00	1950.00	1950.00

Sources of Purchase	Commission's Approval for State Drawl for 2023-24	GRIDCO's Proposal for 2024-25	Estimated Availability for 2024-25	Commission's Approval for State Drawl for 2024-25
Total Renewable	3783.78	3580.62	3580.62	3580.62
TOTAL STATE	27143.86	2588.42	29398.80	26441.37
Chukha HEP	267.68	256.00	255.74	255.74
Tala HEP	122.20	116.00	115.74	115.74
Mangdechhu HEP	313.30	287.00	291.03	291.03
Teesta-V HEP	474.05	-	-	-
Kurichu HEP	3.59	1.00	1.00	1.00
Rangteet HEP	5.75	6.00	5.21	5.21
Total Central Hydro	1186.57	666.00	668.72	668.72
TSTPS-I	1912.93	2233.89	2233.71	2233.71
TSTPS-II	1349.63	1336.46	1347.96	1347.96
FSTPS-I & II	0.00	121.20	188.86	0.00
FSTPS-III	0.00	554.59	628.49	0.00
KhSTPS-I	0.00	56.81	89.90	0.00
KhSTPS-II	0.00	287.40	341.88	261.37
DSTPS-I (Units-I&II)	5612.74	5207.20	5587.84	5587.84
North Karanpura	979.83	1932.06	1932.06	1932.06
Muzaffarpur TPS	0.00	171.70	225.84	225.84
Nabinagar STPS	0.00	105.26	105.26	105.26
Barh-I	0.00	960.07	1070.26	0.00
Barh-II	0.00	130.10	143.04	0.00
Total Central Thermal	9855.15	13096.73	13895.10	11694.04
Total Central Sector	11041.71	13762.73	14563.81	12362.76
TOTAL Availability	38185.57	39652.15	43962.61	38804.12

407. GRIDCO has proposed to purchase 39652.15 MU from all available sources. Out of which 37456.22 MU is estimated by GRIDCO towards State requirement and balance 2195.93 MU of energy is proposed for procurement towards exigencies. However, the Commission has estimated availability of 43962.61 MU for FY 2024-25 from different sources, out of which procurement of 38804.12 MU is estimated towards State requirement. Although drawal of power would be from the least cost sources as indicated in the above table, the Commission has considered the payment towards fixed cost for all thermal stations.

408. GRIDCO's proposal for the cost of power purchase from various generating stations and the Commission's approval based on least cost power purchase for the FY 2024-25 are given in the table below:

Table -56
GRIDCO's Proposal & Commission's Approval for FY 2024-25

Generators	GRIDCO's PROPOSAL			COMMISSION's APPROVAL		
	Energy	Average Rate	Total Cost	Energy	Average Rate	Total Cost
	MU	P/U	Rs.in Cr.	MU	P/U	Rs.in Cr.
HYDRO (OLD)	3642.71	100.63	366.57	3660.22	99.15	362.91
Indravati	1396.46	122.51	171.08	1942.38	83.35	161.90
Machakund	259.88	123.64	32.13	259.88	123.65	32.13
Total State Hydro	5299.05	107.53	569.78	5862.48	95.00	556.94
OPGC-I (Units-1&2)	2447.98	296.39	725.55	2668.31	281.25	750.46
OPGC-II (Units-3&4)	9236.11	347.61	3210.59	9235.72	344.35	3180.34
IPPs	5325.67	304.45	1621.42	5094.24	297.18	1513.89
Total State Thermal	17009.76	326.73	5557.56	16998.27	320.30	5444.69
Small Hydro	468.70	424.93	199.16	468.70	437.62	205.11
Biomass	70.00	760.00	53.20	70.00	760.00	53.20
Wind	1091.92	279.84	305.56	1091.92	279.84	305.56
Solar	1950.00	369.24	720.03	1950.00	368.27	718.13
Total RE	3580.62	356.91	1277.95	3580.62	358.04	1282.00
TOTAL STATE	25889.42	286.04	7405.29	26441.37	275.46	7283.63
CHUKHA	256.00	310.72	79.54	255.74	310.72	79.46
Tala HPS	116.00	235.11	27.27	115.74	235.11	27.21
Mangdechhu	287.00	433.97	124.55	291.03	433.97	126.30
Teesta-V	-	-	-	-	-	-
Kurichu HEP	1.00	236.15	0.24	1.00	236.15	0.24
Rangiet HEP	6.00	410.00	2.46	5.21	416.90	2.17
Total Central Hydro	666.00	351.45	234.06	668.72	351.99	235.38
TSTPS - I	2233.89	313.26	699.78	2233.71	299.92	669.93
TSTPS - II	1336.46	297.77	397.96	1347.96	283.90	382.68
FSTPS -I & II	121.20	518.07	62.79	0.00	466.17	17.75
FSTPS -III	554.59	523.40	290.27	0.00	497.36	97.09
KhTPS - I	56.81	512.42	29.11	0.00	438.30	9.76
KhTPS - II	287.40	437.58	125.76	261.37	442.85	115.75
DSTPS-I (Units-1&2)	5207.20	309.61	1612.18	5587.84	297.32	1661.36
North Karanpura	1932.06	360.53	696.56	1932.06	355.50	686.86
Muzaffarpur TPS	171.70	644.08	110.59	225.84	558.53	126.14
Nabinagar STPS	105.26	482.61	50.80	105.26	494.87	52.09
Barh-I	960.07	572.08	549.24	0.00	547.91	245.74
Barh-II	130.10	568.16	73.92	0.00	538.51	27.27
Total Central Thermal	13096.73	358.79	4698.95	11694.04	349.96	4092.40
Total Central Sector	13762.73	358.43	4933.02	12362.76	350.07	4327.79
PGCIL Tr. Charge	-	-	1018.03	-	-	839.11
ERLDC Charges	-	-	3.50	-	-	3.50
TOTAL GRIDCO	39652.15	336.93	13359.84	38804.12	320.95	12454.03

NB: The rates of Central Sector Power Stations include ISTS Loss

409. The estimated availability of power from various sources is found to be 43962.08 MU.

However, the Commission's approval of power purchase for State consumption is based on the merit order dispatch principles in order to optimise the power procurement cost.

Hence, any deviation from the merit order dispatch principle should be avoided by

GRIDCO. In past years, it is observed that there have been differences between the Commission's approval and actual drawal of energy by GRIDCO. Therefore, the Commission directs GRIDCO to follow the merit order dispatch principle while purchasing power for State consumption. Any major deviation in real time power purchase should be intimated to the Commission. GRIDCO should put sincere effort to optimize and rationalize the cost of power purchase. The Commission shall review the quantum and cost of power purchase of GRIDCO based on merit order during performance review. Accordingly, GRIDCO shall furnish the relevant data during the review of its performance along with the justifications and rationales in case of any deviation from merit order dispatch principle. The Commission shall consider the same along with other expenses during truing up exercise. The surplus power available from various sources is 5158.49 MU, which can be procured for meeting the demand of the State under exigency situation like outage of 660 MW units of thermal power stations or can be traded judiciously in power market to compensate the outstanding dues of GRIDCO.

Pass through of Additional Costs in ARR & BSP of GRIDCO for FY 2024-25

410. In its ARR application, GRIDCO has claimed an additional power purchase cost amounting to Rs.760.99 crore to be pass through in its ARR for FY 2024-25 as detailed in the following paragraphs.

411. GRIDCO has claimed additional power purchase cost of Rs.29.25 Crore as pass through towards payment of the solar power generators as given hereunder:

a) Payment of STU Charges / Scheduling Charges for Solar Power procurement from outside States:

GRIDCO has submitted that it has been incurring additional costs towards procurement of 75 MW solar power through STU-ISTS connected solar projects (50 MW from Rajasthan and Gujarat through SECI under VGF Scheme, 10 MW from Dadri & Faridabad through NTPC and 15 MW under NVVN Bundling Scheme) in terms of STU charges, SLDC & RLDC charges and incentive etc. on reimbursement basis, at the rate as approved by the respective State ERCs for the respective financial year. During FY 2023-24 (upto November, 2023), GRIDCO has already paid an amount of Rs.7.92 crore towards such charges and GRIDCO expects to pay total amount of Rs.11.64 crore for the FY 2023-24. GRIDCO has

prayed the Commission to consider the amount of Rs.11.64 crore as pass through in the ARR of GRIDCO for the FY 2024-25.

b) Payment of Safeguard Duty Claims of M/s Azure Power Forty-Three Pvt. Ltd. (300 MW) under Change in Law event:

As per the principles laid down by the Central Commission in its order dated 20.08.2021, the methodology for payment of the Safeguard Duty (SGD) claims shall be on annuity basis and the discount rate of annuity payments shall be 10.41% for a tenure of 13 years. Accordingly, SECI has reconciled the SGD Claims of total Rs.101,61,78,110/- for provisional payment with regard to Safeguard Duty claims submitted by M/s Azure Power Forty-Three Pvt. Ltd. for its 300 MW solar project. GRIDCO has submitted that the Commission has approved Rs.11.66 Crore in its ARR for FY 2023-24 towards Safeguard Duty claims of M/s Azure Power Forty-Three Pvt. Ltd. for the FY 2022-23. Now, GRIDCO has already paid an amount of Rs.9,24,14,056/- (Principal-Rs.3,09,94,819/- + Interest- Rs.6,14,19,237/-) towards SGD claims for the FY 2023-24 (up to November, 2023) considering the monthly annuity payment against the SGD claim of Rs.1,15,51,757/- and during the FY 2023-24, it will incur the costs by paying total Rs.13,86,21,084/- (Principal-Rs.4,73,14,131/- + Interest- Rs.9,13,06,953/-) towards reimbursement of SGD claim. Therefore, GRIDCO requests the Commission to approve the amount of Rs.13.86 crore as pass through in its ARR for the FY 2024-25.

c) Payment of Safeguard Duty (SGD) Claims of M/s Azure Power Forty One Pvt. Ltd. (200MW) under Change in Law event:

GRIDCO signed PSA with SECI on 22.08.2019 towards purchase of 200 MW Solar Power under MNRE ISTS-connected Solar Project Scheme Tranche-3 to meet the RPO target and GRIDCO is availing power since 08.03.2022. GRIDCO has submitted that out of the 300 MW solar project of M/s Azure Power Forty-One Pvt. Ltd., GRIDCO is availing 200 MW solar capacity and balance 100 MW is being availed by BRPL. But, with reference to the CERC order dated 20.01.2023 passed in Petition No.722/MP/2020 with regard to Safeguard Duty, the Developer has made claims for the 300 MW solar project, for which GRIDCO has filed an Appeal before APTEL vide DFR No. 517 of 2023 against the CERC order dated 20.01.2023, which is sub-judice. However, GRIDCO has reconciled the claims on account of Change in Law by applying the principle decided by CERC in its Order dated 20.08.2021 in Petition No.536/MP/2020, wherein the discount rate of 9 % is

allowed for annuity period of 15 years. Further, as per SECI, the total reconciled claim of Rs.22,98,24,985/- will be bifurcated among the beneficiaries (GRIDCO & BRPL) on pro-rata basis (2:1) of mapped capacity from the Solar project. Accordingly, GRIDCO's share in the above costs will work out to be Rs.15,32,16,657/- towards the SGD claims under change in law event.

