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मध्यप्रदेश राजपत्र

(असाधारण)

प्राधिकार से प्रकाशित

क्रमांक 140]

भोपाल, गुरुवार, दिनांक 29 मार्च 2012—चैत्र 9, शक 1934

ऊर्जा विभाग

मंत्रालय, वल्लभ भवन, भोपाल

भोपाल, दिनांक 29 मार्च 2012

No.2657/F-3-4-2012/XIII - In exercise of the powers conferred by sub-sections (1), (2), (5), (6) and (7) of Section 131 of the Electricity Act, 2003 (36 of 2003) read with sub sections (1), (2) and (3) of Section 23 and sub-section (2) of Section 56 of the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000, and read with the provisions of the Madhya Pradesh Electricity Reform Transfer Scheme Rules 2006 notified on 3 June 2006, the State Government hereby makes the following amendments to the Schedule 3 of the said Rules in relation to the Cash Flow Mechanism provided therein.

The said Schedule 3 shall be substituted with the modifications as provided herein effective from 1.4.2012:

SCHEDULE 3

The main objective of the Cash Flow Mechanism (CFM) was the centralization of the cash management function across all the six Companies, namely Madhya Pradesh Power Generating Co. Ltd. (herein after called as 'GENCO'), Madhya Pradesh Power Transmission Co. Ltd. (TRANSCO), Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co. Ltd. (East Discom), Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd. (West Discom), and Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd.(Central Discom), (collectively called as 'DISCOM or DISCOMs'), and M.P. Power Trading Co. Ltd. (TRADECO) with the Madhya Pradesh State Electricity Board (MPSEB). The CFM has been in operation since 3.6.2006 and with effect from 1.4.2012 the CFM is being modified to the extent mentioned herein essentially to provide for the Transco and Genco to be outside the operation of the CFM in the manner provided as under.

1. Basic Principles of Cash Flow Mechanism:

- i. TRADECO shall have first charge over entire generation of the GENCO from the stations and projects listed in schedule-I of the Inter-se Agreement, and shall purchase entire power from the GENCO at the tariff to be determined/ approved by the MPERC;
- ii. TRADECO shall receive power from all other suppliers, viz. Central Sector Stations, JVs, Inter State Projects, etc. in accordance with the existing/ ongoing PPAs with MPSEB, now stood transferred to the TRADECO;
- iii. All the three DISCOMs shall buy power of their requirement from the single source, i.e. from TRADECO, as per the inter-se Bulk Supply Agreement and at the tariff as determined/ approved by the MPERC plus "trading margin" as applicable;
- iv. TRADECO will buy short term power as per the requirement of DISCOMS for their immediate need. The cost of such power shall be a pass through to the respective DISCOM.
- v. TRANSCO shall transmit the power to the DISCOMS at the interface points, received through TRADECO, as supplied by GENCO and from other sources as defined in the para ii above as per the Bulk Power transmission Agreement entered between TRANSCO and DISCOMS;
- vi. All the Four companies, namely, DISCOM EAST, DISCOM WEST, DISCOM CENTRAL and TRADECO shall continue to maintain a Power of Attorney or authorisation in favour of MPSEB *inter alia* authorising it to "own, collect and distribute" cash on behalf of the companies;

vii. All the Cash Collected by DISCOM RAOs shall be transferred to MPSEB A/c as per the existing arrangement, as also discussed in point 3 cash transactions.

viii. All Letter of Credits, Escrow comforts and Working Capital Limit shall continue to be maintained by MPSEB on behalf of the Discoms and Tradeco as MPSEB has first charge over entire revenue of DISCOMs and Tradeco from sale of power, subject to escrow agreements, as per the existing arrangements enforced duly supported by the Authorisation from the Discoms and Tradeco whereas the present escrow arrangement in favour of lenders of GENCO and TRANSCO will continue till 30.6.2012 or such further date as the State Government may direct by an order to enable the GENCO, TRANSCO get their banking arrangement in place, whichever is earlier.

