

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR**

Filing No.....

Case No.....

IN THE MATTER OF : An Application for approval of Annual Revenue Requirement (ARR) and determination of Bulk Supply Price (BSP) for the Financial Year 2010-11 under Section 86(1)(b) and all other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004, and OERC (Conduct of Business) Regulations, 2004, and other related Rules and Regulations.

AND

IN THE MATTER OF : GRIDCO Ltd., Janpath, Bhubaneswar

.....**Applicant**

The Humble Applicant above named MOST RESPECTFULLY SHOWETH:

GRIDCO Ltd. (Formerly Grid Corporation of Orissa Limited) (hereinafter called as GRIDCO) is a Deemed Trading Licensee under 5th Proviso to Section 14 of the Electricity Act, 2003 and is carrying out the business of bulk supply of electricity to the four Electricity Supply Companies (hereinafter called as '**DISCOMs**') by utilizing the transmission network of OPTCL, the State Transmission Utility. GRIDCO is also the State Designated Entity for procurement of all forms of power from different generators as per the Govt. of Orissa Notification No. PPD-II-2/05 (pt) 7947, Bhubaneswar dated 17.08.2006.

Under the existing Bulk Supply Agreements between the DISCOMs and GRIDCO, the DISCOMs are obliged to purchase power from GRIDCO at a price to be determined by the Hon'ble Orissa Electricity Regulatory Commission (hereinafter called as 'OERC'). This Price incidentally happens to be the Bulk Supply Price at which GRIDCO supplies power to the DISCOMs. Thus, as a statutory requirement, GRIDCO is required to submit its Annual Revenue Requirement (ARR) before Hon'ble OERC for determination of the procurement price of the DISCOMs. Further, as provided in the OERC (Conduct of Business) Regulations, 2004, OERC (Term and Condition for Determination of Tariff) Regulations, 2004 and other related Regulations and as per the 86 (1) (b) and other applicable provisions of the Electricity Act, 2003, GRIDCO is also required to submit its Annual Revenue Requirement (ARR) before 30th November of each year for the ensuing year.

Accordingly, GRIDCO submits its Annual Revenue Requirement for FY 2010-11 in the following paragraphs before the Hon'ble Commission for kind consideration and approval.

1. ENERGY AVAILABILITY:

GRIDCO purchases power from the State Generating Stations as well as the Orissa Share from the Central Sector Stations. The estimated availability of energy from different generating stations for FY 2010-11 are grouped under different heads as given below:

- 1.1 State Hydro Stations.**
- 1.2 State Thermal Stations.**
- 1.3 Central Generating Stations.**
- 1.4 Captive Generating Power Plants.**
- 1.5 Renewable Energy.**

1.1 STATE HYDRO STATIONS:

1.1.1 OHPC Hydro Stations: The availability of power from the OHPC Hydro Stations has been projected on the basis of Generation Plan submitted by OHPC (ED-I) for different stations. Accordingly, Energy Sent Out (ESO) from OHPC Old Stations (Hirakud, Balimela, Upper Kolab & Rengali) has been projected at **3686 MU** for **FY 2010-11** after deducting **0.5% loss towards Auxiliary Consumption and 0.5% towards Transformation Loss.**

Considering **5 MW** power supply from Hirakud Power System (HPS) to Chhatisgarh State Electricity Board (CSEB), **16.60 MU** is deducted from HPS supply. The availability from HPS is, thus, considered as **997.16 MU** instead of 1013.76 MU as projected by OHPC.

Similarly, the availability of power from **Upper Indravati Hydro Electric Project (UIHEP)** is projected as **1944.36 MU** as per the Generation Plan (ED-I) submitted by OHPC after deducting **0.5% loss** towards **Auxiliary Consumption and 0.5%** towards **Transformer Loss.**

The details of projected drawal of energy from OHPC Old Stations and that from UIHEP during FY 2010-11, are shown in the Table below:

Power Procurement from OHPC

Power House	Design Energy (MU)	GRIDCO Share %	Projection for drawal as per the Generation Plan submitted by OHPC for 10-11 (MU)	OHPC Projection for FY 10-11 (after 0.5% Trans. loss and 0.5% auxiliary consumption) (MU)	GRIDCO Projection for FY 10-11 (after 0.5% Tr. Loss, 0.5% Aux. Cons.& 5MW allocation to CSEB) (MU)
HPS	1174.00	100*	1024	1013.76	997.16
Balimela	1183.00	100	1184	1172.16	1172.16
Rengali	525.00	100	695	688.05	688.05
Upper Kolab	832.00	100	837	828.63	828.63
Sub-Total	3714.00	100	3740	3,702.60	3,686.00
Upper Indravati	1962.00	100	1964	1944.36	1944.36
Total	5676.00		5704.00	5646.96	5630.36

* There is 5 MW allocation from HPS i.e. 16.60 MU in favour of CSEB.

1.1.2 Machhkund :

The Design Energy of Machhkund HPS Considered by OHPC is **525 MU** with Orissa share of 50%, procurement by GRIDCO from this Station is estimated at **262.50 MU** for FY 2010-11.

1.2 STATE THERMAL STATIONS:

- **Orissa Power Generation Corporation Limited (OPGC):**

OPGC made a projection for Ex-Bus availability of 2829.094 MU during FY 2010-11 after deducting Auxiliary Consumption of 10.25% from the projected generation plan of 3153.010 MU at **85.70% PLF (ED-II)**. Considering **Auxiliary Consumption @ 9.5%** as per the Power Purchase Agreement, GRIDCO proposes net generation availability of **2853.474 MU** from OPGC during FY 2010-11,

- **Talcher Thermal Power Station (TTPS) of NTPC:**

The net energy (Ex-bus) availability to GRIDCO has been projected at **2957.32 MU** at a normative availability / **PLF of 82.00%** and after deducting **Auxiliary Consumption of 10.50%** (as per the Revised CERC Norms applicable from Apr'09 onwards).

1.3 Central Generating Stations (CGSs):

GRIDCO considers it prudent to receive **5484.86 MU** from ER NTPC Stations during FY 2010-11. In case of TSTPS-I & II, the normative generation have been considered for FY 2010-11 as the targeted availability was / is achieved during last / current year (up to Sept'09) by the Plant. While for FSTPS & KhSTPS-I & II, the targeted availability could not be achieved during last / current year (up to Sept'09) in view of

the shortage of coal scenario which persisted / is persisting / will persist during last year / this year & the ensuing year.

Considering the applicable PLF%, Auxiliary Consumption % based on the CERC Regulation, 2009 and / the Cumulative Present Availability from the Central Sector (C.S.) Stations along with the Central Sector Transmission Loss%, which is taken as 3.87% (i.e. the approved C.S. Transmission Loss% for FY 2009-10) for C.S. Stations, the estimated power procurement quantum from each of the Central Sector Stations has been arrived at, as detailed in the following paragraphs:

Talcher Super Thermal Power Station (TSTPS) – Stage-I :

Based on the GRIDCO's share of **31.80%** from **TSTPS Stage-I (1000 MW)**, **Auxiliary Consumption of 6.50%**, PLF of **85%** (as per Para-26 (iv) of CERC Tariff Regulation, 2009) and **Central Transmission Loss of 3.87%**, the availability to GRIDCO from **TSTPS Stage-I** is estimated at **2128.24 MU** to be procured for **FY 2010-11**.

Talcher Super Thermal Power Station (TSTPS) – Stage-II :

GRIDCO has been allocated 200 MW from TSTPS Stage-II (10% of Installed Capacity: 2000 MW) towards Home State Quota. Considering **Auxiliary Consumption of 6.50%** and energy availability at **85% PLF** (as per Para-26 (iv) of CERC Tariff Regulation, 2009) and **Central Transmission Loss of 3.87%**, the availability to GRIDCO from **TSTPS Stg.-II** is projected at **1338.52MU** for FY2010-11.

Farakka Super Thermal Power Station (FSTPS):

GRIDCO has a Share allocation of **13.63%** from FSTPS (Installed Capacity: 1600 MW). CERC Tariff Regulation, 2009 specifies normative PLF of 85% for recovery of full Fixed Cost and calculation of Tariff, The PLF achieved during FY 2008-09 and first six month of FY 2009-10 are 76.09% and 70.36%, respectively. The lower Generation is due to non-availability of coal. It is expected that sufficient coal may not be available in future for which FSTPS may not be able to generate more than 75% PLF. Considering the above points, GRIDCO projects the generation of FSTPS at **75% PLF** for FY 2010-11. The availability to GRIDCO is estimated at **1281.89 MU** for FY 2010-11 at 75% PLF instead of 85 % PLF as per CERC Tariff Regulation,2009 The **Auxiliary Consumption** and **Central Transmission Loss** have been taken as **6.93% and 3.87%**, respectively for FY 2010-11.

1.3.2 Kahalgaon Super Thermal Power Station-Stage-I (KhSTPS-I) :

GRIDCO has a Share allocation of **15.24%** from **KhSTPS-I** (Installed Capacity: 840 MW). Although the Revised CERC Tariff Regulation, 2009 specifies normative PLF of 85% for recovery of full Fixed Cost and calculation of Tariff, GRIDCO hopefully projects the annual cumulative PLF% at **70%** for FY 2010-11 which is beyond the prevailing availability / PLF% that hovers around 65.33%. Considering the applicable **Auxiliary Consumption** of **9%** of this Station and **Central Transmission Loss** of **3.87%**, the estimated quantum of energy is projected at **686.61 MU** for drawal by GRIDCO for FY 2010-11.

1.3.3 Kahalgaon Super Thermal Power Station-Stage-II (KhSTPS-II) :

GRIDCO has a share allocation of **0.60%** from **KhSTPS – II** (Installed Capacity: 1500 MW). Although the Revised CERC Tariff Regulation, 2009 specifies normative PLF of 85% for recovery of full Fixed Cost and calculation of Tariff, GRIDCO hopefully projects the annual cumulative PLF% at **70%** for FY 2010-11 which is beyond the prevailing availability / PLF% that hovers around 61.64%. Considering the applicable **Auxiliary Consumption** of **6.50%** of this Station and **Central Transmission Loss** of **3.87%**, the estimated quantum of energy is projected at **49.60 MU** for drawal by GRIDCO for FY 2010-11.

Proposed Drawal from Central Thermal Generating NTPC-ER Stations

Central Thermal Stations	Installed Capacity (MW)	Aux. Cons (%)	Based on PLF% as per Para 26 (I) of CERC Regn., 2009 & / Cum. Present Availability (%)	Net Availability (ESO) (MU)	GRIDCO Share (%)	Ex-bus Availability (MU)	GRIDCO Share after C.S. Tr. loss of 3.87% (MU)
TSTPS Stg.-I	1000	6.50	85	6,962.01	31.80	2,213.92	2,128.24
TSTPS Stg.-II	2000	6.50	85	13,924.02	10.00	1,392.40	1,338.52
FSTPS	1600	6.93	75	9,783.52	13.63	1,333.49	1,281.89
KhSTPS Stg.-I	840	9.00	70	4,687.30	15.24	714.26	686.61
KhSTPS Stg.-II	1500	6.50	70	8,600.13	0.60	51.60	49.60
TOTAL				43,956.98		5,705.67	5,484.86

1.3.4 Chukha (Bhutan) :

Share allocated to GRIDCO from Chukha HEP now stands at **15.19%** from **270MW ER allocation**. Accordingly, GRIDCO proposes to draw **261 MU** of energy during the FY 2010-11 by averaging last 5-years drawal i.e. from FY 2004-05 to FY 2008-09.

After deducting Central Sector Loss of **3.87%**, the net availability to GRIDCO is projected as **251 MU** during FY 2010-11.

1.3.5 Tala HEP (Bhutan):

GRIDCO has an allocated share of **4.25%** from Tala HEP having installed capacity of **1020 MW** (6X170 MW). GRIDCO proposes to draw 150 MU of energy during FY 2010-11 by averaging previous years data. After deducting Central Sector Loss of **3.87%**, the net availability to GRIDCO is projected as **144 MU** during FY 2010-11.

1.3.6 Teesta –V HEP (Sikkim)

GRIDCO has an allocated share of **20.59%** from the **Teesta-V HEP** Installed Capacity of **510 MW** (3X170 MW). GRIDCO proposes to draw 461 MU of energy considering annual saleable energy for Teesta HEP during FY 2010-11. After deducting Central Sector Loss of **3.87%**, the net availability to GRIDCO is projected as **443 MU**.