GRIDCO has submitted that in order to avoid the LPS, GRIDCO is paying Rs.15,54,025/- per month towards compensation on annuity basis under protest in view of aforementioned Appeal filed by it before APTEL. During the current FY 2023-24, GRIDCO has already paid an amount of Rs.1,24,32,203/- (Principal-Rs.33,25,520/- + Interest-Rs.91,06,683/-) towards above SGD claims up to November, 2023 considering the monthly annuity payment of Rs.15,54,025/-. For the entire period of FY 2023-24, GRIDCO will pay total Rs.1,86,48,304/- (Principal-Rs.50,64,327/- + Interest-Rs.1,35,83,977/-). Therefore, GRIDCO has requested the Commission to approve the amount of Rs.1.86 crore as pass through in its ARR for the FY 2024-25.

d) Ash Transportation Charges Claimed by NVVN:

GRIDCO has submitted that NTPC had filed petition before the CERC for recovery of additional expenditure incurred on account of Ash Transportation Charges in view of MOEF & CC Notification dated 03.11.2009 & Notification dated 25.01.2016 on a recurring basis. The CERC vide its order dated 28.10.2022 has held that the additional expenditure incurred by NTPC towards fly ash transportation for the period 2019-24, is admissible as additional O&M expenses, as the same is in terms of the MOEF&CC notifications dated 25.1.2016 and 31.12.2021. The total fly ash transportation expenditure allowed to the NTPC on generating station-wise for the period 2019-22 shall be recovered from the beneficiaries of the respective generating stations in 6 (six) equal monthly instalments. As per Para 43 of the aforesaid order, the NTPC is entitled for recovery of fly ash transportation charges, under additional O&M expenses. The CERC permits the provisional billing at 90% of the fly ash transportation charges incurred by NTPC, in respect of its generating stations, for the balance period (i.e. 2022-24), on a monthly basis, based on self-certification, and the beneficiaries shall pay the same accordingly. As per Para 47 of the said order, CERC permits the recovery of these charges, along with carrying

cost, at the rate of interest as specified, in terms of Regulation 10 (7) of the 2019 Tariff Regulations.

Under Bundling Scheme of MNRE, GRIDCO is availing 20 MW solar power through NVVN Ltd. (Rajasthan – 15 MW, M/s Aftaab Solar and Balangir- 5 MW) bundled with equivalent quantum of thermal power from NTPC-ISGS stations such as TSTPS-I, KHSTPS-I&II, FSTPS-I&III. Accordingly, NVVN is raising the monthly energy invoices along with the Ash Transportation Charges basing on Order of CERC dated. 28.10.2022 in Case No 205/MP/2021.

GRIDCO has submitted that it has paid an amount of Rs.1.12 Cr.up to November, 2023 against the Ash transportation charges of the aforesaid thermal stations of NTPC towards drawal of bundled power and an amount of Rs.0.77 Cr. is expected to be paid for the rest of the year, totalling to Rs.1.89 Cr. during the FY 2023-24. GRIDCO has requested the Commission to pass through this amount of Rs.1.89 Cr.in its ARR for the FY 2024-25.

- e) The above claim of GRIDCO for pass through of Rs.29.25 Crore in its ARR towards payment additional power purchase cost to the solar generators are summarized in the table below:

Table-57

Sl. No	Station	Capacity (MW)	Nature of Expenditure	OERC Approval (Rs.Cr.)	Cost claimed as Pass through (Rs.Cr.)
1	Rajasthan and Gujarat through SECI under VGF Scheme Ph-2, Batch-1	50	Re-imbusement towards STU Charges and SLDC charges	Nil	7.92
2	Dadri & Faridabad Solar PV stations through NTPC	10	Re-imbusement towards RLDC & SLDC charges	Nil	0.01
3	Bundled Power through NVVN	15	Re-imbusement towards STU Charges and SLDC charges	Nil	3.71
4			Compensation towards Ash transportation charges	Nil	1.89
4	ISTS Solar Projects Tranche-1 through SECI	300	Compensation towards Safe Guard Duty claims under Change in Law provision of PSA dated 21.08.2018	Nil	13.86

5	ISTS Solar Projects Tranche-3 through SECI	200	Compensation towards Safe Guard Duty claims under Change in Law provision of PSA dated 21.08.2018	Nil	1.86
	Total				29.25

412. The Commission scrutinized the above proposal of GRIDCO and observed that GRIDCO has already paid Rs.7.92 Crore on reimbursement basis towards STU charges/Scheduling charges in respect of solar power availed from Rajasthan and Gujarat through SECI and an amount of Rs.3.72 Cr. (Rs.0.01 + Rs.3.71) is to be paid by GRIDCO towards STU and SLDC/RLDC charges for the FY 2023-24 on account of purchasing bundled solar power from Dadri and Faridabad through NTPC and NVVN. The total amount comes to Rs.11.64 Cr. for the FY 2023-24 which is to be reimbursed by GRIDCO. Hence, the Commission allows Rs.11.64 Crore as pass through in the ARR of GRIDCO for the FY 2024-25. Similarly, GRIDCO has already paid an amount of Rs.1.12 Cr. against ash transportation charges of the NTPC Thermal Stations towards purchase of bundled power and an amount of Rs.0.77 Cr. is to be paid by the end of the current year, totaling to Rs.1.89 Cr. The Commission allows the same as pass through in the ARR of GRIDCO for the FY 2024-25. Further, the Commission allows Rs.13.86 Crore in the ARR of GRIDCO for the FY 2024-25 as claimed by GRIDCO towards safeguard duty claim of ISTS Solar Projects under Tranche-1 i.e. M/s Azure Power Forty-Three Pvt. Ltd. (300 MW) for the FY 2023-24 out of which GRIDCO has already paid Rs.9.24 Crore and the balance amount is to be paid by the end of the current financial year. Similarly, the Commission allows Rs.1.86 Crore in the ARR of GRIDCO for the FY 2024-25 as claimed by GRIDCO towards safeguard duty claim of ISTS Solar Projects under Tranche-3 i.e. M/s Azure Power Forty-Three Pvt. Ltd. (200 MW) for the FY 2023-24, out of which GRIDCO has already paid Rs.1.24 and balance amount is to be paid by the end of the current year.

413. GRIDCO has claimed the following power procurement costs of small hydro projects as pass through in its ARR for FY 2024-25:

a) **Water Charge and SLDC Charge in respect of 20 MW Samal Barrage SHEP of M/s OPCL for the FY 2022-23 paid in FY 2023-24**

As per the Commission's Order dated 19.05.2011 in Case No. 17/2011, GRIDCO has reimbursed Rs.16,69,424/- to M/s OPCL towards Water Charges and SLDC Charges for the FY 2022-23 in respect of 20 MW Samal Barrage SHEP.

b) SLDC Charges in respect of 24 MW Lower Baitarani SHEP of M/s BPPPL for the FY 2022-23 paid in FY 2023-24

As per the terms of the PPA dated 18.12.2015, GRIDCO has reimbursed Rs.2,05,092/- to M/s BPPPL towards SLDC charges for FY 2022-23 in respect of 24 MW Lower Baitarani SHEP.

414. Considering the above proposal of GRIDCO, the Commission allows total amount of Rs.0.19 Cr. as pass through in the ARR of GRIDCO for the FY 2024-25 towards reimbursement of Water charges and SLDC charges of 20 MW Samal Barrage SHEP of M/s OPCL for the FY 2022-23 and SLDC Charges of 24 MW Lower Baitarani SHEP of M/s BPPPL for the FY 2022-23.

OPGC Stage-I (Units- I & II)

415. GRIDCO has submitted that OPGC has claimed an amount of Rs.98.43 crore towards Secondary Fuel Oil cost for FY 2021-22 and FY 2022-23 through Fuel price Adjustment bills of its Units I & II. Out of which GRIDCO has made adhoc payment of Rs.28.07 crore on 11.09.2023 and 29.09.2023. This amount has been released in favour of OPGC towards undisputed amount for cost of oil in line with directions of the Hon'ble APTEL dated 08.08.2023 passed in IA filed in Appeal No.189 of 2020. GRIDCO has stated that without prejudice to its stand in Appeal No.189 of 2020, the balance FPA amount towards coal cost have not been paid by GRIDCO due to non-submission of credit/debit notes, Third party GCV Sampling Reports and GCV of coal "as Received" basis. Therefore, GRIDCO has requested to allow an amount of Rs.28.07 crore as pass through in its ARR for FY 2024-25 towards claim of secondary fuel oil cost by OPGC for its Units I & II for FY 2021-22 & 2022-23. Similarly, OPGC has claimed an amount of Rs.50.94 crore towards Fuel Price Adjustment for FY 2022-23 and an amount of Rs.3.95 crore towards Half Yearly Fuel Price Adjustment for FY 2023-24. But GRIDCO has not paid these amounts due to the reasons cited above. Further, OPGC has claimed an amount of Rs.4.44 crore and Rs.12.24 crore towards ash transportation expenses and other expenses towards ash utilization from the period from FY 2016-17 to FY 2022-23 for OPGC Units-I & II and for the period from FY 2021-22

to FY 2022-23 for OPGC Units– III & IV respectively, which has not been paid by GRIDCO.

416. Considering the above submission of GRIDCO, the Commission allows Rs.28.07 crore as pass through in the ARR of GRIDCO for the FY 2024-25 as GRIDCO has already paid this amount to OPGC towards its claim of secondary fuel oil cost for the FY 2021-22 and FY 2022-23.

Additional Power Purchase Cost of M/s. Vedanta Ltd

417. GRIDCO has submitted that as per the OERC's Order dated 22.06.2020 in Case No. 68 of 2018, GRIDCO was directed to reconcile the arrear amount against power supplied by M/s Vedanta Ltd. Accordingly, GRIDCO and M/s. Vedanta have signed a joint reconciliation statement on 10.07.2023 and net amount payable by GRIDCO to M/s. Vedanta Ltd. is Rs. 140.19 Crore (provisional) for the period from FY 2010-11 to FY 2020-21 (net of recast cost of power supplied to GRIDCO less payment made & compensation payable by M/s. Vedanta Limited for the period from FY 2015-16 to 2020-21 towards non/short supply of power by M/s. Vedanta Ltd.). Out of the reconciled amount of Rs.140.19 Crore, the amount of Rs.12.50 crore withheld by GRIDCO due to non-submission of information by M/s. Vedanta Ltd. in respect of credit/debit notes issued by MCL as per FSA against the period from FY 2010-11 to FY 2014-15. Therefore, GRIDCO has requested the Commission to allow an amount of Rs.127.69 crore (Rs.140.19 - Rs.12.50) as pass through in the ARR of GRIDCO for FY 2024-25. The above amount is being paid by GRIDCO to M/s. Vedanta Ltd. in five monthly instalments starting from July, 2023 to November, 2023. After scrutiny of the above proposal of GRIDCO, the Commission allows an amount of Rs.127.69 crore as pass through in the ARR of GRIDCO for the FY 2024-25 since the amount has been paid by GRIDCO.

Additional Power Purchase Cost of M/s. GKEL

418. GRIDCO has submitted that Electricity Duty (ED) amounting to Rs.1.03 crore for the period from June, 2019 to September, 2019 has been paid by it during June'2023 against the invoice raised by the IPP of M/s. GKEL. GRIDCO has requested the Commission to allow the amount of Rs.1.03 crore as pass through in its ARR for the FY 2024-25. Considering the above proposal of GRIDCO, the Commission allows this amount as pass through in its ARR for the FY 2024-25.

Additional Power Purchase Cost in respect of TEESTA-V power station of NHPC:

419. CERC vide its order dtd.28.01.2023 in Case No.343/MP/2019 had approved the pay regularization impact of various stations of NHPC amounting to Rs.83.11 Cr. for tariff period 2014-19. In its order, CERC has directed the beneficiaries to pay the said amount in proportion to their share allocation in twelve equal monthly instalments commencing from Feb'2023. The impact of pay regularization for Teesta-V Power Station comes to Rs.5,90,37,404/-. GRIDCO has a share allocation of 20.59% from Teesta-V Power Station. NHPC has raised invoices to GRIDCO on 20.02.2023 in line with CERC Order dtd.28.01.2023 amounting to Rs.1,38,13,411/- (including 12% Home State Share) (Rs.5,90,37,404 X 0.23397727). Therefore, GRIDCO has prayed the Commission to allow Rs.1,38,13,411/- as pass through in the GRIDCO's ARR for FY 2024-25. After scrutiny of the above proposal of GRIDCO, the Commission allows Rs.1.38 Crore as pass through in the ARR of GRIDCO for FY 2024-25 towards payment to NHPC in respect of Teesta-V Hydro Power Station.