ix. The TRADECO and DISCOMs shall authorize MPSEB to decide priority of payments as per availability of cash.

x. MPSEB shall continue to service the debt liabilities in respect of PFC, for all companies as is being done presently. For Genco and Transco this will be done only up to 30.06.2012. Necessary funds for this debt service will be provided by Genco to MPSEB or will be adjusted against bills of Genco on Tradeco. For Transco servicing of PFC debts in this period will be debited to discoms after payments.

xi. The following modified scheme shall be applicable effective 1.4.2012 relating to raising of invoices and payments thereof till further orders

- a. GENCO to raise invoice on TRADECO;
- b. Other power Suppliers to raise Bills on TRADECO;
- c. PGCIL and other transmission licensees facilitating inter-state power supply to MP to raise invoice on TRADECO;
- d. TRANSCO to raise invoice for transmission charges on DISCOMS directly;
- e. SLDC to raise invoice for SLDC fee and charges on DISCOM directly.
- f. TRADECO to raise invoice on DISCOMs for power/energy supplied
- g. DISCOMS to inform MPSEB of the amounts required by it to pay to TRANSCO and the amount due from DISCOMS to TRADECO;
- h. MPSEB to make funds available to DISCOMS for discharge of the invoices of TRANSCO and SLDC by DISCOMS;
- i. MPSEB to make available the funds to TRADECO for discharge of the invoices raised on TRADECO including by GENCO;
- j. MPSEB shall no longer pay directly to TRANSCO,SLDC and/ or GENCO;

- k. Debt servicing shall be dealt directly by the companies except for PFC/REC which shall be serviced by MPSEB. For Transco and Genco present PFC loans would be serviced by MPSEB upto 30.06.2012 or any further date notified by GoMP beyond which they would do the PFC debt servicing independently. Subsidy from GoMP, if any shall be claimed by DISCOMS directly.
- l. In case of shortfall in the cash requirements of any of the operating companies namely GENCO, TRANSCO, the DISCOMS and Tradeco it shall be the responsibility of the respective companies to make the required arrangements to meet the shortfall.
- xii. MPSEB needs to maintain separate account heads each in the name of the respective companies to record and reconcile such transactions and adjustments.
- xiii. Adequate cash comfort for opening of LCs shall be provided by MPSEB to the Discoms and Tradeco, as and when required against various purchase and works orders, on merit basis and on availability of limit.
- xiv. Funds for power purchase bills and other expenses of Tradeco shall be made available from MPSEB based on availability of cash

2. Billing Procedure:

- i. GENCO will issue monthly bills to TRADECO on or before 7th day of the month for the units sent out during preceding month at the interface points between GENCO and TRANSCO on the basis of joint meter readings;
- ii. TRADECO, will receive periodic bills for the power purchased from Central Generating Stations including from other sources and also for its transmission/wheeling charges;
- iii. TRANSCO will prepare separate monthly bills for each DISCOM on the basis of prevailing rules on or before 7th day of succeeding month and deliver these bills to the DISCOMS;
- iv. The TRADECO will issue monthly bills to the respective DISCOMs for the units EX-Bus adjusted at MP grid input level including UI charges as per rules of billing in place by 10th of every month. For this purpose, bills issued by the TRANSCO or the Energy Account Statement issued by the SLDC shall be the basis for determining the energy consumption by the respective DISCOMs.
- v. TRADECO will inform the passed bill amounts of GENCO and other power suppliers to MPSEB. Similarly DISCOMS will also inform to MPSEB about the passed bill amounts of power supplied by TRADECO,TRANSCO and SLDC fee and charges.

Subject to the Cash Flow Mechanism contained herein the respective companies will make debit/credit entries in their books of accounts.

- vi. DISCOMs will send directly to the state government the claims for payment of subsidy towards free and subsidized supply of power under intimation to MPSEB
- vii. MPSEB shall issue the "Debit Advise" to each company for all the debt servicing made on behalf of Companies, if any, giving details of repayments and interest payments made, which shall be accounted for by the Companies in their books.