The details of GRIDCO's proposed drawal for FY 2010-11 from Central Sector Generating Stations other than NTPC Stations are given in the Table below:

Proposed Drawal by GRIDCO from Central Hydro Stations during FY 2010-11

Central Generating Stations other than NTPC Stations.	Installed Capacity (MW)	GRIDCO Share of installed capacity (%)	GRIDCO Share of installed capacity (MW)	GRIDCO Share (MU)	Availability after C.S. Tr. loss of 3.87% (MU)	GRIDCO Proposal for FY2010-11 averaging previous years data for Tala & Chukha & Annual Saleable Energy for Teesta HEP (MU) after C.S. loss of 3.87% (MU)
Chukha HEP	4*84=336ER Allocation=270MW	15.19	41.00	359.16	345.26	251
Tala HEP	6*170 = 1020	4.25	43.00	376.68	362.10	144
Teesta-V HEP	3*170=510	20.59	105.00	919.80	884.20	443
TOTAL				1655.64	1,591.56	838

1.4 Captive Generation Plants (CGPs):

As per guidelines stipulated in the OERC Pricing Policy dated 14.03.2008 for sale of surplus power of CGPs in Case No. 72/2007, GRIDCO is committed towards harnessing surplus power from various Captive Generating Plants (CGPs) of the State. GRIDCO has been procuring power from different CGPs in line with the tariff and provisions fixed by Hon'ble OERC from time to time in its Interim Orders dated 28.02.2009, 30.06.2009 and 28.10.2009 in Case Nos. 06/09 to 20/09 in the matter of

sale of surplus power by CGPs with effect from March'09. Around 23 Nos. of CGPs (including Cogeneration Plants) are exporting their surplus firm / schedule power to GRIDCO as per Power Purchase Agreements executed by the CGPs having validity period of two years.

In the first half of the Current Financial Year, GRIDCO has already procured 776 MU of power from 8 Nos. of CGPs including the maximum injection by CGPs like NBVL and Jindal Stainless Ltd. during imposition of Sec.-11 by the Govt. of Orissa. (GoO).

However, based on the average monthly injection by each of the CGPs during the first 6 months of FY 2009-10, GRIDCO proposes to draw around **1035 MU** from different CGPs. The details are given below.

Drawl from Captive Generating Plants (CGPs)

Sl. No.	Captive Generating Stations	Energy drawal during 2008-09 (MU)	Energy drawal during the 1st six months of 2009-10 (MU)	Energy Proposed for FY 2010-11 (MU)
1	NALCO	80.28	13.62	26
2	IMFA	45.323	136.69	260
3	HINDALCO	49.941	39.20	74
4	RSP	14.00	7.94	15
5	NBVL	179.36	139.03	168
7	Vedant (Jharsuguda)	28.553	122.92	233
8	Jindal Stainless Ltd.	280.01	317.08	259
9	SCAW	3.103	0	0
	TOTAL	681	776	1035

1.5 Co-generation plants:

Hon'ble OERC in their Interim Order dated 28.02.2009 in Case No. 6/09 to 20/09 **(ED-III)**, have stipulated that CGPs having Co-generating Status may be allowed a marginal hike in prices as compared to that of the CGPs without Co- generation facilities. Accordingly, Hon'ble Commission fixed the price @ Rs. 3.10 per kWh for energy procured from Co-generating Plants and that of Rs. 3.00 per kWh for energy procured from CGPs.

As per the direction of Hon'ble OERC in their Order dated 27.06.09 in Case No. 59/2009, GRIDCO has classified 15 Nos. of CGPs as Co-generating Plants in accordance with the Report of the Chief Electrical Inspector (CEI) dated 23.09.09 based on the Govt. of India Notification dated 06.11.1996. The following 15 nos. of CGPs as mentioned in the Table below, shall be provisionally paid by GRIDCO at the rates as applicable to Co-generating Plants as per the OERC Order from time to time

subject to the pending final decision of the Hon'ble Commission with regard to the Co-generation status of these Plants in consonance with the recommendations of the Report by the CEI.

During the first six months of FY2009-10, GRIDCO has procured around 286 MU of energy from these Co-generating Plants. GRIDCO proposes to procure around **545 MU** from the these Plants during FY 2010-11 as given below:

Drawal from Co-Generation Stations				
Sl. No.	Co-Generating Plants	Energy drawal during 2008-09 (MU)	Energy drawal during the 1st six months of 2009-10 (MU)	Energy Proposed for FY 2010-11 (MU)
1	NINL	76.49	41.90	80
2	ARATI STEEL	127.39	68.31	130
3	Tata Sponge	126.11	61.66	117
4	SMC Power	33.54	12.53	24
5	Pattnaik Steel	15.19	16.83	32
6	IFFCO	0.00	8.27	16
7	VISA Steel	1.97	3.54	7
8	VEDANTA, Lanjigarh	15.01	11.44	22
9	SHYAM DRI	31.012	9.51	18
10	BHUSAN Steel Ltd.	62.697	12.48	24
11	Rathi Steel & Power	0.38	9.33	18
12	SREE Mahavir Ferro Alloys.	0.15	15.54	30
13	Action Ispat	0.00	5.32	10
14	Aryan Ispat	0.00	0.55	1
15	Bhushan power & Steel Ltd.	35.382	8.58	16
16	Total	525.32	285.79	545.00

1.6 Renewable Energy Sources:-

The Hon'ble Commission in its Order dated 20.08.05 in Case No. 14/2005 have directed that GRIDCO should procure power from Non-conventional and Renewable Energy Sources up to 3% of the total power purchase during the year 2007-08 FY and it should increase at the rate of 0.5 % per annum for each subsequent years to reach a level of 5 % per annum by FY 2011-12.

During the first six months of FY 2009-10, GRIDCO is able to procure 96.50 MU from Renewable sources. Samal Small Hydro is expected to commence export of power to GRIDCO very soon. It is expected that during FY 2010-11 around 300 MU of renewable power from small hydro sources will be available to GRIDCO.

Proposed Drawal from Renewable Energy Sources

Sl. No.	Renewable Energy Sources.	Energy drawal during FY 2008-09 (MU)	Energy drawal during the 1st six months of 2009-10 (MU)	Energy Proposed for FY 2010-11 (MU)
1	Meenaskhi Small Hydro	0.00	96.521	150
2	SAMAL Small Hydro	0.00	0.00	150
	Total	0.00	96.521	300

1.7 Independent Power Producer (IPPs):

IPPs with whom GRIDCO has executed Power Purchase Agreements (PPAs) are in various stages of implementation. M/S. Sterilite Energy (P) Ltd. is expected to commission its Generation Plant (4x600 MW) in Jharsuguda during FY 2010-11. The First Unit of 600 MW is expected to commence generation from October, 2010. M/s. Sterilite Energy Limited has signed an agreement with GRIDCO to make available the entire power from its first Unit for State Consumption. With an expected PLF of 80% and Auxiliary Consumption of 10%, GRIDCO hopes that M/s Sterilite Energy Ltd. may inject about 430 MW. Thus, GRIDCO expects to receive around **1886.59 MU** (equivalent to **430 MW**) from Sterilite Energy Ltd. from 1st October, 2010 to 31st March 2011.

1.8 Summary of Energy Availability to GRIDCO for FY 2010-11:

The summary of energy availability to GRIDCO for FY 2010-11 is estimated to be **21793.10 MU** (inclusive of projected **Transmission Loss @ 4.30%**) from all sources as tabulated in the following Table:

Summary of Energy Availability to GRIDCO for FY 2010-11

Stations	Availability (After loss and Auxiliary Consumption) (MU)	Share %	Projection for FY 10-11 (MU)
Hirakud	997.16	100	997.16
Rengali	688.05	100	688.05
Balimela	1172.16	100	1172.16
Upper Kolab	828.63	100	828.63
OHPC(Old)	3,686.00	100	3,686.00
Indravati	1,944.36	100	1,944.36
Machhkund	262.50	100	262.50
Total Ste hydro Hydro	5,892.86		5,892.86
OPGC	2,853.47	100	2,853.47
TTPS	2,957.32	100	2,957.32
CGPs	1035.00		1,035.00
Renewable Energy	545.00		545.00
Co-generation Plants	300.00		300.00
IPPs (Sterilite Energy Ltd.)	1886.59		1,886.59
Total State	15,470.24	100	15,470.24
TSTPS Stg.-I	2,128.24	31.80	2,128.24
TSTPS Stg.-II	1,338.52	10.00	1,338.52
FSTPS	1,281.89	13.63	1,281.89
KhSTPS Stg.-I	686.61	15.24	686.61
KhSTPS Stg.-II	49.60	0.60	49.60
Chukha	251.00	15.19	251.00
TALA	144.00	4.25	144.00
Teesta	443.00	20.59	443.00
Total EREB	6322.86		6322.86
Total	21,793.10		21,793.10

2. Energy Demand of DISCOMs and CGPs:

The primary responsibility to project the Energy Requirements in their respective areas of distribution is of the four Discoms. GRIDCO requested the four Distribution Companies (DISCOMs) to submit their Energy Demand and Simultaneous Maximum Demand for FY 2010-11 in order to arrive at the aggregate demand of power in the State to be projected in the Annual Revenue Requirement & Bulk Supply Price Application for FY 2010-11. Except WESCO, the other three Discoms have not submitted the required demand projection.

Projection made by WESCO is more or less equal to its demand projection in their Business Plan. Thus, GRIDCO projected DISCOMs' energy consumption as **20846 MU** during FY 2010-11 as projected in their 5-year Business Plan starting from **FY 2008-09** submitted before Hon'ble OERC for approval. In the event of upward deviations in the Energy Demand the Discoms should be required to meet the additional cash outflow of GRIDCO on monthly basis to avoid adverse financial exposure, which GRIDCO had been subjected to in the past.

Emergency Power Supply to Captive Generating Plants (CGPs) like NALCO & IMFA for FY 2010-11 is projected as 10 MU.

The Projection of energy consumption by the DISCOMs and those relating to the CGPs, are given in the following Table:

Projection of energy consumption by the DISCOMs & the CGPs (NALCO & IMFA)

AGENCY	FY'08-09 Actual (MU)	OERC approval for 2009-10 (MU)	Actual from 4/09 to 09/09 (MU)	Projection for 09-10 on pro-rata basing on first six months consumption (MU)	Projection in Business Plan for 2010-11 (MU)	GRIDCO Projection for FY10-11 (MU)	% Rise in Demand (FY'10-11 vs. OERC approval for FY'09-10)
CESU	5680.14	6045.00	3191.77	6383.54	6670.00	6670.00	10.34%
NESCO	4545.07	4285.00	2355.45	4710.90	5140.00	5140.00	19.95%
WESCO	6387.62	6430.00	3136.74	6273.48	6451.00	6451.00	0.33%
SOUTHCO	2175.93	2161.00	1144.50	2289.00	2585.00	2585.00	19.62%
TOTAL DISCOMS	18788.76	18921.00	9828.46	19656.92	20846.00	20846.00	10.17%
IMFA	0.33		0.06	0.10			
NALCO	144.06		177.97	200.00			
TOTAL CGPs	144.39	10.00	178.03	200.10	0.00	10.00	0.00%
TOTAL SALE	18933.15	18921.00	10006.49	19857.02		20856.00	10.23%

3. Simultaneous Maximum Demand (SMD):

The Simultaneous Maximum Demand (SMD) of DISCOMs during first six months for FY 2009-10 is given as under:

SMD of DISCOMs (MVA per Month)

DISCOMs	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Average
CESU	982.06	988.523	986.655	960.261	940.548	944.638	967.1143
NESCO	706.432	671.689	681.804	708.173	705.420	702.530	696.008
WESCO	901.521	887.067	761.556	871.488	842.340	971.181	872.5255
SOUTHCO	375.740	372.040	360.075	367.224	375.565	371.419	370.3438
TOTAL	2965.75	2919.32	2790.09	2907.15	2863.87	2989.77	2905.992

However, in order to make the projection of SMD more pragmatic, the highest SMD of each DISCOM during first six months for FY 2009-10 has been considered as the SMD of each DISCOM for FY 2010-11. Based upon said premise, the total SMDs for FY 2010-11 is projected as **3043.617 MVA per month** as projected in the following Table:

SMD in MVA per month				
DISCOMs	FY 08-09 (Actual)	OERC approval for FY 2009-10	Average SMD of first Six months of FY 2009-10	Projection of GRIDCO for FY 2010 –11 Considering the highest SMD of first Six months of FY 2009-10
	1	2	3	4
CESU	911.138	976.990	967.114	988.523
NESCO	682.526	679.700	696.008	708.173
WESCO	960.018	1007.670	872.526	971.181
SOUTHCO	358.087	362.240	370.344	375.740
TOTAL	2911.769	3026.600	2905.992	3043.617

4. Transmission Loss:

The Transmission Loss in the OPTCL System for the year FY 2010-11 is projected as 4.30% as projected in Revised Business Plan for FY 2010-11 of OPTCL.