Additional Power Purchase Cost against Rangit Power Station of NHPC:

420. GRIDCO has submitted that the CERC, vide its order dtd.22.06.2023 in Petition No.257/GT/2020, has determined tariff of Rangit Power Station (60MW) for the block period FY 2019-24. The approved Annual Fixed Charges for the block period FY 2019-24 are as given below:

Table-58

Year	Total Amount (in Cr.)
FY 2019-20	104.9662
FY 2020-21	108.1411
FY 2021-22	111.2858
FY 2022-23	114.7399
FY 2023-24	118.5011

The power of Central Generating Stations of Eastern Region and Bhutan HPS has been re-allocated by ERPC upon uniform allocation of unallocated power among the ER beneficiaries from Eastern Region pool. Accordingly, GRIDCO has got share of 1.46% from Rangit Hydro Station of NHPC Ltd. as per ERPC allocation Order dtd.15.02.2023 and procures power from Rangit Power Station w.e.f. 17.02.2023. NHPC has raised invoices to GRIDCO on 05.09.2023 in line with CERC Order dtd.22.06.2023 amounting to Rs. 2,04,876/- towards purchase of 3.21 MU from Rangit

Power Station of NHPC Ltd. for the period from Feb'23 to Aug'23, which has already been paid by GRIDCO. Therefore, GRIDCO has requested the Commission to allow Rs.2, 04,876/- as pass through in its ARR for FY 2024-25. After scrutiny of the above submission of GRIDCO, the Commission allows Rs.0.02 crore as pass through in the ARR of GRIDCO for FY 2024-25.

Additional Power Purchase Cost in respect of Machhkund Jt. HEP of OHPC:

421. GRIDCO has submitted that the Revised Agreement-2020 between OHPC and APGENCO provides as follows:

“An advance payment/working capital equal to 15% of O&M Budget shall be provided to the first party on interest free basis by the second party for the operation of the MHE (Joint) Project. To maintain 15 % of advance of O&M budget for the ensuing year, the actuals of previous year shall be the basis and the variation (plus or minus) shall be paid /adjusted along with/in final bill of the year as per the audited accounts.”

In view of the above Clause, OHPC had claimed an amount of Rs.7,73,59,800/- as working capital for Machhkund Jt. HEP for the FY2021-22 and GRIDCO has paid the said amount to OHPC on 12.04.2022. But GRIDCO had not claimed the same in its ARR application for FY2023-24 inadvertently. Subsequently, OHPC has further claimed a differential amount of Rs.88,91,915/- towards advance payment of working capital equal to 15 % O&M for Machhkund Hydro Project for the FY 2023-24, which has also been paid by GRIDCO to OHPC. Therefore, GRIDCO has requested the Commission to allow the total amount of Rs.8,62, 51,715/- as pass through in its ARR for the FY2024-25. After scrutiny of the above submissions of GRIDCO, the Commission allows Rs.8.63 crore as pass through in the ARR of GRIDCO for the FY 2024-25.

Additional Power Purchase Cost with respect to NTPC Stations

422. GRIDCO has claimed an amount of Rs 119.74 Crore as additional power purchase cost in its proposed ARR for FY 2024-25 with respect to FSTPS-I & II and TSTPS-II of NTPC, the details of which are given here under:

a) **Differential Cost claimed by NTPC due to True up order of FSTPS-I & II for the control period FY 2014-19 and revised Tariff orders of FSTPS-I & II and TSTPS-II for the control period FY 2019-24:**

GRIDCO has submitted that CERC, vide Order dated. 17.04.2023 in Case No 698-GT-2020, has pronounced the True-up Order of FSTPS-I&II for the control period FY 2014-19 and accordingly, NTPC has claimed Rs.27.01 towards differential Fixed Cost including interest charges for the period from FY 2014-15 to FY 2022-23. Further, CERC has passed the Tariff Order dated 25.08.2023 in Case No 429-GT-2020 in respect of FSTPS-I & II for the control period FY 2019-24, based on which, NTPC has claimed Rs.19.24 Cr. to GRIDCO towards differential Fixed Cost including interest charges for the period from FY 2019-20 to 2022-23. Similarly, CERC vide Order dated 27.04.2023, in Case No. 441-GT-2020 has passed the Tariff Order of TSTPS-II for the control period FY 2019-24, based on which, NTPC has claimed Rs.39.65 Crore towards differential Fixed Cost including interest charges for the period from FY 2019-20 to 2022-23. GRIDCO submits that all the above differential fixed cost along with interest charges claimed by NTPC, has already been paid by GRIDCO and have not been taken into consideration while determining the ARR of GRIDCO in past. Therefore, GRIDCO has requested the Commission to allow the above claimed differential fixed cost along with the interest cost of FSTPS-I&II and TSTPS-II totaling to Rs.85.90 crore as pass-through in the ARR of GRIDCO for the FY 2024-25.

b) Filing Charges and Publication Expenses:

GRIDCO has submitted that Filing Charges and Publication Expenses comes ones in every 5 years Tariff period and applicable after pronouncement of final Tariff Orders of the Generating Stations. Since CERC has passed Tariff Orders in respect of TSTPS-II and FSTPS-I&II on dated 27.04.2023 and 25.08.2023 respectively, NTPC has claimed such expenses amounting to Rs.0.35 Cr. and Rs.0.25 Cr. against TSTPS-II and FSTPS-I & II respectively. GRIDCO has requested the Commission to pass the total amount of Rs.0.60 crore in its ARR for the FY 2024-25

c) O&M Charges due to Wage revision of FSTPS-I&II & TSTPS-II:

GRIDCO has submitted that the CERC, vide True-up Order No. 698/GT/2020 dated 17.04.2023, has allowed reimbursement of the wage revision impact for FSTPS-I&II, as additional O&M charges for the period 2015-19 without any interest. Further, CERC has directed NTPC to recover the arrear dues payable by the beneficiaries in twelve equal monthly instalments from the date of issue of this order. Based on the above, NTPC has claimed an amount of Rs.11.46 Cr. to GRIDCO on account of

Wage Revision of FSTPS-I&II from April'2023 to September'2023 which has already been paid by GRIDCO. Further, additional amount of Rs. 11.46 Cr. is to be paid to NTPC during October'2023 to March'2024. Therefore, total wage revision impact in respect of FSTPS-I&II would be Rs. 22.92 Cr. Similarly, the CERC, vide True-up Order No.392/GT/2020 dated 29.03.2023, has allowed reimbursement of the wage revision impact for TSTPS-II, as additional O&M charges for the period 2015-19 without any interest. Accordingly, NTPC has claimed Rs.5.16 Cr. to GRIDCO on account of Wage Revision of TSTPS-II from April, 2023 to September, 2023 which has already been paid by GRIDCO. Further, additional amount of Rs.5.16 Cr. is to be paid to NTPC during October, 2023 to March, 2024. Therefore, total wage revision impact in respect of TSTPS-II would be Rs.10.32 Cr. In view of the above, GRIDCO has requested the Commission to allow total amount of Rs.33.24Cr. as pass-through in its ARR for FY 2024-25 towards additional O&M charges due to wage revision of FSTPS-I&II and TSTPS-II for the FY2023-24.

423. The Commission scrutinised the above proposal of GRIDCO and observed that GRIDCO has claimed total amount of Rs.119.74 Crore towards differential power purchase cost on account of enhanced fixed cost, additional O & M expenses due to wage revision impact and filing & publication expenses in respect of FSTPS-I & II and TSTPS-II of NTPC arising out of true up order/tariff order issued by the Central Commission in the current financial year. Since, GRIDCO has paid/to be paid the amount as per the order of the Central Commission and the same has not been considered in the ARR of GRIDCO in past years, the Commission allows the proposed amount of Rs.119.74 crore as pass through in the ARR of GRIDCO for the FY 2024-25.

Additional Power Purchase Cost of CHHUKA Hydro Power Station:

424. GRIDCO has submitted that as per the letter dtd.16th November, 2023 of the Ministry of Power, GoI, the enhancement of Chhukha HEP tariff w.e.f. 1st January'2021 is from 255p/kWh (which includes the MEA subsidy component of 18.84 p/kWh) to 300p/kWh for a period of four years, valid until 31st December'2024 and no subsidy would be borne by MEA. The Beneficiary States will bear the entire increase of 63.84 p/kWh (which includes the MEA subsidy component of 18.84 p/kWh). At present GRIDCO is paying 240.16 Paise/kWh (255-18.84+4 Paise/kWh trading margin) to PTC for procurement of power from Chhukha HEP through PTC. After the said Notification of MoP, GRIDCO has to pay 300 Paise/kWh for purchasing power Chhukha HEP through

PTC w.e.f. 1st January'2021. GRIDCO has worked out the additional power purchase cost amounting to Rs.46,82,21, 655/- towards purchase of 733.429912 MU from Chhukha HEP during the period from January, 2021 to October, 2023. Further, GRIDCO has estimated payable of Rs.8,06,76,164/- towards anticipated drawal of 126.372438 MU during the period from November, 2023 to March, 2024. Accordingly, GRIDCO has requested to allow the total amount of Rs.54,88,97,819/- as pass through in its ARR for FY-2024-25 on account of tariff revision of Chhukha HEP. After scrutiny of the above submissions of GRIDCO, the Commission allows only Rs.46.82 crore which is computed based on the actual drawal of energy by GRIDCO for the period from January, 2021 to October, 2023. The Commission does not allow the amount of Rs.8.07 crore, which is computed based on the anticipated dawal for the period from November, 2023 to March, 2024.

Additional Cost in respect of CTUIL Charges:

425. GRIDCO has submitted that the Commission had allowed an amount of Rs.693.64 Crores towards CTUIL charges for the FY 2023-24. However, basing on the actual bills raised by CTUIL towards central transmission charges for the period upto November, 2023, GRIDCO has estimated an amount of Rs.925.49 as payable to the CTUIL towards central transmission charges for the FY 2023-24. Accordingly, GRIDCO has prayed the Commission to allow the additional amount of Rs.231.85 crore (Rs.925.49 - Rs.693.64) as pass through in its ARR for the FY 2024-25. After scrutiny of the above proposal of GRIDCO, the Commission does not accept the prayer of GRIDCO as the FY 2023-24 has not been completed and sometimes adjustment bills are also raised by the CTUIL. Therefore, the Commission does not pass through any amount towards additional cost of central transmission charges in the ARR of GRIDCO for the ensuing FY 2024-25 and in case of any variation at the end of the year, the same will be considered in truing up of the accounts of GRIDCO for the FY 2023-24.

Interest on OHPC Securitised Dues:

426. GRIDCO has submitted that in line with the amicable settlement agreed upon on 26.06.2023 under the Chairmanship of Additional Chief Secretary, Energy Department and consequent approval in the order dated 11.07.2023 of the Commission in Case No 35/2023, GRIDCO has calculated total interest payable on OHPC Securitised dues for the period July'2023 to March'2024 as Rs.158.43 crore. GRIDCO submits that the

interest outstanding upto 30.06.2023 stands at Rs.236.50 crore. TDS @ 10% on above amounting to Rs.23.65 crore was deposited by GRIDCO with Income Tax Department. Further, TDS @ 10% amounting to Rs.4.10 crore on conversion of repayment of loan for Rs.41.02 crore as payment of interest, was also deposited by GRIDCO with Income Tax Department. So, Rs.208.74 crore (net off TDS) is payable in 18 equated monthly instalments @ Rs.11.60 crore p.m., w.e.f. July'2023. Accordingly, GRIDCO is to pay **Rs.132.12 crore** towards arrear interest during FY 2023-24 as detailed below:

Table-59

Additional Cost due to Interest on OHPC Securities Dues

Particulars	Cost (Rs. Crore)
TDS deposited	27.75
Instalment paid till Oct'23 (@ 11.597 core for 4 months)	46.39
Instalment payable from Nov'23 to Mar'24. (@ 11.597 crore for 5 months)	57.98
Total	132.12

427. GRIDCO further submits that, the principal amount of **Rs.619 crore** along with interest shall be paid by GRIDCO in 72 equated monthly instalments from July'2023. Accordingly, GRIDCO has to pay interest amounting to **Rs. 26.31 crore** on outstanding principal amount during FY 2023-24. GRIDCO has to bear additional burden of Rs **158.43 crore**(Rs.132.12 Cr + Rs.26.31 Cr) during FY 2023-24 towards Finance Charge on account of amicable settlement, agreed upon in the meeting held on 26.06.2023 under the Chairmanship of Additional Chief Secretary, Energy Department and referred in Commission's order dated 11.07.2023 in Case No 35/2023, which comprises of arrear interest cost of **Rs.132.12 crore** and current interest cost of Rs.26.31 crore.