3. Cash Transactions

- i. All revenue collected by DISCOMs will be deposited in the respective RAO's "Revenue Collection Account" as already being done prior to issue of this order;
- ii. As per standing instructions to the Banks, entire revenue collected in DISCOMs' collection account of respective RAOs shall be transferred immediately in the existing MPSEB's Account maintained by B&CM at Jabalpur H.Q. on daily and immediate basis, routed through the "Revenue Collection Account" of the respective DISCOMs' H.Q., except those RAOs that are escrowed in favour of PFC/ REC , revenue of which shall be transferred directly in the existing MPSEB's Account at Jabalpur H.Q. The revenue transfer from the escrowed RAOs will be treated as deemed remittance done by the company head quarters and accordingly accounted for in company books;
- iii. MPSEB shall release the payments/ funds to the various agencies (other than Transco and Genco) and to the TRADECO and DISCOMs under following priority
 - a) *Statutory payments including those arising out of various Court orders*
 - b) *Employee cost which includes salary, contribution towards PF, terminal benefits etc.*
 - c) *Payment towards purchase of power including UI & wheeling charges and debt servicing to PFC*
 - d) *Essential A&G expenses*
 - e) *Essential O&M expenses*
 - f) *Debt servicing other than PFC/REC*
 - g) *Any other payments*
- iv. By 10th of each month, Discoms and Transco will submit to MPSEB the monthly fund requirement on weekly basis regarding

their essential requirements towards Statutory payments, , A&G, O&M debt charges etc. based on the approved ARR and employee cost as per actual stating head wise details.

v. MPSEB will remit the funds into the expenditure account of the respective Discoms and Tradeco on normal due dates and subject to availability of funds towards statuary payments, employee cost, A&G, O&M etc. While releasing the funds, MPSEB will ensure to maintain the company-wise percentages under the head A&G, O&M as per company's respective approved ARRs so that equitable treatment to all companies is meted out.

vi. MPSEB will ensure honouring timely payments through L/Cs and Escrows and also ensure to restrict overdraft to the extent possible while releasing payments to Discoms and Tradeco.

vii. The revenue received from the DISCOMS will be treated as ad-hoc payment against power supply bills issued by TRADECO. The payment made by MPSEB to the DISCOMS through various heads and against the debt liabilities of DISCOMS and payment to Tradeco shall be adjusted against ad-hoc revenue receipts from the DISCOMS and net of receipts and payments shall be treated as actual payments made by DISCOMS against the bills raised by Tradeco. Accordingly, necessary entries will be made in the books of account of MPSEB as well as respective DISCOMS as illustrated in para 4 (Accounting). MPSEB shall maintain a separate account head for each company for recording and reconciliation of such adjustments.

viii. ED & Cess collected by the DISCOMS and remitted to MPSEB along with transfer of entire revenue collected by the DISCOMS will in turn be remitted by MPSEB to the state government or adjusted against subsidy receivables based on the directives of the state government subject to cabinet decisions on FRP dated 21.06.2011 and 13.02.2012, respectively.

ix. The amount received by MPSEB against any capital grant/ Capital loan, and deposits will be remitted to the respective Companies in full and shall not form part of the revenue, for the purpose of these arrangements.

x. Discoms and Tradeco will maintain minimum required balance in their expenditure account to avoid overdraft charges. The overdraft charges paid by MPSEB shall be booked proportionately to the respective DISCOMS generally in the ratio of their respective expenditure on O&M cost as per approved ARR

xi. Payment of employee cost for those employees who are not assigned to any of the Companies and working in common services in MPSEB will be charged proportionately to all the six

Companies, generally in the ratio of their respective O&M cost as per approved ARR. MPSEB shall issue bills periodically towards employee cost;

xii. Expenses on account of common service facility shall be proportionally charged to four beneficiary companies i.e. Discoms and Tradeco and will be treated as deemed payment. This will be generally in ratio of their O&M cost as per approved ARR. For Genco and Transco, the expenses on account of common service availed shall only be charged. MPSEB shall issue bills periodically towards these expenses.

xiii. At the end of the month, the Companies will reconcile their accounts and make a statement of default/outstanding payments towards each other.