5. Energy Demand & Availability:

The availability of power to GRIDCO during FY 2010-11 is estimated as **21793.10 MU** only. The energy demand of DISCOMs and Emergency Sale to M/S NALCO & M/S IMFA is estimated as **20,856 MU**. Considering Transmission Loss @ 4.30% (equivalent to 937.10 MU), procurement of 21,793.10MU (20,856 MU+937.10 MU) is required. Thus, it is estimated that there will be no shortfall of energy during FY 2010-11

This is evident from the following Table.

Sl. No.	ITEMS	Projection for FY 2010-11 (MU)
1	Energy Demand of DISCOMs (20846 MU) & CGPs (10 MU)	20856.00
2	Transmission loss @ 4.3 %	937.10
3	Energy Required to be purchase by GRIDCO to meet the power demand of DISCOMs & CGPs	21793.10
4	Available Power to supply for DISCOMs & CGPs	21793.10
5	Shortfall of power to be purchase from other sources (3-4)	0.00

6.00 POWER PROCUREMENT COSTS:**6.01 OHPC :**

The OERC approved rates of energy from different OHPC Stations for FY 2009-10 are considered along with the likely payout by OHPC towards Income Tax and Electricity Duty (**ED - IV**) in this application as detailed below :

Accordingly, the projected power procurement rate & cost for FY 2010-11 from OHPC are given in the Table below:

Name of Power Stations	Design Energy of OHPC (MU)	Projection as per the Generation Plan submitted by OHPC for FY 2010-11 (MU)	Annual Fixed Cost approved for FY 2009-10 (Rs. Crore)	ED on Aux. Consumption (Rs. Cr.)	Income Tax (Rs. Cr.)	Total projected cost for FY 2010-11 (Rs. Crore)	Projected Rate of Energy for FY 2010-11 (P/U)
HPS*	1024.00	997.16	75.51	0.1024	0.00	75.61	75.83
Rengali	695.00	688.05	30.26	0.0695	0.11	30.44	44.24
Upper Kolab	837.00	828.63	20.75	0.0837	0	20.83	25.14
Balimela	1184.00	1172.16	66.36	0.1184	5.9	72.38	61.75
Sub-Total	3740.00	3686.00	192.88	0.37	6.01	199.26	54.06
Upper Indravati	1964.00	1944.36	142.47	0.1964	7.75	150.42	77.36
Total	5704.00	5630.36	335.35	0.57	13.76	349.68	62.11

Note: GRIDCO has accepted Income Tax liability of Rs.13.75 Crore from FY 2007-08, as IT is leviable on core business.

6.02 Machhkund:

As per the Revised CERC Tariff Regulation, 2009-14, the cost of O & M expenses of Hydro Stations will be escalated @ **5.72%** (**ED-V**). The actual O & M cost for Machhkund Station is **Rs.3.94 Crore** for FY 2008-09 as available from the bills of APGENCO. As stated earlier, estimated procurement of power from Machhkund Station during FY 2010-11 is calculated as **262.50 MU** considering **Orissa Share at 50%**. It has also been proposed to procure share of **another 20%** of power from this Station by paying the O&M Charges / variable charges @ **8 P/U**. The proposed power procurement, tariff and Cost from Machhkund Hydro station for FY 2010-11 are shown in the table below.

Power Procurement, Tariff & Cost from Machhkund Hydro Station

Particulars	Projection for FY 2010-11
Installed Capacity (MW)	114.50
Design Energy available both for Andhra Pradesh & Orissa (MU)	525.00
Expected Energy drawal by Orissa (50%) (MU) (A)	262.50
Energy Drawal against O&M Exp. (30%) (MU)	157.5
Purchase of Power upto 20% as per Supplementary Agreement (MU)	105
O&M Escalation factor @ 5.72% for each year. (1.0572*1.0572)	1.1177
Particulars	(Rs. in Cr.)
1. O&M Exp (Orissa share of Actual O&M Exp for 08-09 Rs.3.94 Cr.x1.11767)	4.404
2. Purchase Cost (105 MUx0.08) for balance 20% share	0.840
Total Annual Expenditure (1 + 2)	5.244
Tariff (Paise/Kwh) (B)	19.98
Cost of Machhkund Power (AxB) (Rs. Crore)	5.244

6.03 Talcher Thermal Power Station (TTPS):**Capacity Charge:**

As per the latest CERC Order dated 03.02.2009, the Annual Fixed Cost for TTPS is Rs. 199.37 Crore for FY 2008-09. But, as per the recent NTPC filing before Hon'ble CERC, the Fixed Cost (FC) for FY 2008-09 has been projected at Rs.217.39 Cr. as per old CERC Tariff Regulation, 2004. As per the new CERC Tariff Regulation, 2009, effective from 01.04.2009 onwards, on account of revised O&M cost @ Rs.34.62 Lakhs/MW, the additional O&M cost alone will be **Rs.58.27 Cr./Annum (iRs.159.25 Cr. – Rs.100.98 Cr.)**. Hence, the **Total Fixed Cost (FC)** taking into account the revised O&M will be **Rs.275.66 Cr. (Rs.217.39 Cr.+ Rs.58.27 Cr.)** and considering all other components of tariff, this will increase further. It is submitted that Hon'ble CERC is yet to finalise the revised FC of TTPS as per new tariff norms.

Thus, the Fixed Cost per Unit of energy from TTPS at a normative **PLF of 82.00%** and Aux. Energy Consumption of **10.50%** works out to **93.21 P/U** for the proposed drawal of **2957.32 MU** for FY 2010-11.

Variable Charges

As per the latest CERC Order in consonance with the old CERC Tariff Regulations, 2004, NTPC is presently claiming the Base Variable Charge for TTPS @ 46.05 P/U. Hon'ble CERC has not yet come out with any rates to be applicable for the 2009-14 Tariff Period. Therefore, GRIDCO proposes the same rate of **46.05 P/U** towards Variable Charge of TTPS for FY 2010-11.

It may be noted that the above rate of 46.05 P/U has been contested by NTPC in CERC forum and the matter continued to be sub-judice as of now. It is expected that the rate may move upwards considering the present cost of Coal and Oil. Accordingly Hon'ble OERC may kindly consider approving a higher rate of variable charge by exercising their prudence.

FPA Charges:

The average Fuel Price Adjustment (FPA) Charge as claimed by TTPS for first six month of FY2009-10 comes to 43.81 P/U. The details are tabulated below:

Fuel Price Adjustment (FPA) OF TTPS							(P/U)
Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Average	GRIDCO proposal for FY 2010-11 considering 11% escalation over the avg.
54.78	36.69	36.92	34.64	46.89	52.95	43.81	48.63

Considering 11% escalation over and above the Average Price of 43.81 P/U, GRIDCO proposes **48.63 P/U** for FPA for **FY 2010-11**.

However, at present, the FPA Charges are on the increase due to use of costlier imported coal along with indigenous coal by Thermal Plants. The proposed charges are likely to increase further due to non-availability of indigenous coal. Hence, Hon'ble OERC may kindly consider approving a higher rate of such charge/s by exercising their prudence at the time of approving the ARR and BSP of GRIDCO for FY 2010-11.

Year End Charges:

The Year-end Charges for FY 2010-11 is projected as **Rs. 69.25 Crore** based on the actual charges paid by GRIDCO for FY 2008-09 and projection from FY 2009-10, and the same amount is considered to be payable for FY10-11, the details of which are furnished in the **Table** below:

Year-End-Charges (YEA) of TTPS

ITEM	OERC approval for FY 2009-10 (Rs. Cr)	GRIDCO Projection for FY 2010-11 (Rs. Cr.)
Income tax	18.92	18.92 *
Electricity duty@20P/U	7.24	7.24
Water/Pollution Cess Charge	0.12	0.12
Incentive:	3.19	3.19
Reimbursement of Interest and A&G Exp. 2nd. Inst.	0.00	0.00
U.I. Overdrawal	0.00	6.00
FC Arrears from FY 04-05 to 08-09 (CERC filing)		33.78
Total	29.47	69.25
ESO (MU)	3085.07	2957.32
Per Unit cost of TTPS (P/U)	9.55	23.42

*Note: As per the new CERC Tariff Regulations, 2009, the Income Tax component is to be included in Pre-Tax Return on Equity (RoE) @ 23.41% instead of RoE @ 15.50% post-tax.

The total projected power procurement cost from NTPC-TTPS during FY 2010-11 is estimated at Rs. 624.923 Crore at a price of 211.31 Paise / Unit which is shown below.

Projected Power Procurement & Cost from NTPC-TTPS during FY 2010-11

Projected Power Procurement from TTPS (A)	(MU)	2957.32
Fixed Cost (existing) For FY 2008-09 (Rs. Cr.)		199.37
Additional Fixed Cost (CERC filing) 07-08 & 08-09 (Rs. Cr.)		18.02
O & M extra as per new tariff norm (Rs. Cr.)		58.27
Total fixed cost		275.66
Capacity Charge	(P/U)	93.21
Variable Charge	(P/U)	46.05
FPA	(P/U)	48.63
YEA	(P/U)	23.42
Total Rate (B)	(P/U)	211.31
Projected Power Procurement from TTPS (A x B) (Rs. Cr.)		624.92

6.04 Orissa Power Generation Corporation Limited (OPGC):

Clause 12.4 of Power Purchase Agreement subsisted between GRIDCO and OPGC provides that tariff shall be determined based on the operational and financial norms as amended from time to time. As per **Sec. 62** of the Electricity Act, 2003, Hon'ble OERC shall determine the generation tariff of OPGC. However, OPGC was taking a stand that they are not subject to the jurisdiction of Hon'ble OERC and raised the matter before Hon'ble Orissa High Court. Hon'ble Orissa High Court upheld the stand of GRIDCO which was challenged by OPGC before Hon'ble Supreme Court of India.

In an Interim Order, Hon'ble Supreme Court have stayed the proceedings of OERC for approval of the PPA.

Besides the above, Hon'ble OERC vide their letter dated 05.11.2008 have advised OPGC in terms of Para 5.92 of the Tariff Order for the financial year 2007-08 and Para 304 of the Tariff Order for the financial year 2008-09 to furnish the ARR under Section 62 (2) of the Electricity Act, 2003 for the FY 2009-10. OPGC is not filing its ARR with OERC.

OPGC was insistent for determination of tariff based on the norms prevailing at the time of execution of PPA. GRIDCO did not accept the same, as it is contrary to the provisions of PPA and thereafter, referred the matter to the Govt. of Orissa (GoO) for a decision. The Govt. of Orissa constituted a Task Force for resolution of the dispute. The Task Force submitted their recommendations to the State Govt. and accordingly Govt. of Orissa have taken the following decision vide Notification No. OPGC-8/2007 7216/E, Bhubaneswar dated 21.06.2008 **(ED-VI)**, for settlement of the dispute.

- The Normative Plant load Factor (PLF) for calculation of incentive has been enhanced from 68.49% to 80% for the purpose of calculation of Incentive.
- All other terms and parameters for determination of tariff for Units 1 & 2 shall be as per the existing PPAs till validity of amended PPA.
- The amended PPA shall be filed before the Hon'ble OERC for consent/approval
- The amended PPA shall be effective with effect from 01.04.2007.
- OPGC will withdraw the SLP filed before the Hon'ble Supreme Court of India against the judgement of Orissa High Court regarding jurisdiction of OERC for approval of PPA for Units 1 & 2.
- OPGC shall take expeditious steps to commission Units 3 & 4 with Installed Capacity of 2 x 600 Mw and shall make half of the power generated from these units available to GRIDCO. In no case, the power share of the State / GRIDCO from the expansion Unit(s) of OPGC shall be less than 420 MW.

The PPA for the power made available to the State/ GRIDCO shall be subject to approval of OERC and the tariff norms and parameters shall be as per the tariff norms as may be notified by CERC from time to time.

The Board of Directors of GRIDCO have accepted the Settlement Principles approved by the Govt. of Orissa and steps are being taken to execute the

amended PPA and the amended Tripartite Agreement which will be submitted to the Hon'ble Commission for approval.