428. After scrutiny of the above proposal of GRIDCO, the Commission observed that as per the amicable settlement by OHPC & GRIDCO in the meeting held on 26.06.2023 under the Chairmanship of Additional Chief Secretary, Energy Department, Government of Odisha, the following was agreed upon:

1. *The outstanding interest up to 31.3.2021 amounting to Rs.152.93 Crore to remain unaltered.*
2. *The principal amount of Rs.619 Crore shall carry simple interest @ 6% per annum w.e.f. 01.04.2021.*
3. *Total outstanding interest up to June'23 amounting to Rs.236.50 Crore (i.e. Rs.152.93 Crore up to 31.03.2021 and Rs.83.57 Crore from 01.04.2021 to 30.06.2023 @ 6% p.a.) shall be paid by GRIDCO in 18 equated monthly instalment w.e.f. July'2023.*

4. *The principal amount of Rs.619 Crore along with interest shall be paid by GRIDCO in 72 equated monthly instalments from July'2023.*
 5. *GRIDCO shall claim the amount paid to OHPC in its BSP application, the Commission would be requested to consider it favourably."*
429. The matter was placed before the Commission by GRIDCO in Case No.35 of 2023 and the Commission in its order dated 11.07.2023 had opined that the above terms of settlement shall be binding on the parties and for settlement of the dues, they shall adhere to those terms without making deviation. Now, considering the above terms of settlement, the Commission observed that the interest amount of Rs.236.50 Crore as on June, 2023 pertaining to securitized dues of Rs.619 Crore, shall be paid by GRIDCO to OHPC in 18 monthly instalments starting from the month of July, 2023. Accordingly, the interest amount comes to Rs.118.25 Crore upto March, 2024 (monthly instalment of Rs.13.1388 Crore for 9 months i.e. from July, 2023 to March, 2024). Further, the current interest for the period from July, 2023 to March, 2024 comes to Rs.26.31 Crore on reducing balance method as payment of the principal amount of Rs.619 Crore would be started from July, 2023 onwards in 72 equated monthly instalments. Therefore, the total payment by GRIDCO towards the interest on said securitized dues during the current FY 2023-24 comes to Rs.144.56 Crore (Rs. 118.25Cr. + Rs.26.31Cr.). Similarly, such payment by GRIDCO during the ensuing FY 2024-25 would be Rs.147.91 Crore. Therefore, the Commission allowed only Rs.144.56 Crore as pass through in the ARR of GRIDCO for FY 2024-25 towards interest on OHPC securitized dues against the claim of Rs.158.43 Crore as proposed by GRIDCO in its ARR application, as GRIDCO has almost paid such amount to OHPC.

Reimbursement of Ash Utilisation / Transportation Charges in respect of OPGC Stage-I and Stage-II

430. The Commission in its order passed in Case No.99 of 2023 has approved reimbursement of Rs.4.44 Crore to OPGC by GRIDCO towards Ash Utilization & Transportation expenses pertaining to the period from FY 2016-17 to 2022-23 in respect of OPGC Stage-I (Units-I&II). Accordingly, the Commission allows Rs.4.44 Crore as pass through in the ARR of GRIDCO for the FY 2024-25. However, GRIDCO shall reimburse the same after prudent check of the required supporting documents which shall be provided by OPGC along with its claim.
431. Further, in the aforesaid order, the Commission has approved reimbursement of Rs.9.18 Crore to OPGC by GRIDCO towards Ash Utilization & Transportation expenses for the period from FY 2021-22 to 2022-23 in respect of OPGC Stage-II (Units-III & IV)

considering the contracted capacity for this period. Accordingly, the Commission allows Rs.9.18 Crore as pass through in the ARR of GRIDCO for the FY 2024-25. GRIDCO shall reimburse the same after prudent check of the required supporting documents which shall be provided by OPGC along with its claim.

Reimbursement of Year End Charges in respect of OPGC Stage-I and Stage-II

432. In its application GRIDCO has considered Year-end Charges of Rs. 24.40 Crore in the tariff of OPGC Stage-I (Units-I&II) for the FY 2024-25 considering the actual Year-end Charges paid during 1st half of the FY 2023-24. The Commission, while passing the order on the ARR and Tariff application of OPGC Stage-I (Units-I&II) for the FY 2024-25 in Case No.112 of 2023, has allowed an amount of Rs.27.30 Crore provisionally towards Year-end charges to be reimbursed by GRIDCO during the FY 2024-25. The Commission approves the same as pass through in the ARR of GRIDCO for the FY 2024-25 and details are given in Table below.

Table-60

Sl. No.	Particulars	OERC Approval for FY 2024-25 (Rs. in Crore)
1	Electricity Duty	14.57
2	Water Cess and Water Charges	9.81
3	Energy Compensation Charges	0.00
4	Tax and Cess on Land	1.33
5	SOC and MOC for SLDC	0.49
6	ERPC Charges	0.16
7	Annual Inspection Fees	0.26
8	Income Tax	0.00
9	ARR and Tariff Petition Fees	0.30
10	Water Conservation Fund	0.00
11	Ash Utilisation/Transportation Charges	0.38
	Total	27.30

433. Similarly, GRIDCO, in its application, has considered Year-end Charges of Rs.31.31 Crore in respect of OPGC Stage-II (Units-III&IV) for the FY 2024-25 considering the actual Year-end Charges paid during 1st half of the FY 2023-24. After scrutiny, the Commission allows an amount of Rs.36.46 Crore provisionally towards Year-end charges of OPGC Units-III &IV to be reimbursed by GRIDCO during the FY 2024-25, which consists of Rs.33.86 Crore towards Electricity Duty on Auxiliary Consumption, Rs.1.53 Crore towards SLDC Charges and Rs.1.06 crore towards incentive. The

Commission approves the same as pass through in the ARR of GRIDCO for the FY 2024-25

Reimbursement of Year End Charges to OHPC

434. The Commission while passing the order in ARR and Tariff application of OHPC for the FY 2024-25 in Case No.111 of 2023 has allowed an amount of Rs.11.21 Crore provisionally for reimbursement by GRIDCO for the FY 2024-25. The Commission approves the same as pass through in the ARR of GRIDCO for the FY 2024-25 and details are given in the Table below.

Table –61

(Rs. in Cr.)

Particulars	RHEP	UKHEP	BHEP	HHEP	CHEP	UIHEP	Total
(a) License fee for use of water for generation of electricity	0.945	1.458	2.129	1.231	0.882	3.532	10.22
(b) ED on Aux. Consumption	0.289	0.458	0.651	0.376	0.270	1.079	3.12
(c) SLDC charges							2.09
(d) Application fees and publication expenses							0.27
(e) ERPC Charges							0.16
(f) Reimbursement of Income tax paid during FY 2022-23							7.29
(g) Less: Excess amount of Income Tax allowed (as per the Audited Accounts of FY 2021-22)							(-)11.94
Total							11.21

435. After due scrutiny, the Commission has allowed Rs.595.79 Crore as pass through in the ARR of GRIDCO for FY 2024-25, which is summarized in the table given below:

Table-62

Pass Through Expenses approved for FY 2024-25

(Rs Cr.)

Sl. No.	Name of the Station	Particulars	Proposed by GRIDCO	Approved by the Commission
1	RE	Solar	29.2461	29.25
		SHEP	0.0187	0.02
2	OPGC	Secondary Fuel Oil Cost by OPGC for Stage-I	28.07	28.07
3	M/s. Vedanta	Amount paid to M/s. Vedanta Ltd as per reconciliation of cost of power for the period from FY 2010-11 to 2020-21	127.69	127.69

Sl. No.	Name of the Station	Particulars	Proposed by GRIDCO	Approved by the Commission
4	M/s. GMR	Reimbursement of Electricity Duty for the period from June,2019 to Sept,2019	1.03	1.03
5	Teesta V	Pay regularization impact of various stations of NHPC as per CERC Order dated 28.01.2023	1.38	1.38
6	Rangit	As per ERPC letter dated 15.02.2023, re-allocation the power of Central Generating Stations of Eastern Region and Bhutan HPS on uniform allocation of unallocated power (share allocation of 1.46% to GRIDCO for the period from Feb'23 to Aug'23)	0.02	0.02
7	Machhkund	15% O&M advance for working capital of Machhkund Hydro Project for the FY 2021-22	8.63	8.63
8	NTPC	Fixed Cost due to Tariff Orders, Filing Charges & Publication Expenses and Additional O&M Charges due to Wage revision of FSTPS-I&II and TSTPS-I	119.74	119.74
9	Chukha	Enhancement of tariff w.e.f. 1 st January, 2021 from 255p/kWh to 300p/kWh, valid until 31 st December, 2024	54.89	46.82
10	PGCIL	Addl. Cost on account of difference in estimated actual cost to be incurred and the approved cost by OERC in ARR for FY 2023-24	231.85	0.00
11	OHPC	Additional Cost towards Interest on OHPC Securitised Dues	158.43	144.56
12	OPGC	Ash Utilization & Transportation Charges for the period from FY 2016-17 to 2022-23 in respect of OPGC Stage-I (Units-I&II)	-	4.44
13	OPGC	Ash Utilization & Transportation Charges for the period from FY 2021-22 to 2022-23 in respect of OPGC Stage-II (Units-III&IV)	-	9.18
14	OPGC	Year End Charges in respect of OPGC Stage-I (Units-I&II)	-	27.30
15	OPGC	Year End Charges in respect of OPGC Stage-II (Units-III&IV)	-	36.46
16	OHPC	Year End Charges in respect of OHPC Hydro Generating Stations	-	11.21
		Total	760.99	595.80

GRIDCO FINANCE

Employees Cost

436. The Annual Revenue Requirement for the Financial Year 2024-25 filed by GRIDCO includes Rs.22.30 crore towards employees cost as given in the following table:

Table-63

(Rs. in Crore)

Sl No	Particulars	Previous Year (FY 2022-23) (Audited)	Current Year (FY 2023-24)	Ensuing Year (FY 2024-25)	Assumptions
A	Salary & Allowance				
1	Basic Pay	8.11	7.22	9.34	On account of Annual Increment including pay of new recruits
2	Grade Pay			-	
3	Dearness Allowance	2.53	3.32	4.41	55% on Basic Pay
4	House Rent Allowance	1.37	1.14	1.48	Ratio of FY 23-24
5	Other Allowance	0.12	0.13	0.14	5% annual growth
6	Over-time	-	-	-	
7	Bonus	-	-	-	
	Sub-total (A)	12.13	11.81	15.37	
B	Additional Employee Cost				
1	Wage/Salary revision if any	-	-	-	
2	Contractual Engagement	1.05	1.61	3.47	
4	Others if any	-	-	-	
	Sub-total (B)	1.05	1.61	3.47	
C	Other Employee Cost				
1	Medical Expenses (Allowance+ Reimbursement)	0.45	0.36	0.47	5% of Basic pay
2	Leave Travel Concession	0.02	0.100	0.11	10% annual growth
3	Interim Relief to Staff		-	-	
4	Encashment of Earned Leave		-	-	
5	Honorarium	0.12	0.18	0.19	10% annual growth
6	Ex-gratia	0.17	0.18	0.20	10% annual growth
7	Staff Welfare Expenses	0.16	0.0186	0.02	10% annual growth
8	Miscellaneous	0.01	0.173	0.19	10% annual growth
	Sub-Total (C)	0.93	1.01	1.18	
D	Terminal Benefits				
1	Pension	0.66	0.72	0.76	5% annual growth
2	Gratuity		-		

3	Leave Salary	0.63	0.63	0.66	5% annual growth
4	Other (including contribution to NPS)	1.07	0.78	0.86	10% annual growth
	Sub-total (D)	2.36	2.13	2.28	
E	Total Employees Cost (A+B+C+D)	16.47	16.56	22.30	
F	Less: Employees Cost Capitalised	-	-	-	
G	Net Employee Cost (E- F)	16.47	16.56	22.30	
	TOTAL	16.47	16.56	22.30	

Basic Pay + GP

437. GRIDCO in the reply to queries of the Commission has submitted the actual cash outflow due to Basic Pay + GP from April 2023 to November 2023 (for a period of 8 months). The Commission after analysis allows the Basic Pay of Rs. 9.34 Cr. for the ensuing FY 2024-25.