Further, Govt. of Orissa has issued another Notification on 12.10.2009(No. 10061) **(ED-VII)** affecting certain modification to clause No. 5(a) of the earlier Notification dated 21.06.2008 (No. 7216). As per the said notification dated 10.12.2009, OPGC shall take expeditious steps to commission Unit-3 & 4 with installed capacity of 2x660MW with adoption of supercritical technology and shall make half of the power generation from these Units available to GRIDCO. Since both the Units will not be commissioned at a time, OPGC is allowed to share 50% of power generation from the 3rd Unit to GRIDCO and sell balance 50% power for a period of 6 months within which the 4th Unit shall be commissioned. In case the 4th unit is not commissioned within 6 months of commissioning of the 3rd Unit minimum power to be shared with State / GRIDCO from the expansion Units of OPGC would be 450MW instead of 420MW.

Meanwhile, GRIDCO is in receipt of a Statement of Tariff Calculation by OPGC for the year 2010-11, where OPGC proposes Fixed Cost as Rs.158.795 Crore and Variable Cost as 79.25 P/U.

Last year, OPGC projection was made on the basis of using 90% domestic and 10% imported coal, however till date OPGC has not used any imported coal, this year OPGC has projected two tariffs, one of using 100% domestic coal and the other of using 95% of domestic and 5% of imported coal. GRIDCO at present is projecting the tariff of using 100% domestic coal in the ARR and BSP application for FY 2010-11.

Year-end Charges:

The total Year-end Charges for FY 2010-11 is projected as Rs. **50.15 Crore**, the details of which are furnished in the **Table** below:

Projected Year-end Charges of OPGC for FY 2010-11

ITEM	OERC approval for FY09-10 (Rs Cr)	GRIDCO Projection for FY 10-11 (Rs Cr)
Water Cess & Water Ch.	0	0.76
Electricity duty@20 P/U	6.21	5.68
Income Tax:	9.20	37.07
Incentive:	9.76	6.34
Rent and Cess (Land)		0.13
Electricity inspection fees		0.17
Total	25.17	50.15
Projected Power Procurement (MU) (A)	2955.66	2853.47
YEA Per Unit (P/U)	8.52	17.58

Considering the proposal submitted above, the power purchase cost from OPGC for **2853.47 MU @ 157.73 P/U** comes to Rs. **450.08** Crore for FY 2010-11 which is shown below.

Projected Power Procurement & Cost from OPGC during FY 2010-11

Projected Power Procurement from OPGC (MU) (A)	2853.47
Fixed Cost (Rs. Cr.)	158.795
Fixed Charge (P/U)	55.65
Variable Charge (P/U)	79.25
FPA (P/U)	5.25
YEA (P/U)	17.58
Total Rate (P/U) (B)	157.73
Projected Power Procurement from OPGC (Ax B) (Rs. Cr.)	450.08

6.05 Central Generating Stations other than NTPC Stations.**Chhuka:**

Procurement from Chukha is proposed at **251 MU** after **CS Tr. Loss** of **3.87%**. The Procurement cost from Chukha is taken as 165.40 P/U as per the GoI letter dated 14.02.2008 of the Ministry of External Affairs **(ED-VIII)**. Considering **3.87%** Central Sector Transmission loss and the PGCIL Transmission Charges of **22.07 P/U**, the effective procurement rate to GRIDCO works out to be **187.47 P/U**.

Thus, the power purchase cost from Chhuka Hydro Station for **251 MU @ 187.47 P/U** works out to be **Rs.47.06 Crore** for FY 2010-11.

Tala HEP (Bhutan):

The tariff for both Primary and Secondary Energy of Tala HEP is fixed at **191.41 P/U**.. Considering 3.87% Central Sector Transmission Loss and the PGCIL Transmission Charges of **22.07 P/U**, the effective procurement rate to GRIDCO comes to **213.48 P/U**.

Thus, the power purchase cost from Tala HEP for **144 MU @ 213.48 P/U** comes to **Rs. 30.74 Crore** for FY 2010-11.

Teesta-V Hydro Project (Bhutan):

CERC vide its Order dated 31.03.2008 (**ED-IX**) calculated the provisional tariff @ **168.52 P/U** on the scheduled saleable energy, which is applicable from the date of Commercial Operation. Considering **3.87%** Central Sector Transmission Loss and the PGCIL Transmission Charges of **22.07 P/U**, the effective procurement rate to GRIDCO comes to **190.59 P/U**.

Thus, the power purchase cost from Teesta-V HEP for **443 MU @ 190.59 P/U** comes to **Rs. 84.43 Crore** for FY 2010-11.

Summary of availability of Power and cost of Central Generating Stations other than NTPC Stations:

Central Generating Stations other than NTPC Stations.	Projected GRIDCO share of availability after C.S. Tr. loss of 3.87% (MU)	Rate before C.S. Loss of 3.87% (P/U)	Rate including loss (P/U)	PGCIL charge (P/U)	Total Rate (P/U)	Purchase Cost (Rs. Cr.)
Chukha HEP	251.00	159.00	165.40	22.07	187.47	47.06
Tala HEP	144.00	184.00	191.41	22.07	213.48	30.74
Teesta-V HEP	443.00	162.00	168.52	22.07	190.59	84.43
TOTAL	838.00	164.88			193.59	162.23

6.06 Central Sector Stations:

Hon'ble CERC have finalised the Terms and Conditions of Tariff Regulations, 2009 for the next 5-year period starting from April 01, 2009 to March 31, 2014. NTPC has submitted its application for approval of tariff for different Stations. Since the tariff for individual Stations of NTPC-ER has not yet been finalised, NTPC has been billing as per the last CERC Tariff Regulations, 2004. Accordingly, GRIDCO considers it prudent to take the Fixed Cost as approved by Hon'ble CERC for the respective Stations for FY 2008-09 in the tariff proposal for FY 2010-11. as no fresh Orders with regard to the above, is available, as of date.

Thus, the additional impact, if any, as per the new Regulation has not been considered in the power procurement cost of NTPC Stations. Any additional cost, if available, before disposal of this Application by the Hon'ble OERC, would be submitted by GRIDCO for consideration by the Hon'ble Commission.

Fixed Cost of Central Sector Stations:

The Fixed Cost considered by GRIDCO for different Central Sector Stations for FY 2010-11 is given below.

- **TSTPS Stage-I** - The Fixed Cost for **TSTPS Stage-I**, for FY 2010-11 is projected as **Rs.491.52 Crore** consisting of **Annual Fixed Cost of Rs.397.30 Crore** and **Rs. 94.22 Crore** towards Income tax which is reckoned as Additional Capacity Charge.
- **TSTPS Stage-II** - The Fixed Cost For **TSTPS Stage-II**, for FY 2010-11 is projected as **Rs. 1027.22 Crore** consisting of **Annual Fixed Cost of Rs.863.50 Crore** and **Rs. 163.72 Crore** towards Income tax which is reckoned as Additional Capacity Charge.
- **FSTPS** - The Fixed cost of FSTPS for FY 2010-11 is projected as **Rs. 565.71 Crore** prorating the annual fixed cost claim of NTPC of **Rs. 518.33Cr.** at 75% projected PLF plus claim of income tax of **Rs.108.36 Cr.** in the form of additional capacity charge.
- **KhSTPS Stage-I**- The Fixed cost of KhSTPS Stage-I is projected as **Rs. 312.57 Crore** for FY 2010-11 prorating the Annual Fixed Cost claim of NTPC of **Rs. 316.79Cr.** at 70% projected PLF plus claim of Income Tax of **Rs.51.68 Cr.** in the form of additional capacity charge.
- **KhSTPS Stage-II** - The Fixed Cost of KhSTPS Stage-II for FY 2010-11 is projected as **Rs.625.01 Crore** prorating the Annual Fixed Cost claim of NTPC of **Rs.758.94Cr.** at **70% projected PLF** plus claim of Income Tax of **Rs.0.00 Cr.** in the form of additional capacity charge.

Due to implementation of ABT, GRIDCO is to pay about **Rs. 387.52 Crore** as Capacity Charge (Fixed Charge) towards its share from NTPC Stations irrespective of the drawl from these Stations during FY 2010-11.

The apportionment of Fixed Costs has been made as per the share of GRIDCO in the pool. With inclusion of Central Transmission Loss (CTL) of **3.87%**, the **projected Fixed Cost** applicable to GRIDCO for its share of energy drawal from different Stations shown are in the Table below:

Projected Fixed Cost of CGS NTPC-ER Stations for FY 2010-11

Central Thermal Stations	Fixed Cost as approved by CERC for FY 2008-09 (Rs. Cr.)	Fixed cost claimed by NTPC as per REA for Sept' 09 (Rs. Cr.)	Fixed Cost projected by GRIDCO for FY 2010-11 (Rs. Cr.)	GRIDCO share (%)	GRIDCO F.C share for FY10-11 (Rs. Cr.)	GRIDCO's Proposed drawal for FY10-11 after C.S. Loss of 3.87% (MU)	Fixed Cost (P/U)
TSTPS Stage -I	397.30	397.30	491.52	31.80	156.30	2,128.24	73.44
TSTPS Stage -II	863.50	863.50	1027.22	10.00	102.72	1,338.52	76.74
FSTPS	518.33	518.33	565.71	13.63	77.11	1,281.89	60.15
KhSTPS-I	316.79	316.79	312.57	15.24	47.64	686.61	69.38
KhSTPS-II *	758.94	758.94	625.01	0.60	3.75	49.60	75.60
TOTAL	2854.07	2854.86	3022.03		387.52	5,484.86	70.65

Variable Charges of Central Sector Stations:

The Variable Charges as approved by Hon'ble CERC for FY 2008-09 has been considered for FY 2010-11, as the Commission have not yet notified individual tariff for any of the NTPC-ER Stations. The same are detailed below in the following table:

Variable Charge (P/U)

Central Thermal Stations	Variable charge as per CERC Order excluding Central Sector Loss (P/U)	Variable charge as approved by OERC for 2009-10 (Including Central Sector Loss of 3.87%) (P/U)	Proposed Variable cost per unit including Central Transmission Loss of 3.87% for FY 2010-11 (P/U)
TSTPS Stage-I	41.10	42.76	42.76
TSTPS Stage-II	58.73	61.09	61.09
FSTPS	98.57	102.53	102.54
KhSTPS Stage-I	108.50	112.87	112.87
KhSTPS Stage-II	125.37	130.42	130.42

Fuel Price Adjustment (FPA) of Central Sector Stations:

Fuel Price Adjustment (FPA) for CG Stations for first six months of FY 2009-10 is given below based on the respective bills of individual NTPC-ER Stations from Apr'09 to Sept'09.

Fuel Price Adjustment (FPA) (P/U)

Stations	Apr-09	May-09	Jun-09	Jul-09	Aug-09	Sep-09	Avg. FPA Rate
TSTPS Stage-I	93.5	87.07	70.01	105.38	43.78	39.38	73.19
TSTPS Stage-II	75.87	69.45	52.38	87.76	26.16	21.75	55.56
FSTPS	105.69	114.87	134.86	144.30	104.54	75.95	113.37
KhSTPS St-I	67.18	59.57	84.48	105.22	71.82	40.90	71.53
KhSTPS St-II	44.09	37.08	60.81	80.89	48.61	18.78	48.38

Considering the hike in prices of coal by 11% and the GoI instruction to use costlier imported coal to the extent of 30% by the Central Thermal Generating Stations, GRIDCO proposes 11% escalation in FPA over the average FPA of first six months of FY 2009-10. With Central Transmission Loss of 3.87%, the FPA projection for FY 2010-11 is shown in the Table below:

Fuel Price Adjustment (FPA) (P/U)

Central Thermal Stations	OERC approval for 09-10 (factoring central Loss) (P/U)	Average FPA of 1st six months of FY2009-10 (P/U)	Projection for 10-11 considering 11% escalations over 1st six months of FY 2009-10 excluding C.S. Loss of 3.87% (P/U)	Projection for FY10-11 including Central Transmission Loss of 3.87% (P/U)
TSTPS Stage-I	32.64	73.19	81.24	84.51
TSTPS Stage-II	16.64	55.56	61.67	64.16
FSTPS	33.78	113.37	125.84	130.90
KhSTPS Stage-I	31.22	71.53	79.40	82.59
KhSTPS Stage-II	0	48.38	53.70	55.86

Year-end Adjustment Charges of Central Sector Stations:

The total Year-end Adjustment Charges (YEA) for FY 2010-11 for CG Stations are projected in line with the actual for FY 2008-09 and for FY 2009-10 (Apr'09 to Sept'09) with the projected CS loss of 3.87%. The details of such YEA Charges are furnished in Table below:

Year-end Adjustment Charges of Central Sector Stations

Central Thermal Stations	Energy (MU)	OERC approval for FY 2009-10 including Central Sector Loss @ 3.87 % (P/U)	Actual for FY 2008-09 (Rs. Crore)	Projection for FY 2010-11 (Rs. Crore)	Projection for FY 2010-11 with CS Loss of 3.87% (Rs. Crore)	Projection for FY 2010-11 including Central Sector Loss @ 3.87 % (P/U)
TSTPS Stage-I	2128.24	3.25	1.7	4.381	4.557	2.14
TSTPS Stage-II	1338.52	3.27	1.72	2.779	2.891	2.16
FSTPS	1281.89	8.34	4.52	13.149	13.678	10.67
KhSTPS Stage-I	686.61	1.59	0.03	0.032	0.033	0.05
KhSTPS Stg.-II	49.60	1.53	0	0.000	0.000	0.00
Total	5484.86			20.340	21.159	3.86

Based on the above presumptions, the Projected Power Procurement Cost from different CGS Stations are furnished in the following Table:

Projected Power Procurement & Cost from different CGS Stations

Central Sector Thermal Stations	Energy (MU)	F.C (P/U)	V.C (P/U)	F.P.A. (P/U)	Yr.E.A. (P/U)	Trans. Charge (P/U)	Total Rate (P/U)	Total Cost (Rs.Crore)
TSTPS Stage -I	2,128.24	73.44	42.76	84.51	2.14	22.07	224.92	478.68
TSTPS Stage -II	1,338.52	76.74	61.09	64.16	2.16	22.07	226.22	302.80
FSTPS	1,281.89	60.15	102.54	130.90	10.67	22.07	326.33	418.32
KhSTPS-I	686.61	69.38	112.87	82.59	0.05	22.07	286.96	197.03
KhSTPS-II	49.60	75.60	130.42	55.86	0.00	22.07	283.95	14.08
Total	5,484.86	70.65	70.77	89.89	3.86	22.07	257.24	1,410.92

6.07 PROCURE MENT COST OF CGP/ CO-GENERATION / RENEWABLE ENERGY/ IPP.**(A) CAPTIVE GENERATING PLANTS (CGPs):**

In line with the Comprehensive Pricing Policy dated 28.02.09 in Case No. 06/2009 to 20/2009, Hon'ble OERC fixed the price of Rs. 3.00/Unit for procurement of surplus power from CGPs which has been revised to Rs. 3.10 / 3.40 / 3.70 / 4.05 / Unit w.e.f. 1st November, 2009 to 31st March, 2010 for different slabs of quantum of power supply vide Commission's Interim Order dated 28.10.2009 in Case No. 06/09 to 20/09.

The procurement price of CGP power during FY 2010-11 requires approval of the Hon'ble Commission in line with the CGP Pricing Policy dated 28.10.2009. In the absence of approved tariff for FY 2010-11, an average price based on the existing approved rate, have been considered subject to the approval by Hon'ble OERC.

Considering the quantum of power procured from various CGPs during the first six months of FY 2009-10, it is observed that majority of CGPs are supplying power either below 5 MW or within 50 MW at best. Thus, an average price of Rs. 3.25 / Unit (avg. of Rs. 3.10 & Rs. 3.40 / Unit) has been worked out and proposed to be considered as procurement price for power from CGPs. during FY 2010-11. GRIDCO proposes to procure **1035 MU** of power at a cost of **Rs. 336.38 Cr.** during FY10-11 as given in the following Table:

Projected Power Procurement & Cost from CGPs during FY 2010-11

Sl. No.	Captive Generating Stations	Energy Proposed for FY 2010-11 (MU)	Equivalent MW	Avg. Rate (P/U)	Cost (Rs. Cr.)
1	NALCO	26	2.97	310	8.06
2	IMFA	260	29.68	340	88.40
3	HINDALCO	74	8.45	310	22.94
4	RSP	15	1.71	310	4.65
5	NBVL	168	19.18	310	52.08
7	Vedant (Jharsuguda)	233	26.60	310	72.23
8	JIndal Stainless Ltd.	259	29.55	340	88.02
9	SCAW	0	0.00	0.00	0.00
	TOTAL	1035	118.15	325	336.38

(B) CO-GENERATION PLANTS:

In line with Hon'ble OERC Order in the matter of pricing of surplus power from Captive Generating Plants (CGPs) and Co-generation Plants, GRIDCO has able to identify about 15 Nos. Co-generating Plants. Hon'ble OERC vide their Order dated 28.02.09 in Case No. 06/2009 to 20/2009 OERC fixed the price of Rs. 3.10/Unit for procurement of surplus power from Co-generating Plants by extending them an incentives of 10 Paise per Unit more than the normal CGPs' price so as to encourage Co-generating Plants under the mandate of the Electricity Act, 2003. The price has been revised to Rs. 3.20 / 3.40 / 3.70 / 4.05 / Unit w.e.f. 1st Nov'09 for different slabs of quantum of power supply vide OERC Interim Order dated 28.10.2009 in Case No. 06/09 to 20/09.

Considering the quantum of power procured from various CGPs during the first six months of FY 2009-10, it is observed that majority of CGPs are supplying power either below 5 MW or within 50 MW at best. Thus an average price of Rs.3.30 / Unit (avg. of Rs.3.20 & Rs.3.40/Unit) has been worked out and proposed to be considered as procurement price for CGPs. during FY 2010-11. GRIDCO proposes to procure **545 MU** of power at a cost of **Rs.179.84 Cr.** during FY 2010-11 as given in the following Table

Projected Power Procurement & Cost from Co-generating Plants during FY 2010-11

Sl. No.	Co-Generating Plants	Energy Proposed for FY 2010-11 (MU)	Equivalent (MW)	Rate (P/U)	Total Cost (Rs. Crore)
1	NINL	80.00	9.13	320	25.60
2	ARATI STEEL	142.00	16.21	340	48.28
3	Tata Sponge	130.00	14.84	340	44.20
4	SMC Power	20.00	2.28	320	6.40
5	Pattnaik Steel	22.00	2.51	320	7.04
6	IFFCO	15.00	1.71	320	4.80
7	VISA Steel	10.00	1.14	320	3.20
8	VEDANTA, Lanjigarh	20.00	2.28	320	6.40
9	SHYAM DRI	20.00	2.28	320	6.40
10	BHUSAN Steel Ltd.	24.00	2.74	320	7.68
11	Rathi Steel & Power	15.00	1.71	320	4.80
12	SREE Mahavir Ferro Alloys.	20.00	2.28	320	6.40
13	Action Ispat	10.00	1.14	320	3.20
14	Aryan Ispat	1.00	0.11	320	0.32
15	Bhushan power & Steel Ltd.	16.00	1.83	320	5.12
16	Total	545.00	62.21	330	179.84

(C) RENEWABLE ENERGY:

Hon'ble OERC in their Orders dated 20.08.2005 in Case No.14/2005 have directed that GRIDCO should purchase power from non-conventional & Renewable energy sources upto the total power purchase during the year FY 2007-08 and it should increase at the rate of 0.5 % per annum for each subsequent years to reach a level of 5 % per annum by FY 2011-12.

During FY2010-11, GRIDCO proposes to procure around **150 MU** from **Meenakshi Hydro Power** and **150 MU** from **SAMAL Small Hydro (Renewable sources)** at a price of Rs.3.00 and 3.10/Unit, respectively amounting to **Rs.91.50 Crore**. The average Tariff for these two Renewable Sources works out to be **Rs. 3.05 P/U**.

(D) IPPs (Sterilite Energy Ltd.)

Pursuant to the terms of PPA executed with M/s Sterlite Energy Ltd. and submitted with OERC for approval, the Cost of power procurement by GRIDCO shall be at a rate as may be approved by Hon'ble OERC. Pending approval of the power procurement cost, GRIDCO proposes an average price of **257.24 P/U** which is the proposed average price / rate of power procurement from Central Thermal Power Plants for procurement of **1886.59 MU** (equivalent to about 430 MW). The total procurement cost is thus, estimated at **Rs.485.31 Crore**.

7.00 PGCIL Transmission Charges:

Pending finalisation of the CERC (Terms and Condition for determination of Tariff) Regulation for FY 2009-14, the Annual Transmission Charge approved by CERC for different lines of Power Grid Corporation of India Ltd. (PGCIL) for FY 2008-09 has been taken as the Annual Transmission Charge for FY 2010-11 as per latest transmission charges bill of PGCIL. Annual fixed charges of PGCIL towards regional assets is **Rs. 781.495 Cr.** (including incentive and income tax as per new regulation effective from 1.04.2009 and as per the current billing pattern of PGCIL) Similarly Annual Fixed Charges of PGCIL towards Inter-Regional Asset is **Rs. 18.362 Cr.** (including incentive and income tax as per new regulation effective from 1.04.2009 and as per the current billing pattern of PGCIL)

Thus, GRIDCO is required to pay **Rs 115.13 Crore (Rs. 781.495 Cr. X 14.73%)** towards Regional Transmission charges and **Rs. 4.18 Crore (Rs.18.362 Cr. X 22.78%)** towards Inter Regional Transmission Charge for the usage of transmission facility in the Eastern Region.

Year End Charges

Year-end Adjustment for FY 2010-11 is calculated as **Rs.9.45 Cr.** basing on the Incentive bill & Income tax for FY 2008-09 claimed by PGCIL. The details are furnished in the Table below:

Proposal for YEA Charges payable to PGCIL during FY 2010-11

ITEM	Claimed by PGCIL	Considered by GRIDCO (Rs. Cr.)
A. Incentive		
FY 2008-09	5.417	5.417
Proposed for FY 2010-11	5.42	5.42
B. Income Tax		
FY 2008-09		
Proposed for FY 2010-11	0	0
C. AMC for special type Meters		
Approved for FY 2007-08		
Proposed for FY 2008-09		
D. FERV & Interest paid for Foreign Currency Loan & Floating rate of Interest		
Incurred during FY 2008-09	4.03	4.03
Proposed for FY 2010-11	4.03	4.03
Total Year End Charges proposed for FY 2010-11	9.45	9.45

Based on the projection for FY 2010-11, GRIDCO is required to pay Rs. 142.19 Crore to PGCIL towards Inter State Transmission Charges. This includes collection of Rs 3.18 Crore by PGCIL towards Short Term Open Access Charges from the relevant Customers. Considering this, GRIDCO projects payment of **Rs.139.01 Crore (Rs.142.19 Cr. – Rs.3.18 Cr.)** to PGCIL towards transmission charges for FY 2010-11 for transmission of **6322.86 MU**. The per unit transmission cost estimated as **22.07 P/U** including the Central Transmission Loss of **3.87%**. The details are shown in the **Table** below.