Dearness Allowance:

438. The DA for FY 2024-25 is allowed as per GRIDCO's projection.

House Rent Allowance

439. GRIDCO in the reply to queries of the Commission has submitted the actual cash outflow due to HRA from April 2023 to November 2023 (for a period of 8 months). The Commission after analysis allows HRA of Rs.1.48 Cr as projected by GRIDCO.

Terminal Liability

440. Terminal Liability has been allowed as per the actual cash outgo basis taking into account the actual payment to be made. GRIDCO has projected Rs.2.28 crore on account of the payment of Pension, Gratuity, Leave Salary and Employer's Contribution of the NPS Scheme. The same is allowed to be passed on to the tariff for FY 2024-25.

441. Medical reimbursement and all other expenses items proposed by GRIDCO under the Employees' Cost have been allowed.

442. Accordingly, the Commission approves a total amount of Rs.22.30 crore towards employees cost for FY 2024-25 as proposed by the petitioner.

Repair Maintenance

443. During Financial Year 2023-24, GRIDCO have proposed an amount of Rs.0.98 crore towards repair & maintenance under the head AMC of computers, vehicles, furniture

and office equipment. The Commission approves an amount of Rs.0.98 crore as a pass through in the ARR for FY 2024-25.

Administration & General Expenses

444. During Financial Year 2024-25, GRIDCO has proposed an amount of Rs.17.19 crore under Administrative and General Expenses. The Commission had approved Rs.5.79 crore under A&G for FY 2023-24. The Commission, while approving A&G expenses in the ARR considers normal A&G approved for previous year and factors the expected annual inflation. The license fee applicable and ERPC membership fees/ Fund are also allowed.
445. GRIDCO in its submission has stated that there has been manifold increase in the business operations and the turnover. During FY 2013-14, it was having relationship with nearly 24 nos. of generators with turnover of Rs. 5509 crores. This has significantly increased to more than 50 nos. of Generators with turnover of more than Rs.12,000 Cr. for FY 2022-23. There has also been increase in manpower, operations and compliance costs over the years, which are not adequately covered with the annual escalation factor, being approved by the Commission in the Tariff orders. GRIDCO has further stated that there is significant increase in number of court case matters with different generators/stakeholders and consequent payment of legal fees to legal counsels engaged on behalf of GRIDCO for appearing in various case matters before the OERC, APTEL, CERC, High Court and Supreme Court of India for protecting its the business interest. Therefore, the increase in business activities requires additional expenses, which is inevitable for discharging the functions.
446. The Commission has taken cognizance of the submission of GRIDCO and analyzed the actual audited expenses for the last six years which is presented in the following table:

Table -64

Year	Audited A&G Expenses (Rs. In crore)
2017-18	7.54
2018-19	8.18
2019-20	6.95
2020-21	6.20
2021-22	31.41
2022-23	14.17

447. The Commission observes that there has been increase in the A&G expenses of GRIDCO owing to the increase in number of generators in the last few years along with

increase in turnover. The Commission finds it prudent to revise the normal A&G expenses basing on the actual expenses incurred by GRIDCO in the last few years. The commission analyzed the actual expenses under A&G which is reflected in the above table. As observed from the above Table, the abnormal increase of A&G Expenses of Rs. 31.41 crore during FY 2021-22 is excluded to arrive at the average A&G expenses of five years. The average A&G expenses thus arrived in the last five (5) years is Rs.8.68 crore and Commission considered A&G expenses of Rs.8.68 crores for the FY 2023-24 and accordingly A&G expenses for FY 2024-25 has been estimated, the details of which is given in the following table:

Table-65
A&G Expenses for 2024-25

Description	Rs. in Crore
A&G expenses for FY 2023-24	8.68
Annual inflation for 2024-25 @ 5%	0.43
Normal A&G estimated for FY 2024-25	9.11
License Fees for FY 2024-25	1.90
ERPC membership fees/ Fund	0.18
Total A&G expenses approved for FY 2024-25	11.19

448. Thus, the Commission approves Rs.11.19 crore towards Administration and General (A&G) Expenses for FY 2024-25 against Rs.17.19 crore proposed by GRIDCO. However, all endeavours by GRIDCO should be taken to reduce the A&G expenses by proper management of resources.

Depreciation

449. GRIDCO has proposed Rs.2.47 crore towards the depreciation on fixed assets (vehicle, furniture and office equipment etc.) for the FY 2024-25. The Commission after analysis approves the same as pass through in the ARR of GRIDCO for the FY 2024-25.

Interest and Financial Charges

450. The proposal of GRIDCO on Interest and Financial Charges as submitted in Format F-2 of the ARR application is given in the following table:

Table-66
Proposed Interest and Financial Charges FY 2024-25

Sl No.	Particulars	Rate of Int. (%) 01-04-23	FY 2023-24		Ensuing Year (FY 2024-25)					
			Closing Bal.		Principal		Interest		Closing Bal.	
			Principal	Interest	Received	Repayment	Due	To be Paid	Principal	Interest
A										
1	State Govt.(WCL)									
2	St.Govt (OPGC Adj.)									
3	NTPC (Govt.Bonds)									
	Sub-total									
B	Availed During FY 2009-10									
4	Union Bank STL- V									
	Sub-total									
C	Availed During FY 2010-11									
5	IOB I - 200 2010-11									
	Sub-total									
D	Availed During FY 2011-12									
7	Bond PF/2012-13 (140 cr)									
	Sub-total									
E	Availed During FY 2013-14									
8	GRIDCO Bond_2013-127.50cr	8.79%								
9	Odisha Gramya Bank II 136cr									
10	Bank of India III 100 cr									
	Sub-total									
F	Availed During FY 2014-15									
11	Bank of India IV 300 cr									
12	OHPC Loan 619 cr	7.75%	541.63	104.37		103.17	29.66	134.03	438.46	
	Sub-total		541.63	104.37		103.17	29.66	134.03	438.46	
G	Availed During FY 2015-16									
13	Canara V -100 2015-16									
14	OMC TL-II_ & III 1500cr 2014-16									
15	Bank of India V 500 cr	8.05%								
16	Andhra IV - 200cr	0								
	Sub-total									
H	Availed During FY 2016-17									
17	Union Bank- VIII_300_2016-17	0								
18	Union Bank- IX_500_2016-17	8.20%	14.72			14.72	0.15	0.15	0	
19	Canara Bank_VI_200 cr 2016-17					0	0	0	0	
20	Uco Bank 300 Cr 2016-17	7.65%				0	0	0	0	
21	Andhra V - 200cr 2016-17	8.65%	20.54			20.54	0.53	0.53	0	
22	Odisha GB III 25cr	6.9%	13.42			2.7	0.96	0.96	10.72	
	Sub-total		48.68			37.96	1.64	1.64	10.72	
I	Availed During FY 2017-18									
23	IOB II - 300 2017-18	8.50%	51.33			51.33	2.26	2.26	0	
24	Odisha Gramya Bank_IV_40 CR	6.9%	9.99			8.04	0.5	0.5	1.95	
25	Andhra Bank VI 100CR	7.70%	10.8			10.8	0.29	0.29	0	

Sl No.	Particulars	Rate of Int. (%) 01-04-23	FY 2023-24		Ensuing Year (FY 2024-25)					
			Closing Bal.		Principal		Interest		Closing Bal.	
			Principal	Interest	Received	Repayment	Due	To be Paid	Principal	Interest
26	Canara Bank VII 100 CR	0	0			0	0	0	0	
27	Allahabad Bank V-150 CR	0.082	14.98			14.98	0.37	0.37	0	
	Sub-total		87.1		0	85.15	3.42	3.42	1.95	
J	Availed During FY 2018-19									
28	Bank of India VI 300 cr	8.05%	0				0	0	0	
29	Odisha Gramya Bank_V_35 CR	6.90%	12.62			7.08	0.74	0.74	5.54	
30	Canara Bank VIII 200 CR	0	0			0	0	0	0	
31	Canara Bank IX 200 CR	0	0			0	0	0	0	
32	Andhra Bank VII 200CR	8.65%	25.38			25.38	0.79	0.79	0	
	Sub-total		38			32.46	1.53	1.53	5.54	
K	Availed During FY 2019-20								0	
33	Canara Bank X 200 CR					0	0	0	0	
34	Andhra Bank VIII 300CR	7.75%	160.6			60	11.59	11.59	100.6	
35	Andhra Bank IX 400CR	8.25%	234.18			80	17.19	17.19	154.18	
36	Canara bank XI 200 cr									
37	Bank of India VII 300 cr	8.05%								
38	Bank of India VIII 100 cr	8.05%								
	Sub-total		394.78			140	28.78	28.78	254.78	
L	Availed During FY 2020-21									
39	Union Bank of India_X_500 CR	8.25%	374.86			100	28.64	28.64	274.86	
40	Allahabad Bank - VI 500CR	0.08	374.89			100.08	28.14	28.14	274.81	
41	Canara Bank XII 500 CR									
42	Bank of India IX 500 CR	8.05%								
43	Punjab National Bank 600 CR	7.80%	439.98			120	32.16	32.16	319.98	
	Sub-total		1189.73			320.08	88.94	88.94	869.65	
M	Availed During FY 2021-22									
44	Bank of Baroda TL-1	8.20%								
45	Bank of Baroda TL-2	8.20%	30.02			30.02	1.03	1.03		
46	Bank of Baroda TL-3	8.20%	20.68			20.68	0.5	0.5		
47	Bank of Baroda TL-4	8.20%	20.69			20.69	0.5	0.5		
48	Bank of Baroda TL-5	8.20%	105.51			38.04	7.27	7.27	67.47	
49	Bank of Baroda TL-6	8.20%	129.82			40.08	9.2	9.2	89.74	
50	Bank of Baroda TL-7	8.20%	358.21			100	25.78	25.78	258.21	
	Sub-total		664.93			249.51	44.28	44.28	415.42	
N	Availed During FY 2022-23									
51	REC ST Loan	8.65%								
52	Soft Loan from GoO (1st & 2nd tranche)	0.05	700	7.01			35	35	700	7.01
	Sub-total		700	7.01			35	35	700	7.01
O	Availed During FY 2023-24									
53	Canara Bank TL-1		138.28			66.37	8.8	8.8	71.91	
54	Canara Bank TL-2		22.09			22.09	0.3	0.3	0	
55	Canara Bank TL-3		172.92			62.88	11.75	11.75	110.04	
56	Canara Bank TL-4		61.02			20.92	4.19	4.19	40.1	
57	Canara Bank TL-5		358.23			99.97	25.47	25.47	258.26	
58	REC ST Loan									

Sl No.	Particulars	Rate of Int. (%) 01-04-23	FY 2023-24		Ensuing Year (FY 2024-25)					
			Closing Bal.		Principal		Interest		Closing Bal.	
			Principal	Interest	Received	Repayment	Due	To be Paid	Principal	Interest
59	ICICI LOCSTL									
60	Soft Loan from GoO (3rd tranche)		500	1.1		0	25	25	500	1.1
	Sub-total	0	1252.54	1.1		272.23	75.51	75.51	980.31	0
O	Add: Soft Loan from GoO (T-IV)	0.05	200	1.7		0	10.5	10.5	200	1.7
P	Add: Soft Loan from GoO (T-V)	0.05	300	1.34			15.75	15.75	300	1.34
Q	Add: Proposed Loan for FY 24-25 (Soft Loan)	0.0525			1000	0	26.25	26.25	1000	0
	Sub-total		500	3.04	1000	0	52.5	52.5	1500	3.04
	TOTAL (A+B+...+P)		5417.39	115.52	1000	1240.56	361.26	465.63	5176.83	10.05
R	Add: Financial Charges (Inc Interest on SOD)		0	0	0	0	38	38	0	0
S	Add: Guarantee Commission	0.005		17.92			15.88	17.92		15.88
	Grand Total (A to R)		5417.39	133.44	1000	1240.56	415.14	521.55	5176.83	25.93
	Govt Guarantee Loan		3675.76	0	0	1137.39	296.6	296.6	2038.37	
	Secured		4875.76	11.15	1000	1137.39	331.6	331.6	4738.37	11.15
	Unsecured		541.63	104.37	0	103.17	29.66	134.03	438.46	0
	Total		5417.39	115.52	1000	1240.56	361.26	465.63	5176.83	11.15

451. As regards the of Interest and Financial Charges, in the tariff order for FY 2016-17, the Commission had allowed interest on loans availed from FY 2008-09 to 2015-16 except interest on OHPC Securitised Bond.

452. The commission in earlier orders have observed that there is no need for GRIDCO to borrow from banks, if the approved revenue is collected from DISCOMs. The inability of GRIDCO to collect such revenue had landed GRIDCO in a situation of borrowing from banks. The Commission in the tariff order for FY 2017-18 at Para 301 had observed that *GRIDCO in reality landed in deficit balance i.e. the revenue received from DISCOMs is not sufficient to discharge even power dues of the generators, which is quite alarming. If this situation persists, every year GRIDCO will resort to borrowing from Banks, the interest impact of which will be passed on to the consumer. Therefore, the Commission is not inclined to 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. Hence, the interest impact on loan for the year 2016-17 has not been considered by Commission in determining the ARR for FY 2017-18. In this regard Para-279 of the ARR & BSP order*

for the FY 2016-17 may be referred. GRIDCO is advised to fill the gap from collection of arrears from the DISCOM Utilities.

453. The Commission observed that GRIDCO, instead of collecting its dues from the erstwhile DISCOMs, availed loan from the commercial institutions and the Commission had taken a view not to allow interest on loan availed by GRIDCO after FY 2015-16. The Commission also continues to follow the same principle of not allowing any interest on the loans availed by GRIDCO after FY 2015-16, for arriving at the interest cost to be passed on in the ARR for FY 2024-25. However, the Commission, vide its order dated 11.07.2023 in Case No. 35 of 2003, have agreed for allowing interest on OHPC Securitised Bond basing on the amicable settlements between OHPC & GRIDCO in the meeting held on 26.06.2023 under the Chairmanship of Additional Chief Secretary, Energy Department, Government of Odisha. The Commission has considered to pass through such interest in the ARR of GRIDCO as per the modality agreed upon in the said meeting. As decided by the Commission, the claim of GRIDCO amounting to Rs.134.03 Crore towards interest on securitized dues of OHPC for the FY 2024-25 has not been allowed here. However, the Commission has dealt such issue at para 429 regarding payment of such interest for FY 2023-24. As regards payment of interest for FY 2024-25 it shall be considered as pass through after payment of actual amount in the subsequent year. Accordingly, the details of the interest on loan approved for FY 2024-25 is given in the following table:

Table -67

(Rs. Cr.)

Total Interest proposed for FY 2024-25		521.55
Less disallowed:		
1	Interest on loan for the FY 2016-17	1.64
2	Interest on loan for the FY 2017-18	3.42
3	Interest on loan for the FY 2018-19	1.53
4	Interest on loan for the FY 2019-20	28.78
5	Interest on loan for the FY 2020-21	88.94
6	Interest on proposed loan for the FY 2021-22	44.28
7	Interest on proposed loan for the FY 2022-23	35.00
8	Interest on proposed loan for the FY 2023-24	75.51
9	Interest on proposed loan for the FY 2024-25	52.50
10	Interest on OHPC Securitised Bond	134.03
11	Financial charges and guarantee commission	55.92
Total Interest disallowed		521.55
Total Interest allowed for FY 2024-25		-

454. The Commission has not allowed interest on loan availed by GRIDCO after FY 2015-16. Accordingly, the Commission after scrutiny has not allowed any amount towards interest and financial charges for FY 2024-25 following the same principle.

Return on Equity

455. GRIDCO has proposed to consider that it had paid-up share capital to the tune of Rs.2791.22 crore as on 31st March, 2022. GRIDCO has stated that there is issuance of additional equity share capital of Rs.210.82 crore in favour of Govt. of Odisha as consideration in lieu of equity investment in TP-DISCOMs for CAPEX during FY 2022-23, increasing the paid up share capital to Rs.3002.04 Cr. as on 31.03.2023.
456. GRIDCO has further stated that with conversion of outstanding loan and bond payable to Govt. of Odisha including interest up to 31.12.2021 amounting to Rs.2039.69 crore to equity as per the GoO Notification dated 28.03.2022. There was allotment of further equity share capital towards CAPEX of Rs.174.82 crore in favour of Govt. of Odisha during FY 2021-22 in lieu of equity investment in TP-DISCOMs.
457. GRIDCO has further submitted that the circumstances that formed the basis of not allowing Return on Equity to GRIDCO no longer exist. The Commission has successfully completed the vesting of utilities under Section 20(1)(a) of the Electricity Act 2003. The basic intent of vesting of Distribution Utilities with M/s. TPCL was to achieve stable distribution sector in the State. TPCODL, TPWODL, TPNODL, TPSODL are operating as per the framework defined under the vesting orders of the Commission.
458. GRIDCO, therefore, has submitted that the Return on Equity (@16% pre-tax) to GRIDCO is required for maintaining Reserves & Surplus which would be available to meet any eventualities out of its own funds while discharging the function as the 'State Designated Entity'
459. The Commission in this regard observed that in past years Return on Equity is not being allowed in the ARR of GRIDCO. The Commission had explained the reasons at Paras-425 to 427 of its ARR and BSP order for the FY 2009-10 dated 20.03.2009 passed in Case No. 62/2008, which is reproduced below:

"425. At the time of vesting of the transmission and distribution business with GRIDCO by the State Govt. on 01.04.1996, the Equity Share Capital was Rs.327.00 crore. During the subsequent years upto FY 2004-05, there were additional infusions of equity capital of Rs.165.98 crore by the State Govt. raising the total equity of GRIDCO to Rs.492.98 crore. At the time of de-merger of GRIDCO effective from

01.04.2005, the equity share capital of OPTCL was stated at Rs.60 crore, leaving the balance equity share capital with GRIDCO. The equity share capital issued to Govt. of Orissa was both in consideration of cash and other than cash. Therefore, the licensee claimed ROE @14% on the equity share capital of Rs.432.98 crore.

426. The Commission in earlier orders referred to the GoO Notification of 29.1.2003, wherein it has been stated that GRIDCO and OHPC should not be entitled to any return in equity till the sector becomes viable or FY 2005-06 whichever is earlier. Further, in partial modification of earlier notification, the Govt. of Orissa in its letter no. 5302 dtd. 6.5.2003 stated the following "GRIDCO and OHPC shall not be entitled to any Return on Equity (ROE) except in respect of the new projects commissioned after 01.04.2006 till the sector becomes viable or end of 2005-06 whichever is earlier." The Commission would like to clarify that correspondence has been made with Govt. of Orissa to clarify the status of the notification dtd. 29.1.2003, as it has great impact on Tariff. Government while communicating their views/comment in their letter No.1704 dtd. 17.02.2009 in response to the Commission's letter No.2807 dtd. 31.12.2008 have stated as under:

"In the matter of extension of the moratorium period and other dispensation stipulated in Energy Department Notification No.1068/R&R-I-2/2002 dt.29.01.2003 upto 2011-12 it is stated that Finance Department has already concurred in the proposal of keeping in abeyance of up-valuation of assets of GRIDCO/OTCL & OHPC and freezing of RoE to GRIDCO & OHPC from the year, 2006-07 to 2010-11. The matter is going to be placed before the State Cabinet for a decision after which the same will be communicated."

427. As regards infusion of capital for the new project, the Commission verified audited accounts of GRIDCO upto 2004-05. It is found that the addition of share capital shown in the balance sheet after 1996-97 includes only the grants received from DFID towards R&M expenditure and rehabilitation assistance. As per Project Memorandum signed between Govt. of India and Govt of Orissa and DFID, the above amount has been shown under share deposit account pending allotment of shares for non-receipt of approval from Govt. of Orissa."

460. In view of the above, the Commission does not allow the claim of return on equity to GRIDCO for the FY 2024-25.

Other Income/ Miscellaneous Receipts

461. GRIDCO has submitted that during FY 2024-25 it expects to earn an amount of Rs.52.22 Crore (at existing approved RST rate of 746 P/U towards Emergency Sale of Power) from the proposed emergency sale of 70 MU to Long Term Customers like NALCO (48 MU) and IMFA (22MU) for meeting their emergency & back-up power requirements as per the MOU signed with them.
462. The commission after analysis approves an amount of Rs.74.60 Crore towards the miscellaneous revenue earned from sale of emergency power to the CGPs for the FY 2024-25.

Carrying Cost on Regulatory Assets

463. GRIDCO in its petition has prayed the Commission to allow the carrying cost on the Regulatory Gap left by the Commission. The Commission observed that after truing up of the accounts of GRIDCO for FY 2022-23, there is a net cumulative negative Regulatory gap of Rs.1590.26 crore arrived upto 31.03.2023. Considering the submission of GRIDCO, the Commission allows Rs.108.30 Crore as pass through in the ARR of GRIDCO for FY 2024-25 towards carrying cost against the regulatory gap of Rs.1590.26 crore considering the weighted average rate of interest of its existing loans as submitted by GRIDCO in its petition.

BSP Surcharge on TPWODL

464. The Commission has imposed a BSP surcharge on TPWODL @ 35 paise/kWh over and above the BSP on the total energy purchased by TPWODL from GRIDCO excluding the energy purchased towards sale to the industries above 80% load factor under tripartite agreement, which is payable to GRIDCO on quarterly basis. Accordingly, GRIDCO would earn an estimated revenue of Rs.409.15 crore during FY 2024-25 towards sale of projected energy of 11690 MU (11940 MU – 250 MU). The treatment for payment of this BSP surcharge shall be different from that of payment of BSP. It will not attract rebate or DPS applicable for payment of normal BSP dues as mentioned in this order.

Revenue Earning from Sale of Power through Tripartite Agreement

465. The Commission has allowed industry having CGP with CD above 20 MW and willing to avail power from DISCOMs and operating at load factor more than 80% to draw power at the rate of Rs.5.00 per kVAh for all incremental energy drawal above 80% load factor. No overdrawal penalty shall be levied on them. For this purpose, the industry shall enter into a tripartite agreement with the concerned DISCOM and GRIDCO.
466. The Commission has estimated a quantum of about 250 MU, after consumption of power by the industries over 80% load factor in TPWODL area during FY 2024-25 under the above scheme. Out of the total revenue earning on account of such sale to the industries through tripartite agreement, GRIDCO shall get 75 paise/kWh over and above the BSP of TPWODL (380 paise/kWh) and OPTCL will get transmission charges of 24 paise/kWh and balance amount shall remain with concerned DISCOM. Accordingly, it

is estimated that GRIDCO will earn an incremental revenue of Rs.18.75 crore on this account. Other observations of the Commission in Case No. 25/2022 regarding this tripartite sale shall continue as such.

Receivables from DISCOMs

467. GRIDCO in its petition submitted that it has outstanding dues to be received from erstwhile DISCOMs towards securitized dues, NTPC Bond dues, Non-payment of BSP dues and Year End Adjustment Bills of DISCOMs. The Commission after undertaking the competitive bidding process for sale of Distribution Companies as envisaged under Section 20 of the Electricity Act, 2003 have now vested all the distribution utilities with new licensees such as TPCODL, TPNODL, TPWODL and TPSODL. The respective vesting orders for these companies deal with the segregation of the balance sheet as on the date of vesting by transfer of assets and liabilities to the new companies. Accordingly, all the outstanding dues of the GRIDCO will be dealt as per the provisions of the vesting orders.

468. The summary of the ARR of GRIDCO approved for the FY 2024-25 is given below:

Table –68
Revenue Requirement of GRIDCO for FY 2024-25

(Rs. in Cr.)