PGCIL Transmission Charges for 2010-11		
	Commission's Approval for	GRIDCO's Projection for
	FY 2009-10	FY 2010-11
Regional Transmission System (Rs. Crore)	655.96	781.495
Inter Regional Trans. System chargeable to E. R. (Rs. Crore)	12.44	18.362
Total Fixed Cost	668.40	799.857
GRIDCO's share from Regional Transmission System (Rs. Crore) (14.73%)	101.28	115.13
GRIDCO's share (22.78%) from Inter Regional Trans. System (Rs. Cr.)	2.90	4.18
Sub-Total	104.173	118.33
GRIDCO's share for Year End Charges (Rs. Crore)	10.61	9.45
ULD and Communication Charges (Rs. Crore)	13.498	13.43
Total Annual Transmission Charge payable by GRIDCO for Central Transmission System (Rs. Crore)	128.281	142.19
Less: Transmission Charges received from Short Term Open Access Customers (Rs. Crore)	3.726	3.18
Net amount payable by GRIDCO towards Transmission Charges (Rs. Crore)	124.555	139.01
Energy drawal by GRIDCO (MU)	7114.80	6322.86
PGCIL Transmission Charge (P/U)	17.51	20.87
PGCIL Trans Charge (P/U) including Central Sector Loss	18.21	22.07

8.00 Summary of power procurement Costs:

THE PROCUREMENT QUANTITY, TOTAL COST AND EFFECTIVE RATE FOR FY 2010-11 ARE SUMMARIZED IN THE TABLE GIVEN BELOW:

Summary of proposed power procurement Costs during FY 2010-11				
Sl. No.	Generators	Energy (MU)	Rate (P/U)	Total Cost (Rs. Cr.)
1	Hirakud	997.16	75.83	75.61
2	Rengali	688.05	44.24	30.44
3	Balimela	1172.16	61.74	72.37
4	Upper Kolab	828.63	25.14	20.83
	Sub-Total	3686.00	54.06	199.26
5	Indravati	1944.36	77.36	150.42
	Total	5630.36	62.11	349.68
6	Machhakund	262.5	19.98	5.244
A	Total State Hydro availability	5,892.86	60.23	354.92
7	OPGC	2,853.47	157.73	450.08
8	TTPS	2957.32	211.31	624.92
B	Total State Thermal availability	5,810.79	185.00	1,074.99
9	CGPs	1035.00	325.00	336.38
10	Co-generation Plants	545.00	330.00	179.84
11	Renewable Energy Source	300.00	305.00	91.50
12	IPPs (Sterilite Energy Ltd.)	1886.59	257.24	485.31
C	Total availability from State CGPs, IPPs & Renewable Energy Sources	3766.59	290.19	1093.02
D	State Total (A+B+C)	15,470.24	163.08	2,522.94
13	TSTPS Stage-I	2,128.24	224.92	478.68
14	TSTPS Stage-II	1,338.52	226.22	302.80
15	Farakka	1,281.89	326.33	418.32
16	Kahalgaon-I	686.61	286.96	197.03
17	Kahalgaon-II	49.60	283.95	14.08
E	Total availability from CS Thermal Stations (Orissa share)	5,484.86	257.24	1410.92
18	Chukha	251.00	187.47	47.06
19	TALA	144.00	213.48	30.74
20	Teesta-V	443.00	190.59	84.43
F	Total availability from Central sector hydro share	838.00	193.59	162.23
G	Total EREB share (E+F)	6322.86	248.80	1573.15
H	Total energy available to GRIDCO (D+G)	21793.10	187.95	4096.09

9.00 Special Appropriation:

9.01 Special Appropriation towards Past Liabilities towards Power Purchase and other Costs.

At present GRIDCO is functioning only as a Deemed Trading Licensee for Bulk Supply of Power to the DISCOMs with effect from 01.04.2005 after the transmission related assets and liabilities were transferred to OPTCL in terms of the State Govt. Notification dated 09.06.2005 while the present liabilities are related to Bulk Supply business of GRIDCO the past liabilities of the combined business of GRIDCO (Transmission and Bulk Supply) need also to be serviced.

In Bulk Supply Tariff Order dated 22.3.2007, Hon'ble Commission have dealt with the past losses and uncovered expenses carried out by GRIDCO in Para No. 5.34.10 and have observed as under :

"The loan liabilities of GRIDCO consisting of Govt. loans, institutional loans, secured loans and GRIDCO bonds have been assigned to GRIDCO under a transfer scheme entitled the Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme 2005 published u/s 131 (4) of the Electricity Act, 2003. These liabilities are attributable to bulk supply activities of GRIDCO created by conversion of current liabilities to long-term liability functioning as erstwhile Bulk Supply and Transmission Licensee. These liabilities exist as facts and as legal obligations of GRIDCO, which cannot be wiped out. GRIDCO as a trader has virtually no assets. The liabilities have been incurred by GRIDCO not for creating assets but for meeting the demands of its suppliers when Distcos have defaulted in their payments to GRIDCO".

Without prejudice to the appeals pending before ATE against the above ARR & BSP Order dated 22.03.2007 and also the subsequent BSP / Tariff Orders of Commission, GRIDCO proposes for recovery of the past liabilities to be paid in FY 2010-11 through ARR to the extent of amount payable for serving various loans which loans are essentially on account of outstanding dues of GRIDCO being not met.

GRIDCO has projected a total loan repayment of **Rs.612.03 Crore** during FY 2010-11 as per the schedule shown in **TRF-3** for pass through in the ARR so as to enable GRIDCO to meet its liability arising out of Bulk Supply activities. This is more important on the following grounds.

- (i) Unlike earlier years, the demand of the State has gone up and there is no surplus power available to GRIDCO which can be exported for earning revenue and meeting the past liabilities of GRIDCO.
- (ii) There is no depreciation allowance for repayment of liabilities as GRIDCO has no assets.
- (iii) The DISCOMs have not been paying their outstanding dues to GRIDCO which can be utilized to meet the repayment liabilities of GRIDCO. In case it is so considered in the ARR of GRIDCO for FY 2010-11, the DISCOMs may be directed to provide L.C. for the monthly installments due from them.
- (iv) The failure on the part of GRIDCO to pay the loan dues will result in invocation of escrow by the lenders and consequently regulation of power supply for non-payment of power dues to generators. Consequently GRIDCO will not be in a position to meet the Energy demand of the DISCOMs.
- (v) Due to the revenue gap in the BSP order for FY-2009-10 and non availability of hydro power, GRIDCO has defaulted in payment against OHPC bond dues, GoO, NTPC bond dues, Pension Trust bond dues. The arrear payments to OHPC @ Rs. 5.37 crore per month from October-2008 has also been defaulted due to shortage of revenue. This should not continue for FY-2010-11 and the amounts in default should be considered in the Revenue Requirement of GRIDCO.
- (vi) The non-payment of loan dues is seriously affecting the credibility of GRIDCO and further financing through Term Loans from Banks is becoming impossible. The credit rating which is mandatory in case of loans from Banks will further deteriorate and the interest rate will go up on account of Basel-II norms adopted by Reserve Bank. The business risks for GRIDCO and the key rating drivers as perceived by **Fitch Credit Rating (I) Ltd.** are given in **Annexure - I**.

9.02 Pass through of Power Purchase Cost for FY 2009-10:

In the ARR & BSP Order dated 20.03.2009 passed in Case No. 62 of 2008, the Hon'ble Commission has left a revenue gap of Rs. 637.69 crore excluding the liabilities towards principal repayment, and has observed that this gap is either to be met by increasing the Bulk Supply Tariff to be collected from the DISCOMs or from other sources including earning from trading, UI or subvention from Govt. In absence of adequate hydropower as envisaged in the tariff order and procurement of thermal power from CGP and other sources at a high cost, the estimated revenue gap for FY

2009-10 is to the extent of **Rs.1653.23 Crore** mainly on account of power purchase costs as detailed in **Annexure - II**.

In order to maintain uninterrupted power supply to the consumers of the State, GRIDCO has availed loans from Banks to pay the power purchase dues which is required to be allowed in the future tariff.

Without prejudice to the Appeal filed by GRIDCO before ATE against the BSP order for FY 2009-10, GRIDCO submits that the Hon'ble Commission recognize the power purchase cost of Rs. 1558.00 crore for FY 2009-10 as income receivable for the said year and to be recovered through future year tariffs. **The total estimated shortfall in ARR amounts to Rs. 1653.23 Crore for FY 2009-10.** The ARR short fall is being financed by bank loans in absence of any other sources of funding and the loans will be repaid to the banks after being allowed in different tariff periods in the ARR of GRIDCO in addition to the interest liability which has been claimed for recovery. The estimated year wise repayment liability is as under: -

(Rs. in crore)

Year	Loan repayment	Interest payment	Total Payment
FY 2009-10		67.36	67.36
FY 2010-11	99.52	153.65	253.17
FY 2011-12	204.64	140.57	345.21
FY 2012-13	347.14	112.78	459.92
FY 2013-14	332.85	79.93	412.79
FY 2014-15	290.00	50.66	340.66
FY 2015-16	233.33	24.89	258.22
FY 2016-17	142.50	5.56	148.06
Total	1650.00	635.39	2285.39

GRIDCO may be allowed for recovery of an amount of **Rs. 99.52 Crore** on account of repayment of loan liabilities during FY 2010-11 due to power purchase cost for FY 2009-10.

9.03 Truing up and Regulatory Assets:

Based on audited accounts up to FY 2007-08, Hon'ble Commission has provisionally trued up the ARR of GRIDCO up to FY 2007-08. However, the Commission is of the opinion that the outcome of the order on receivable audit of DISCOMs has some bearing on the income of GRIDCO and hence, decided to undertake final Truing-Up Exercise after pronouncement of the Order on Receivable Audit.

In this context, it is to mention that the amount of interest recognized as income in the Truing-Up Exercise and the revenue for the year-end-adjustment bills have not been received by GRIDCO for DISCOMs. The income on these accounts should not be considered as revenue of GRIDCO for the purpose of Truing-Up until the same has not been paid by them.

9.04 Arrear payment to OHPC:

As per the directive of Govt. and the settlement agreed with OHPC, GRIDCO has been paying an amount of **Rs. 5.37 Crore** per month to OHPC to clear their outstanding energy dues. It was paid up to September, 2008 and thereafter GRIDCO has defaulted in payment of the amounts due to them on account revenue shortfall in FY 2008-09 and the current year. OHPC has been calling upon GRIDCO for clearing their dues as per the settlement reached. OHPC has been providing GRIDCO with economical hydro power and therefore the default in the payment of the amount due to OHPC is not in the interest of the consumers at large and also the Discoms. In order to enable GRIDCO to pay the dues of OHPC for an amount of **Rs. 5.37 crore per month from October -2008 to March- 2011 (30 months)** an amount of **Rs. 161.10 crore** may be considered for recovery in the ARR of GRIDCO for FY 2010-11.

9.05 Arrear Payment to OPGC:

Pursuant to the settlement approved by the State Government, GRIDCO will execute agreement amending the PPA and Tripartite Agreement, which shall be submitted to the Hon'ble Commission for approval. GRIDCO will be liable to pay **Rs.72.57 Crore** to OPGC towards arrear dues which were held up because of the dispute with regard to the tariff norms applicable for procurement of power from OPGC. The above amount of **Rs. 72.57 Crore** is as per the calculation by GRIDCO up to the 2nd quarter of the FY 2008-09. GRIDCO, therefore, submits to the Hon'ble Commission that subject to the approval of the Amended Agreements by the Hon'ble Commission, the arrear power purchase dues amounting to **Rs. 72.57 Crore** may be allowed in the ARR during the FY 2010-11 as Pass Through.

Summary of amounts proposed for Special Appropriation: (Rs. in Crore)

Special appropriation for past liabilities towards power purchase and other costs.	612.03
Pass through of power purchase cost for FY 2009-10.	99.52
Arrear payment to OHPC:	161.10
Arrear Payment to OPGC:	72.57
Total	945.22

10.00 Summary of other expenses:

The total volume of expenditure under various components excluding cost of power procurement is grouped under the following heads:

- i. **Interest on Long-term loan.**
- ii. **(a) Employee Cost.**
(b) Administrative & General Expenses.
(c) ERLDC Charges.
(d) Repair & Maintenance Expenses.

10.01 Interest on Long Term Loans: (TRF-3):

The Interest on long-term liabilities on account of the loans mainly related to Power Purchase has been taken as **Rs.364.41 Crore** in this application. A statement to this effect is annexed as **TRF-3** for kind perusal and approval by the Hon'ble Commission.

10.02 Employees Cost: (TRF-13):

Based on the actual expenses of Rs. 3.49 crore during FY 2008-09 & approval of Rs.3.33 crore for FY 2008-09 and keeping in line with the 6th Pay Commission Recommendation for Revision of Pay Scales, GRIDCO projects an amount of **Rs. 5.98 Crore** including arrears towards employees cost upto 31st March, 2009 **during FY 2010-11** by factoring reasonable increases under different sub-components (as provided under OERC **TRF-13** Format), for approval by the Hon'ble Commission. Details of such costs are annexed in **TRF-13**.

GRIDCO further requests that any amount more than the above projection may be passed through in the subsequent ARR.

10.03 Administrative and General Expenses (A & G Expenses): (TRF-15):

GRIDCO has projected an amount of **Rs. 3.99 crore** towards A & G Expenses during **FY 2010-11**. Details of such expenses are given in **TRF-15**.

10.04 ERLDC , NLDC and ULDC Fees:

Fees and scheduling charges are leviable by the respective Load Dispatch Centres like ERLDC (Eastern Regional Load Dispatch Centre) and NLDC (National Load Dispatch Centre) and SLDC Scheduling Charges to the grid beneficiaries like M/s. Grid Corporation of Orissa Limited (GRIDCO). The proposed expenditure under this head is **Rs. 1.32 Crore**.

10.05 Repair & Maintenance Expenses: (TRF-14):

GRIDCO is projecting **Rs.0.30 Crore** towards the repair maintenance of vehicle, furniture and office equipments for FY 2010-11. The details of such expenses are annexed in **TRF-14**.