	Particulars	Approved for FY 2023-24	Proposed for FY 2024-25	Approved for FY 2024-25
A	Items of Expenses			
	Cost of Power Purchase	11850.44	12639.16	12454.03
	Employee costs	20.14	22.30	22.30
	Repair & Maintenance	0.81	0.98	0.98
	Administrative and General Expenses	5.79	17.19	11.19
	Depreciation	1.31	2.47	2.47
	Interest Chargeable to Revenue	15.73	521.55	0.00
	Carrying Cost on Regulatory Asset	94.10	-	108.30
	Return on Equity	0.00	0.00	0.00
	Total Expenses	11988.32	13203.65	12599.27
B	Special Appropriation			
	Amortization of Regulatory Assets	-	-	-
	Repayment of principal (Bank and Commercial Loans)	0	0	0
	Pass Through of Power Purchase Dues	896.00	760.99	595.79
	Total Special Appropriation	896.00	760.99	595.79
C	Total Revenue Requirement (A+B)	12884.32	13964.64	13195.06
D	Less: Miscellaneous Receipt	52.22	52.22	74.60
E	Less: Revenue from trading of surplus power	0	0	0

	Particulars	Approved for FY 2023-24	Proposed for FY 2024-25	Approved for FY 2024-25
F	Net Revenue Requirement	12832.10	13912.42	13120.46
G	Expected Revenue from DISCOMs			
	(i) Through BSP	12163.00	12184.08	12320.65
	(ii) Surcharge from TPWODL @35 P/U	386.58	-	409.15
	(iii) Additional Revenue from TPWODL towards sale of power through TPA	26.00	-	18.75
H	Total Expected Revenue	12575.58	12184.08	12748.55
I	GAP (+/-)	(-) 256.52	(-) 1728.32	(-) 371.92

469. It is observed from above table that the Commission has estimated the net revenue requirement of GRIDCO to the tune of Rs.13120.46 Crore after adjustment of miscellaneous receipts of Rs.74.60 Crore and GRIDCO would recover Rs.12748.55 Crore from the DISCOMs through Bulk Supply Price, BSP Surcharge and Sale of Power through Tripartite Agreement during the FY 2024-25 with a revenue deficit of Rs.371.92 Crore which will be factored in true up of GRIDCO.

TRUING UP OF GRIDCO FOR FY 2022-23

470. GRIDCO has filed the application for Truing Up of its accounts for FY 2022-23 in Case No.128 of 2023, which was heard along with its ARR & BSP application for the FY 2024-25. The Commission analyzed the said trueing up application along with the audited account of GRIDCO for FY 2022-23 and the observations of the Commission are given in the following paragraphs.

Power Purchase

471. In the ARR & BSP order of GRIDCO for FY 2022-23, the Commission had approved 30474.23 MU of energy to be purchased by GRIDCO for State consumption, at an estimated procurement cost of Rs.9071.93 crore at the average power purchase cost of 297.69 P/U. The Commission had not considered drawal from some central thermal generating stations following the merit order despatch principle. However, the fixed costs of those power stations (except Barh STPS-I) were considered in its ARR of GRIDCO. The fixed cost of Barh STPS-I was not allowed because the PPA was disapproved by the Commission. Further, the drawal of power and fixed charges in respect of TSTPS-I was allowed for three months only since the normal service life of this power station was upto 30.06.2022. The Commission observed that regarding de-allocation of State share of power from Barh STPS-I, GRIDCO has taken up the matter

with Govt. of Odisha and the matter was discussed with Ministry of Power, Government of India under the Chairmanship of the Secretary (Power) on 01.11.2021 wherein, it was decided that till the time of re-allocation of the share in favour of other beneficiary, the original beneficiary (GRIDCO) is liable to pay the fixed charges. Since, GRIDCO has the obligation to make payment of the capacity charges with respect to Barh STPS-I, it has drawn power from this power station in case of exigencies when there was non-availability of power from the approved sources. In case of TSTPS-I, GRIDCO has continued to draw power after 30.06.2022 as the power purchase agreement has been extended for a period of five years and this extended PPA has been approved by the Commission.

472. From the Truing up application of GRIDCO, it is further observed that GRIDCO has drawn power from those power stations on the basis of real time operation due to various reasons such as non-availability of power from the approved sources due to forced outage/break down of units and/or forced injection of power from the thermal power stations to maintain technical minimum level of operation of generating units as per CEA/MoP (GoI) guidelines. In the said order, the Commission had also directed GRIDCO for trading of the available surplus power in the market following prudent commercial principles, after meeting the State requirement and to compensate its losses by earning of revenue through trading. Accordingly, GRIDCO has also purchased power from different tied up sources for trading purpose considering commercial viability.
473. It is observed from the submission of GRIDCO that it has procured total energy of 36923.69 MU (against approved quantum of 30474.23 MU) during FY 2022-23 at the cost of Rs.12575.67 Crore (at an average power purchase cost of 340.59 P/U) without factoring the rebate avail by it. After meeting the State requirement, 1816.48 MU has been sold under special tariff as per the direction of the Commission in the ARR & BSP order with the revenue earning of Rs.783.48 Crore and 1684.47 MU has been traded in the energy market with revenue earning of Rs.854.93 Crore and revenue of Rs.177.31 Crore has been earned by GRIDCO from DSM. Thus, on account of the above, GRIDCO has earned total revenue of Rs.1815.72 Crore from sale of 3500.95 MU of surplus power (1816.48 MU under special tariff and 1684.47 MU through trading) and DSM, after meeting the State requirement during FY 2022-23. Thus, the average selling price comes to 518.63 P/U (Rs.1815.72 Cr./3500.95 MU) against the average power

procurement cost of 340.59 P/U. Accordingly, the revenue earning of GRIDCO would be an amount of about Rs.623.31 crore $[(518.63 \text{ P/U} - 340.59 \text{ P/U}) \times 3500.95 \text{ MU}]$ from DSM and sale of the surplus power of 3500.95 MU under special tariff to industries and trading in energy market after meeting the State requirement during FY 2022-23. The revenue earned has helped GRIDCO to meet the fixed cost burden of central generating station, which were not allowed by the Commission in the previous ARR & BSP order and after meeting the said fixed cost, the balance revenue earned by GRIDCO has helped in reducing its regulatory assets.

474. In view of the above, the Commission has considered the entire power procurement cost incurred by GRIDCO and revenue earned by it from trading during FY 2022-23 while truing up of its accounts.

Other Costs

475. The Commission has analyzed the claim of interest on loan in the truing up petitions of GRIDCO for the FY 2022-23. The Commission is not allowing the interest on the loan from State Government or any other source after the tariff orders from the FY 2015-16. The Commission also observed that passing on Tariff burden to the consumers of the State on account of the interest on the loan availed by GRIDCO due to default in collection of BSP and securitized dues of DISCOMs is unjustified. The Commission further observed that regarding the default of BSP dues by DISCOMs, GRIDCO and Govt. of Odisha could have played a proactive role by providing adequate administrative support and other required measures. In view of these observations, the Commission allows only Rs.39.53 Cr. in this truing up petition towards interest on loan for the FY 2022-23 against Rs.493.91 Cr. as proposed by GRIDCO.
476. As regards the other expenses such as employee cost (Rs.16.47 Cr.), R&M (Rs.0.49 Cr.) and depreciation (Rs.0.25 Cr.), the Commission allows the expenses as reflected in the audited accounts for the FY 2022-23 submitted by GRIDCO with the truing up petition. The Commission considers A&G expenses as a controllable cost and allows Rs.5.59 Cr. as approved in the ARR for the FY 2022-23 year.
477. As regards to revenue from sale of power to DISCOMs, the Commission has analyzed the audited accounts and now considers the revenue amounting to Rs.11933.96 Cr. from sale to DISCOMs as reflected in the audited accounts for the FY 2022-23 against the approved amount of Rs.9258.47 Cr. in ARR for FY 2022-23.

478. As regards to trading revenue, the earnings from UI/DSM and other income by GRIDCO, the Commission had not approved any amount in the ARR for FY 2022-23. The Commission analyzed the audited accounts and now considers the revenue from trading of Rs.1815.72 Cr, and other income of Rs.198.17 Cr. (Rs.187.20 Cr. from CGP sales, Rs.5.28 Cr. interest from short-term deposits and Rs. 5.69 crore towards miscellaneous and fair value changes) as reflected in the audited accounts for the FY 2022-23 totaling to Rs.2013.89 in this truing up for the FY 2022-23.
479. Accordingly, the Commission now finalizes the truing up of accounts of GRIDCO for the FY 2022-23 as follows.

Table-69
Summary of Truing up for FY 2022-23

Particulars					
Expenditure	OERC Approval (2022-23)	Actuals (Audited) (2022-23)	Proposed	True Up Allowed (2022-23)	Difference (Approval-Actuals) (Rs. Cr.)
Cost of Power Purchase (excluding rebate)	9071.93	12350.85	11556.53	12350.85	-3278.92
Employee Costs	13.25	16.47	16.47	16.47	-3.22
Repair & Maintenance	0.85	0.49	0.49	0.49	0.36
Administrative & General Expenses	5.59	14.17	14.17	5.59	0.00
Interest chargeable to Revenue	39.53	493.91	493.91	39.53	0.00
Depreciation	1.02	0.25	0.25	0.25	0.77
Other Expenses	0	-		-	0.00
Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY (2020-21)	0	0	0	0	0.00
Bad Debts (FY 2020-21)	0			0	0.00
Rebate & DPS		0		0	0.00
Total Expenditure (A)	9132.17	12884.03	12089.71	12413.18	-3281.01
Prior Period Adjustments	-	-			
Pass Through of Power Purchase Dues	147.46	-			
Previous Loss	-	-			
Return On Equity	-	-			

Particulars					
Expenditure	OERC Approval (2022-23)	Actuals (Audited) (2022-23)	Proposed	True Up Allowed (2022-23)	Difference (Approval-Actuals) (Rs. Cr.)
Repayment of Principal (Bank & Commercial Loans)	-	-			
Total Cost (B)	9279.63	12884.03	12089.71	12413.18	-3133.55
Revenue: Sale of Power to DISCOM	9213.95	10023.41	10023.41	10023.41	809.46
Less Rebate to DISCOM		103.34		103.34	
Revenue: Sale of Power to DISCOM (Net of rebate)		9920.07			
Revenue from Trading	0	1815.84	-	1815.72	1815.72
UI/DSM	-			0	0.00
Other Income	44.52	198.17	198.17	198.17	153.65
CGP & Other sales				0	
Adj. in Statement of Profit & Loss towards Changes in Fair Value of Bonds during FY (2021-22)	-			0	0.00
Receipt from CPSU under MOP		0		0	0.00
Total Revenue (C)	9258.47	11933.96	10221.58	11933.96	2675.49
GAP allowed by OERC /Difference in Cost and Revenue (Loss as per Audited Annual Accounts) (C-B)	-21.16	-949.10	-1868.13	-479.22	-458.06
Less: Bad Debts	-				0
Less:Adj. in Statement of Profit & Loss towards Changes in Fair Value of Loans, Bonds & Debentures during FY 2019-20	-				
Add:Bad Debt written back	-				
True up for the year 2022-23	-	-			-479.22
Cumulative TRUE-UP GAP (up to 31.03.2022)	-				-1111.04
Net Cumulative true up gap upto 31.03.2023					-1590.26

480. As can be seen from the above table that the cumulative gap as on 31.03.2023 after the truing up exercise is Rs.1590.26 crore. The Commission reiterates its earlier stand that in line with the previous BSP order, the Commission is not inclined to consider the amortization of regulatory assets of Rs.1590.26 crore as a pass through in the ARR. As

stated in the previous BSP orders the amortized amount shall be funded from trading revenue, earnings from UI charges, other miscellaneous receipt and budgetary support from the Govt. of Odisha.