Summary of other Costs / Expenditures of GRIDCO:

Based on the above projections, GRIDCO proposes to incur about **Rs. 376.00 Crore** towards expenses on account of Interest payment, Employees Cost, A&G Expenses and ERLDC Fees etc. **(Rs. in Crore)**

	GRIDCO proposal for FY 10-11
1. Interest Cost	364.41
2. Other Costs:	
a. Employee Cost	5.98
b. A&G Cost	3.99
c. ERLDC, NLDC fees, ULDC and SLDC scheduling Charges	1.32
d. Repair & Maintenance Cost	0.30
Sub-Total - Other Costs	11.59
Total (1+2)	376.00

11.00 Return on Equity:

GRIDCO proposes allowance of a sum of **Rs. 67.11 Crore** towards Return on Equity (RoE) @**15.50%** on its **Equity Capital of Rs. 432.98 Crore**. GRIDCO respectfully submits before the Hon'ble Commission that RoE may be allowed as per the National Tariff Policy and OERC Tariff Regulations which will improve the long-term financial health of GRIDCO.

12.00 Other Income/ Miscellaneous Receipts:

GRIDCO expects to earn an amount of **Rs. 4.20 Crore** from proposed sale of 10 MU emergency power to Long Term Customers like NALCO and ICCL as per the MOU signed with these entities.

13.00 Receivable from DISCOMs and Others:

The Commission in its order dated, 01.12.2008 has directed DISCOMs for payment of outstanding dues as on 31-03-2005 in 120 monthly installments which are not so far paid by the DISCOMs to GRIDCO.

The Commission has directed DISCOMs in different tariff orders for payment of arrear dues by DISCOMs to GRIDCO which have not been complied by all DISCOMs. Since, the amounts are considered in ARR of GRIDCO, the non-payment by DISCOMs has affected the finance of GRIDCO. The details of amount payable by DISCOMs and the actual payment are as under:-

(Rupees in Cr.)					
PARTICULARS	WESCO	NESCO	SOUTHCO	CESU	TOTAL
Amount approved in BSP / Tariff Orders					
2006-07	36.83	41.36	31.91	0	110.10
2007-08	36.83	41.36	31.91	43.23	153.33
2008-09	36.83	65.00	0	118.00	219.83
2009-10	0	0	19.00	151.00	170
TOTAL	110.49	147.72	82.82	312.23	653.26
Amount paid					
2006-07	52.00	59.84	0	0	111.84
2007-08	4.40	57.58	9.53	0	71.51
2008-09	0	80.72	5.86	32.47	119.05
2009-10 (upto Sept-09)	2	0	3.37	42.70	48.07
TOTAL	58.4	198.14	18.76	75.17	350.47

The payments made by DISCOMs do not include the amount on account of BSP revision in FY 2007-08 adjusted against outstanding BSP dues. The payment made by SOUTHCO in FY 2009-10 will be adjusted against WESCO as per the BSP tariff order dated 20.03.2009 of the Commission.

The outstanding dues from DISCOMs as on 31.03.2009 pursuant to the order dated 01.12.2008 of the Commission are excluding the amount payable by DISCOMs on account of Transfer Scheme adjustment and DISCOMs bonds. The outstanding dues payable by DISCOMs to GRIDCO as on 01.04.2009 is Rs. 3818.97 crore including the outstanding dues against Reliance managed DISCOMs Power Bonds (Rs. 680.55 crore) as given in [Annexure – III](#).

Besides the above, GRIDCO has the following receivables as per its accounts.

		Rs. in crore
I)	Govt. Departments.	- 91.71
II)	PSUs / ULB	- 113.49
II)	MPSEB	- 71.78
IV)	APSEB	- 30.19
V)	IMFA (ICCL)	- 19.55
Total		<u>326.72</u>

The dues from Govt. Departments and PSUs are carried over in the accounts of GRIDCO although they are the consumers of DISCOMs pursuant to Transfer Notification dated 25.11.1998. The DISCOMs have not yet collected the outstanding dues nor have provided the detailed status of these consumers and also the outstanding dues as per the customers ledger. The dues from MPSEB, APSEB, IMFA are under litigation and not yet settled. GRIDCO is not likely to receive any amount from these parties during FY 2010-11.

In view of this, receivable from parties other than DISCOMs may not be considered in the ARR of GRIDCO for FY 2010-11.

14. Annual Revenue Requirement of GRIDCO for FY 2010-11:

The Net Annual Revenue Requirement of GRIDCO for the FY 2010-11 is estimated as **Rs. 5480.22 Crore** based on the following Costs as given in the Table below.

ITEM	GRIDCO Projection for FY 2010-11 (Rs. Crore)
Power Purchase cost	4,096.09
The Interest & Financing Charges,	364.41
Employees Cost	5.98
A&G Expenses	3.99
R & M Expenses	0.30
ERLDC charges	1.32
Return on Equity	67.11
Sub- Total	4,539.20
Special appropriation for past liabilities towards power purchase and other costs.	612.03
Pass through of power purchase cost for FY 2009-10.	99.52
Proposal for Pass Through of Arrear Payment to OPGC	72.57
Arrear payment to OHPC:	161.1
Sub Total	945.22
Gross Revenue Requirement	5,484.42
Less Miscellaneous Receipts	4.20
Net Revenue Requirement to be recovered from DISCOMs	5,480.22

15. Revenue to be earned by GRIDCO from sale of proposed energy of **20,846.00 MU** to DISCOMs for FY 2010-11 at the existing BSP Rate for FY 2009-10 is shown below:

	Energy (MU)	Existing BSP Rate (P/U)	Amount (Rs. Cr.)
CESU	6670.00	101.50	677.01
NESCO	5140.00	130.00	668.20
WESCO	6451.00	154.00	993.45
SOUTHCO	2585.00	70.00	180.95
TOTAL	20846.00		2519.61

16. **Revenue Requirement (Excess/Deficit) with the existing BSP:**

GRIDCO will suffer revenue deficit of **Rs.2960.61 Crore** considering the ARR proposed and the revenue to be earned by GRIDCO from sale of the proposed energy of **20,846.00 MU to DISCOMs for FY 2010- 11** at the existing BSP Rate for FY 2009-10, the details of which are shown in the Table below:

ITEM	GRIDCO projection for FY 2010-11 (Rs. Crore)
Total Revenue Requirement	5,484.42
(-) Misc. Receipt from sale of Power to CGPs	4.20
Net Revenue Requirement to be recovered from DISCOMs	5,480.22
Revenue Receipt from DISCOMs at the existing BSP	2,519.61
Gap i.e. Surplus / Deficit (-)	-2,960.61

Proposal for Revision of Bulk Supply Price

GRIDCO, with its present Bulk Supply Price Structure, cannot meet its current costs as it results in deficit of **Rs. 2960.61Crore**. In order to meet this deficit, GRIDCO humbly submits the present ARR & BSP Application before Hon'ble Commission praying for revision of Bulk Supply Price to be effected from **1st April, 2010**.

Design of Bulk Supply Price to meet the proposed Annual Revenue Requirement for FY 2010-11:

1) Energy Charge:

GRIDCO proposes to recover the net Revenue Requirement of **Rs.5480.22 Crore** through energy charge only from the DISCOMs @ **262.89 P/U** showing an increase of **115.13 %** from the existing average BSP of **122.20 P/U** which is shown in the Table below:

Net Revenue Requirement to be recovered from DISCOMs (Rs. Crore)		5,480.22
Energy Sale to DISCOMs	(MU)	20846
Proposed Average Bulk Supply Price	(P/U)	262.89
Existing BSP	(P/U)	122.20
% Rise over existing Average BSP of 122.20 P/U		115.13%

2) Demand Charge:

GRIDCO proposes that the Demand Charges may be levied @ Rs.200/KVA/Month from DISCOMs. When the actual SMDs of DISCOMs in a month exceeds the permitted Monthly SMDs (110% of the approved SMD), the DISCOMs will be billed by GRIDCO and paid by DISCOMs on provisional basis towards the excess SMD to take care of monthly variations. However, such Charges will be adjusted at the end of the year if the actual Annual SMD remains within the Permitted Annual SMD i.e. 110% of the approved Annual SMD. If not, the Demand Charges for the excess SMDs may be levied at the above proposed rate.

3) Over Drawal and Year End Charges:

The Over Drawal and Year End Charges payable by DISCOMs are not presently billed on month-to-month basis, but at the end of the year as Year End Adjustment (YEA) which remain unpaid by the DISCOMs. The Outstanding dues on account of YEA payable by the four DISCOMs to GRIDCO is tabulated below:

Outstanding Amount on account of Year-End-Adjustment (YEA) payable by DISCOMs (Rs. Crore)		
DISCOMS	FY 2007-08	FY 2008-09
WESCO	5.00	69.08
NESCO	5.25	36.71
SOUTHCO	2.71	36.71
CESU	4.90	58.14
Total	17.86	200.64

GRIDCO proposes that any excess drawal of energy by a Distribution and Retail Supply License (DISCOMs) during a **month** over and above the approved energy quantum (**Approved MU for FY2010-11 X No. of days of the relevant month / 365 days**) would be payable on provisional basis at the highest OERC approved Power Purchases Rate fixed for a Station for FY 2010-11 (which includes transmission charges and transmission loss) on monthly basis instead of the normal differential BSP applicable to the respective DISCOMs subject to final Year End Adjustment (YEA) considering the highest Power Purchases rate/ cost including the rate/s of energy drawn through U.I. Route of the month plus transmission charges and transmission loss in contrary to the practice being followed as of now.

4) Rebate for Timely Payment:

As per the present BSP order for FY 2009-10, for payment of bills through a Letter of Credit/ upfront by cash within two working days a rebate of 2% shall be allowed. If the payments are made by a mode other than through a letter of credit but within a period of one month of presentation of bills, by the Distribution Licensee, a rebate of 1% shall be allowed.

The above rebate provision for FY 2009-10 may be modified to ensure arrear payment and to obviate the difficulty in negotiation of documents.

At present, the payments against monthly energy bills are being paid by DISCOMs at the end of two working days by availing credit facility from the SOD Account for the shortfall which is recouped from escrow account. For payment of bills through LC some bank formalities and documents are to be complied. In case the DISCOMs do not make payment within two working days and GRIDCO is not informed about the non-payment of the bills by DISCOMs, it is not possible on the part of GRIDCO to negotiate the bill through LC within two working days. The arrear collections are to be collected on monthly installment basis as per the order dated 01.12.2008 of the Commission. Since, the arrear collections are being considered in the ARR of GRIDCO, it is to be collected along with monthly energy dues, so that GRIDCO can pay the dues to the generators.

Hence, it is proposed that ;

- i. a rebate of 2% on monthly energy bill will be allowed in case full payment against monthly energy bill of GRIDCO, as well as monthly installment of arrear dues are credited to the account of GRIDCO in Union Bank, Main Branch, Bhubaneswar, within two working days (except holidays under NI Act) of submission of the bill by GRIDCO.
- ii. In case DISCOMs fail to credit the amount to the account of GRIDCO within two working days and thereafter GRIDCO receives payment for the full bill value including monthly installment through LC or upfront on any day within a period of 30 days of the presentation of the bill, a rebate of 1% on the monthly energy charges shall be allowed.
- iii. The DISCOMs will be entitled to the rebate as mentioned above provided the L.C. is established in favour of GRIDCO as per the terms and conditions of the Escrow Agreement entered between GRIDCO and the DISCOMs.

5) Surcharges for Late Payment:

The Surcharge for delayed payment of bulk power supplies bills i.e., payment after the periods of 30 days from the date of submission of bills, may be retained at 1.25% per month.

6) Fuel Price Adjustment (FPA):

During recent times, it is observed that NTPC Generating Stations are claiming higher FPA charges every month as compared to the approved FPA. This happens due to use of high cost imported coal and increase in price relating to Fuel and Fuel Related Costs. GRIDCO is paying the excess amount claimed by NTPC by borrowing loans from banks/ financial institutions. In this regard, GRIDCO submitted an application before Hon'ble Commission for approval and implementation of Fuel Surcharge Adjustment during FY 2009-10 for recovery from the four Distribution Companies as set out in **Appendix – 7 under Regulation 60(1) & (2) of OERC (Conduct of Business) Regulations and Section 62 (4) of the Electricity Act, 2003** to insulate GRIDCO from the increase in the power purchases cost from NTPC Stations towards increase in price relating to Fuel and Fuel Related Costs during FY 2009-10. The application of GRIDCO is yet to be disposed off by the Hon'ble Commission.

GRIDCO proposes to pass on the excess payment made to NTPC Stations towards FPA for each month to DISCOMs in the succeeding month in proportion to their actual drawl in a particular month along with the BSP bill/s if the Fuel Surcharge Price (**A**) of

the particular month exceeds 5% of approved **Average Bulk Supply Price (CC)** subject to maximum of 25% of the approved **Average Bulk Supply Price (CC)** such that DISCOMs will be in a position to recover the same from their consumers in the same month along with their normal bill/s at a rate which will be arrived at by considering their approved monthly sale quantum to consumer (approved quantum for the financial year/12 months).The method to be adopted by GRIDCO and DISCOMs for realization of FPA is shown in the Table below.

Estimation of the Fuel Surcharge Price including Interest (**P/U**) to be recovered from each DISCOM in the next succeeding month is explained below.

Actual fuel related cost paid by GRIDCO towards NTPC claim for a particular month. (Rs in Cr.)	PbnQn,
Fuel related cost required to be paid by GRIDCO to NTPC for the particular month considering OERC approved FPA rate for bulk purchase of power from NTPC stations. (Rs. in Cr.)	PnQn
Additional Fuel related cost paid by GRIDCO to NTPC for the particular month over and above OERC approval. (Rs in Cr.)	PbnQn - PnQn
Total actual sale to DISCOMs for the particular months (MU)	Qs
Additional Fuel Related Cost to be paid by each DISCOMs (P/U)	$C=(Pbn\ Qn- Pn\ Qn)/ Qs$
Interest cost for one month (Rs. Cr.)	$I =\{(C*Qs) * r* 1/12\}$
Additional interest cost for one month to be paid by DISCOMs (P/U)	I/Qs
Total Fuel Surcharge price including Interest for pass on to each DISCOM in the next succeeding month (P/U)	$A1=(C+ I/Qs) > 5\%$ of CC

Where;

- Pbn** = Actual fuel related cost component in price (P/U) paid by GRIDCO to NTPC
- Pn** = Fuel related cost component in price (P/U) as approved by OERC for 2010-11.
- Qn** = Quantity of power purchased from NTPC stations for the particular month.
- r** = average rate per annum of short term borrowing (%).
- CC** = the average cost of Bulk Supply Price fixed for FY 2010-11(P/U)

Estimation of Fuel Surcharge Price (**P/U**) to be recovered by each DISCOM from its consumer in the next succeeding month is explained below.

Actual sale to one DISCOM (i.e. actual drawal by DISCOM) during the particular month (MU)	Q
Amount to be paid by the one DISCOM to GRIDCO during the succeeding month based on the actual drawal during the particular month (Rs. Cr.)	X = A1* Q
DISCOM's monthly approved Sale quantum to consumers for FY10-11 (Annual approval quantum / 12 months) (MU)	Y
Fuel Surcharge to be recovered from the consumers by the DISCOM (P/U)	A2= X/Y

7) Concerns relating to High Prices / Rates of Energy and suggestion of the 11th Meeting of Central Advisory Committee (CAC) for recovery thereof

It was resolved in the 11th Meeting of **Central Advisory Committee (CAC)** held at New Delhi on 06th July, 2009 under chairmanship of Chairperson of Central electricity Regulatory Commission (CERC) that high prices of electricity energy were mainly the result of States not taking for years any significant action for setting up generation capacity.

It was, therefore, suggested in the 11th CAC Meeting as under:

Quote:

.....that the Regulatory Commission while approving the ARR, should clearly quantify the month wise quantum of purchase of electricity in the short term market and ceiling purchase price thereof and it should be clearly provided that any purchases beyond the quantum so specified would not be allowed as pass through in the ARR. Any extra quantum of purchase, if at the instance of the State Government through upfront payment on lines of the scheme envisaged under section 65 of the Act.

It was felt that such mechanism once instituted, would also bring down the political pressure on the utilities.

Unquote

It is submitted that Hon'ble OERC may kindly follow the above suggestions of the CAC which will not only be of much relevance to GRIDCO but also provide much needed financial relief from the State Government in reducing the burden / deficit due to high power purchase cost vis-à-vis a comparatively lower BSP being approved by the Hon'ble Commission during last couple of years.

8) Appropriate Pass through Mechanism

Without prejudice to the submissions made hereinabove the Bulk Supply Tariff of GRIDCO need to be fixed after taking into account the following salient aspects:

- (a) GRIDCO is an intermediary licensee and it has no operating assets, no generation station, no distribution system;
- (b) The only source of revenue for GRIDCO is the receivables on the sale of Power to Discoms and to the limited extent when availability from hydro generation is good;
- (c) The power purchase costs which constitute 75% of the Revenue Requirements are uncontrollable in the hands of GRIDCO and there cannot be any issue of such costs not being allowed as a pass through in the BSP;
- (d) The Power Purchase Costs varies based on number of things affecting the generation station and the generation companies recover all additional costs from GRIDCO in the monthly billing;
- (e) The Power Purchase costs as a whole which GRIDCO incurs should therefore be a pass through in the BSP on a monthly basis and there should not be any postponement of such costs till the true up exercise is undertaken;

- (f) The formulae to be evolved for billing for BSP should therefore authorize GRIDCO to bill the four Discoms an adjustment factor based on the Power Purchase Cost actually paid by GRIDCO during the previous month to the generation companies and other sources from where the Power is procured;
- (g) In the above process there will be a self adjusting cost closer to the reality for consumer billing and this will consistent with the principles laid down in the Tariff Policy notified by the Central Govt. and also recognized by the Hon'ble Supreme Court in UPPCL V. NTPC that;
- (h) In the above process there will be a self adjusting cost closer to the reality for consumer billing and this will consistent with the principles laid down in the Tariff Policy notified by the Central Govt. and also recognized by the Hon'ble Supreme Court in UPPCL V. NTPC that as far possible the tariff should be recovered from the present day consumers instead of it being postponed consumers of the future years.

GRIDCO therefore submits that the Hon'ble Commission may be pleased to evolve effective formulae for monthly adjustments of variations in the entire Power Purchase Costs in the BSP to be recovered from the Discoms instead of adopting the practice of year end true up.

9) Carry forward of Revenue gap:

GRIDCO prays that the **proposed Bulk Supply Price** of **262.89 P/U** be made applicable from **1st April 2010**. However, in case of a gap between the approved revenue requirements for FY 2010-11 and the revenue realized, the Commission may kindly approve to carry forward the gap for adjustment during the future years.

Prayer

GRIDCO humbly prays Hon'ble Commission;

- (i) to consider pass through of the amount to the extent requested and accordingly approve the ARR and Bulk Supply Price (BSP) for FY 2010-11 of GRIDCO as proposed in this Application and make the same effective from **1st April 2010**.
- (II) to allow carry forward of the additional cost, if any for recovery in future BSP
- (III) to allow recovery of the additional cost/s due to overdrawal of energy, Fuel Price Adjustment (FPA) / Fuel Surcharge Adjustment (FSA) etc. on account of statutory increase/s, significant rise in the fuel cost etc. if any, be passed on to GRIDCO on account of OERC / CERC Orders, as surcharge during the year.
- (IV) to allow recovery of any cost/s due to the Electricity Duty levied by the Government of Orissa and any other Statutory levy/ Duty/ Tax/ Cess / Toll etc. which shall be charged over and above the Bulk Supply Price. if any, be passed on to GRIDCO imposed under any relevant law from time to time, as surcharge during the year;

for which, GRIDCO, as is duty bound, shall ever pray.

**BY THE APPLICANT
THROUGH**

**Bhubaneswar
November 27, 2009**

**Director (Finance & Corporate Affairs)
GRIDCO Limited.**

**BEFORE THE ORISSA ELECTRICITY REGULATORY COMMISSION
BHUBANESWAR**

Filing No.....
Case No.....

IN THE MATTER OF : An application for approval of Annual Revenue Requirement (ARR) and determination of Bulk Supply Price (BSP) for the Financial Year 2010-11 under Section 86(1)(b) and all other applicable provisions of the Electricity Act, 2003 read with relevant provisions of OERC (Terms and Conditions for Determination of Tariff) Regulations, 2004, and OERC (Conduct of Business) Regulations, 2004, and other related Rules and Regulations.

AND

IN THE MATTER OF : GRIDCO Ltd., Janpath, Bhubaneswar

.....
.....**Applicant**

Affidavit verifying the Application

I, Sri Umakanta Panda, aged about 57 years, S/o Late Mahendra Prasad Panda, Director (Finance & Corporate Affairs), GRIDCO do hereby solemnly affirm and say as follows:

I am the Director (Finance & Corporate Affairs) of Grid Corporation of Orissa Ltd., the applicant in the above matter, and am duly authorised to make this affidavit on its behalf.

The statements made in Para 1 to16 of ARR, 1 to 9 of BSP application herein now are based on information and I believe them to be true.

Bhubaneswar

November 27, 2009

DEPONENT

Annexure-A**Proposed Bulk Supply Price Schedule of GRIDCO for carrying out Bulk Supply Activity for 2010-11****Bulk Supply Price:**

This Bulk Supply Price (BSP) is applicable for supply of power to Distribution and Retail Supply Licensees. The total charges shall be calculated by summation of following charges stated in Para (a) to (g) below as applicable:

a) Energy Charge:

Energy Charge @ **262.89 P/U** only would be levied to recover the entire Annual Revenue Requirement..

b) Demand Charge:

The Demand Charges @ Rs.200/KVA/Month would be levied from DISCOMs only when the actual SMDs of DISCOMs in a month exceeds the permitted monthly SMDs (110% of the approved SMD), to take care of monthly variations subject to year-end adjustment (YEA) within the Permitted Annual SMD i.e. 110% of the approved Annual SMD.

c) Over Drawal and Year End Charges:

The Over Drawal and Year End Charges payable by DISCOMs are not presently billed on month-to-month basis, but at the end of the year as Year End Adjustment (YEA) which remain unpaid by the DISCOMs. GRIDCO proposes that any excess drawal of energy by a Distribution and Retail Supply License (DISCOMs) during a **month** over and above the approved energy quantum (**Approved MU for FY 2010-11 X No. of days of the relevant month / 365 days**) would be payable on provisional basis at the highest OERC approved Power Purchases Rate fixed for a Station for FY 2010-11 (which includes transmission charges and transmission loss) on monthly basis instead of the normal differential BSP applicable to the respective DISCOMs subject to final Year End Adjustment (YEA) considering the highest Power Purchases rate/ cost including the rate/s of energy drawn through U.I. Route of the month plus transmission charges and transmission loss in contrary to the practice being followed as of now.

d) Fuel Price Adjustment (FPA):

Any excess payment made by GRIDCO towards FPA for a particular / relevant month will be levied on DISCOMs in the succeeding month in proportion to their actual drawal during the preceding month along with the BSP bills if the Fuel Surcharge Price (**A**) of the particular month paid by GRIDCO exceeds by more than 5% of the approved **Average Bulk Supply Price (CC)** subject to maximum of 25% of the approved

Average Bulk Supply Price (CC) which will be passed on to consumers in the same month along with their normal energy bills served to the consumers at a rate which will be arrived at by considering their approved monthly sale quantum to the consumers (approved quantum for the financial year/12 months).

e) Rebate:

On payment of the monthly bill, the Retail and Distribution licensees shall be entitled to a rebate of:

- **2%** on monthly energy bill will be allowed in case full payment against monthly energy bill of GRIDCO, as well as monthly installment of arrear dues are credited to the account of GRIDCO in Union Bank, Main Branch, Bhubaneswar, within two working days (except holidays under NI Act) of submission of the bill by GRIDCO.
- In case, DISCOMs fail to credit the amount to the account of GRIDCO within two working days and thereafter, GRIDCO receives payment for the full bill value including monthly installment **through LC or upfront on any day within a period of 30 days of the presentation of the bill, a rebate of 1%** on the monthly energy charges shall be allowed.
- The DISCOMs will be entitled to the rebate as mentioned above provided the LC is established in favour of GRIDCO as per the terms and conditions of the Escrow Agreement entered between GRIDCO and the DISCOMs.

f) Delayed Payment Surcharge:

The monthly charges as calculated above together with other charges and surcharge on account of delayed payments, if any, shall be payable within 30 days from the date of bill. If payment is not made within the said period of 30 days, delayed payment surcharge at the rate of 1.25% (One point two five percent) per month shall be levied pro-rata for the period of delay from the due date, i.e. from the 31st day of the bill, on the amount remaining unpaid (excluding arrears on account of delayed payment surcharge).

g) Duty and Taxes:

The Electricity Duty levied by the Government of Orissa 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.