Design for Bulk Supply Pricing

481. The Commission has been following a particular methodology considering the uniqueness of Odisha power sector for a long time. As per past legacy, the State Designated Agency, GRIDCO holds all the Power Purchase Agreements (PPAs) with the Generators on behalf of State Government. The power purchased from Generators is pooled at GRIDCO end and bulk power is supplied to DISCOMs as per the Bulk Supply Agreements (BSAs) with GRIDCO. It is not possible to allocate power from any generating station directly to a DISCOM as the Power Purchase Agreement has been signed by the generator with GRIDCO and not with any DISCOM / Distribution Licensee. The allocation of power from a generator to a particular DISCOM shall be possible only when the PPAs would be executed between DISCOM(s) and the Generator(s), which is not the prevailing practice in the State. Therefore, the Commission considers the pooled power purchase cost of GRIDCO while designing the BSP of DISCOMs.
482. OERC has been following a uniform Retail Supply Tariff (RST) policy, which is in the overall interest of the consumers of the State. The RST for each distribution licensee is based solely on its ARR and its expected revenue ought not to be considered in isolation. The Commission has taken into consideration the Annual Revenue Requirement and the expected source of revenue of the distribution utility in its area of operation safeguarding consumers' interest of the State and recovering the cost of electricity as per Section 61(d) of the Electricity Act, 2003. Moreover, uniformity of RST for the whole State is in line with the National Tariff Policy [Para 8.4(2)]. Only when distribution utility(ies) shows appreciable increase in operational efficiency by reducing AT & C losses, a non-uniform RST would arise to reward better performing distribution licensee(s) which is not the case at present. This is not the case now. The benefit of differential Bulk Supply Price has been an accepted practice although the Intra-State transmission network along with ISTS forms backbone of power system of the State and serves the distribution network as a single system. Accordingly, the consumers of Odisha have been paying for the cost of this transmission system uniformly. Further, the industries are set up in the State depending upon the availability

of raw materials, facility for transportation, ease of doing business and Govt. policies etc. However, one distribution utility would earn substantially higher revenue compared to other distribution utilities by virtue of concentration of industries in its area of operation. DISCOMs having higher percentage of LT consumers earns less revenue. Hence, it is just & fair/proper that Bulk Supply Price (BSP) should be higher for the DISCOM(s) with higher concentration of HT/EHT industries/load compare to other DISCOM(s). Therefore, with differential Bulk Supply Price across the distribution licensees, there could be uniform RST in the State and at present there is no need to change the prevailing practice.

483. Tariff is essentially intended to balance the conflicting interest of various stakeholders like the distribution utilities and various groups of consumers as well as the generators. Judicious, fair & transparent process is being exercised while determining the Bulk Supply Price for distribution utilities, so that the revenue earned by the utilities are sufficient to meet all their expenses like the cost of power purchase (constitute a substantial part of their revenue requirement), the cost of employees, the interest burden and Return on Equity, etc.
484. The Commission has taken into consideration the amount of revenue that a distribution utility is likely to earn from sale of power to HT & EHT groups of consumers. Besides, the quantum of sale of power to LT consumers is also an important criterion as the loss level is high at LT level and the expected revenue realisation is low. Thus, the Bulk Supply Price (BSP) is fixed in a manner that makes all the distribution utilities operationally stable and financially viable.

Determination of Bulk Supply Price (BSP)

485. GRIDCO has proposed average BSP @ 383.66 P/U to be levied on the DISCOMs towards their purchase of power during FY 2024-25. The Commission has determined the BSP in such a way that the estimated revenue of DISCOMs shall be sufficient to pay the Power Purchase Cost, the transmission charge including SLDC charges, meet the expenses towards establishment, maintenance and other allied expenses and also meet all statutory obligations.
486. The details of Bulk Supply Price as well as the energy requirement of each DISCOM as approved by the Commission are summarized in a table below:

Table – 70
BSP and Quantum of Energy Approved by the Commission for FY 2024-25

Name of the DISCOMs	Existing Bulk Supply Price approved for FY 2023-24 (P/U)	Quantum of Energy approved for sale during FY 2024-25 (MU)	Total Expected Revenue for FY 2024-25 (Rs. Crore)	Bulk Supply Price approved for FY 2024-25 (P/U)
TPCODL	305.00	12513.00	3941.60	315.00
TPNODL	335.00	8163.00	2857.05	350.00
TPWODL	390.00	11940.00	4537.20	380.00
TPSODL	210.00	4924.00	984.80	200.00
Total	329.00	37540.00	12320.65	328.20

487. The above approved revenue is to be realized by GRIDCO from the DISCOMs. In case of any default in making payment of monthly BSP dues by the DISCOMs, they are liable for imposition of power regulation by GRIDCO to the extent of non-payment of monthly BSP dues.

Charges for Overdrawl of Energy

488. In its application, GRIDCO has submitted that presently the energy over drawn by DISCOMs is billed at the corresponding OERC approved applicable BSP rates in line with the judgment of Hon'ble APTEL dated 07.05.2018 passed in Appeal No. 55/2015. This practice may need to continue till the Deviation Settlement Mechanism (DSM) Regulations is pronounced by OERC and implemented in the State of Odisha. GRIDCO has further submitted that there is restriction of overdrawl of power by ERPC/ERLDC. However, it is forced to overdraw power from the grid when there is unplanned/forced outage of generating units within the State or Central Generating Station. Under such scenario when there is underdrawl by a particular DISCOM (having higher BSP) vis-à-vis its monthly approved SMD and overdrawl by other DISCOMs (having lower BSP), GRIDCO is unable to recover the cost of power as approved in its ARR through BSP, which results in under recovery of its costs. In view of the above facts and accountability for maintaining grid discipline, GRIDCO has prayed the Commission to issue necessary guidelines to the DISCOMs to stick to drawl pattern within the SMD and the quantum of drawl of energy as approved by the Commission. In this regard, GRIDCO has prayed the Commission to formulate suitable monthly controlling measures by reducing the existing limit of drawl of SMD i.e. from 110% to 105% of the approved SMD of DISCOMs for recovery of charges on account of any

excess drawal of energy during a month over and above the monthly approved energy quantum.

Demand Charges

489. After examining the proposal of GRIDCO, the Commission decided that there shall not be any levy of separate maximum demand charges upto the permitted SMD in a month for the distribution licensee(s) for the FY 2024-25. Permitted SMD would mean monthly SMD recorded upto maximum of 5% over the approved SMD in the current tariff order to take care of monthly variations. Any excess drawl over the permitted SMD will have to be paid by the Distribution Licensee(s) @ Rs.250 per KVA per month, subject to the condition that the annual average SMD shall be limited to the SMD approved in the order. This is essential for proper planning of load and ensuring system stability. In case the annual average SMD is more than the approved SMD, then overdrawal quantum shall attract the penalty @ Rs.250 per KVA per month, notwithstanding the fact that a licensee might have paid the SMD charges for exceeding the permitted SMD in any month.
490. The Commission observed that the issue of overdrawl / underdrawl of energy would have been adjusted through un-scheduled interchange mechanism framed under Intra-State ABT Regulations, the 1st phase of which was introduced for transaction between GRIDCO and DISCOMs. However, the Commission further observed that being aggrieved by the order dated 05.04.2014 of the Commission in Case No. 40/2013 on the matter relating to settlement of dues between GRIDCO and DISCOMs in respect of payment towards over drawl energy by DISCOMs, GRIDCO had made an appeal before APTEL. The APTEL in their judgment dated 07.05.2018 in Appeal No. 55/2015 and IA No. 75/2015 have pronounced that in absence of any DSM Regulations for the State, the deviation energy may be settled amicably between GRIDCO, DISCOMs & SLDC and paid at BSP rate for the period from 17.02.2014 onwards till Intra-State DSM Regulations comes into effect. The SLDC will stop billing to DISCOMs on account of deviation of energy henceforth till DSM Regulations is pronounced by OERC and also SLDC is to withdraw the DSM bills so raised since 17.02.2014. The Intra-State DSM Regulations will be notified by the Commission shortly and till implementation of DSM Regulations in the State, the quantum of overdrawl of energy by DISCOMs shall be billed by GRIDCO at the applicable BSP determined by the Commission.

Rebate

491. After analysing the proposal of GRIDCO for revision of rebate policy and the views of other stakeholders, the Commission decided the following rebate provisions on prompt payment of Bulk Supply dues by DISCOMs to GRIDCO. For payment of BSP bills by the DISCOMs to GRIDCO through Letter of Credit / RTGS / NEFT or by cash within a period of five (5) working days (excluding holidays under the N.I. Act., 1881), a rebate of 1.5% shall be allowed on current dues. If the payments are made after five working days, but within a period of thirty (30) days of presentation of bills, a rebate of 1% shall be allowed.

Delayed Payment Surcharge

492. In case payment of bills by the distribution licensees is delayed beyond a period of thirty (30) days from the date of presentation of bill, a late payment surcharge at the rate of 1.25% per month shall be levied by GRIDCO Ltd. on the unpaid amount.

Duty and Taxes

493. The Commission approves that the statutory duty/tax/cess/toll etc. imposed under any law from time to time shall be charged over and above the Bulk Supply Price fixed by the Commission.
494. The Bulk Supply Price in respect of GRIDCO as indicated below will become effective from **1st April, 2024** and shall continue until further orders.

Table -71

Name of the DISCOMs	Paise/ Kwh
TPCODL	315.00
TPNODL	350.00
TPWODL	380.00
TPSODL	200.00

Action to be taken by GRIDCO

495. GRIDCO, being the Single Buyer entity, has a major role in optimizing Power Purchase Cost which constitutes about 70% of the Average Cost of Supply. Hence, GRIDCO is directed to provide details of the following issues to the Commission within a period of three months:
- (a) GRIDCO is directed to provide the following information for last five (5) years.

- Details of actual energy availability (in MU) from various sources (Thermal, Hydro, Wind, Solar, Biogas, etc.) including IPPs.
 - Actual power purchase
 - Actual surplus power
 - Actual Power Purchase Cost
 - Actual energy requirement (for each DISCOM and for the State)
 - Actual peak demand (for each DISCOM and for the State)
 - Surplus energy sold in energy market/to other consumers other than DISCOMs.
- (b) CGPs did not respond to competitive bidding process of GRIDCO for procurement of power on short term basis. GRIDCO may discuss with CGPs to explore other possibilities for optimum utilisation of surplus power available with them.
- (c) GRIDCO is not getting low-cost power of M/s. Vedanta as per PPA. In the overall interest of consumers of the State, GRIDCO shall coordinate with M/s. Vedanta and monitor & assist, if required, for ensuring availability of full quantum of linkage coal with Gross Calorific Value (GCV) between G8 to G13 as per FSA to M/s. Vedanta and also pursue with MCL to issue credit/debit note timely in respect of supply of grade of coal as per FSA in order to maximise the State share from the power plant of M/s. Vedanta. The objective of OERC's order dated 22.06.2020 in Case No.68 of 2018 is to provide share of power of State to GRIDCO in letter and spirit, but not to pay compensation in respect of non / short supply to GRIDCO for compliance of order. The compensation is to be paid in case the situation / circumstance is beyond the control of M/s. Vedanta Ltd.
- (d) GRIDCO is to furnish the revenue earned during FY 2023-24 from the incentive schemes approved for the industries with and without CGP including steel industries by selling of surplus power through tripartite agreement.
- (e) Reason for less quantity of energy drawl by GRIDCO from State HEPs (low cost power) against actual availability from State HEPs shall be submitted by GRIDCO.

- (f) GRIDCO is to submit its plan to meet Hydro Power Obligation (HPO), Wind Power Obligation (WPO) and Energy Storage Obligation (ESO) trajectory as per notification of Ministry of Power, Govt. of India.
- (g) GRIDCO is to submit the RPO compliance status of the obligated entities in the State.
- (h) GRIDCO has submitted that about 88% of RPO target will be complied during FY 2024-25 and has submitted future plan for procurement 2000 MW of power from PSP & 1000 MW of power from State wind power and Biogas power to meet RPO target. The details along with present status of PSP, State wind power and State Biogas power plant and their expected COD need to be submitted by GRIDCO.

496. The application of GRIDCO in Case No.115 of 2023 and Case No.128 of 2023 are disposed of accordingly.

Sd/
(S.K. Ray Mohapatra)
Member

Sd/-
(G. Mohapatra)
Officiating Chairperson