4. Cash Flow Accounting

a) For the "DISCOMS"

- i. To enable the billing and collection from all consumers and to receive funds to meet out various expenses, the DISCOMs will maintain two bank accounts in their names in each Regional Accounting Unit (RAOs), one "Revenue Collection Account" and other "Expenditure Account". Each RAO will operate these two bank accounts. At their HQs, DISCOMs will also maintain a "Revenue Collection Account" for receiving revenue collection and an Expenditure Account for funds received from MPSEB to meet out their expenses;
- ii. All revenue collections will be received and accounted in the revenue collection account. Accounting entries as currently passed will be continued in the books of the DISCOMs;
- iii. The DISCOMs will keep maintaining standing instruction to the Banks to remit all collections received on a daily basis to a designated central account in the name of MPSEB (already maintained by B&CM). Thus all cash received shall be immediately transferred to the control of the MPSEB. Revenues received in the escrowed accounts meant for debt repayment for PFC/ REC/ others, in the eventuality of default, if PFC/ REC / others draws their over dues directly from these escrowed accounts, it will be treated as remittance to MPSEB in the books of the said DISCOM and in turn discharge of debt liability of PFC/ REC /others, as the case may be;
- iv. On all such remittances made to the MPSEB account, the DISCOMs will account the payment as an "Ad-hoc payment made to MPSEB" which will be reconciled at the end of the month. Thus in the books of the DISCOMs, revenue will be accounted against bills raised and collected from the consumers, and the cash remittances will be shown as an

v. advance / adhoc payment made to MPSEB against purchase of power from TRADECO;

v. TRADECO shall, on a monthly basis raise invoices in the name of the DISCOMs for the power purchased by them. These invoices shall be passed by the DISCOMs and accounted as expenditure in their books. Invoices raised by TRADECO for power purchase should be credited to the "TRADECO creditor" account to reflect settlement of specific power purchase bills of TRADECO. The liabilities so created shall be set off against the "Ad-hoc payment made to MPSEB" account after due confirmations with MPSEB. On such liability set off, the DISCOMs shall pass a book entry transferring the amount from the "Ad-hoc" account to the creditor account created in the name of "TRADECO creditor" towards all power purchases.

vi. MPSEB shall also remit in the expenditure account at DISCOM's HQ, funds on a regular basis for the DISCOMs to meet the A&G, routine or essential O&M and establishment expenditure. Such remittances shall also be set off against the "Ad-hoc or advance payment made to MPSEB". The DISCOMs will account the remittances against the above account. Expenditure accounting in the DISCOMs will continue to happen as usual. The expenditure bills will be booked in the DISCOMs books and liabilities so created will be settled from the remittances received from MPSEB;

vii. The bills of TRANSCO will be accounted in the books of the DISCOMs as expenditure.

viii. Loan liabilities transferred to the DISCOMs through opening balance sheets, as a part of the Transfer Scheme, will continue to be in the books of the DISCOMs. MPSEB will settle these liabilities on a case-to-case basis depending upon availability of funds and priority. On each such liability repayment, MPSEB will advise the DISCOMs of having made payments on their behalf. DISCOMs will account for such liability reduction by crediting the "Ad-hoc payment made to MPSEB" account;

ix. Under normal circumstances, the debit balance in the "Ad-hoc" account in the books of the DISCOMs should represent surplus cash generated from operations and ideally should be remitted back to the DISCOMs by MPSEB. However, given the cash shortfall in the sector, this account in the DISCOM books will have a credit balance i.e. reflecting an accounts payable situation in their books against power purchase bills of Tradeco paid by MPSEB on their behalf;

x. This credit balance may be analyzed and reduced based on the subsidies received from the State Government.

b) For the "MPSEB"

- i. MPSEB will have the accounting perspective as a temporary holder of cash on behalf of Discoms and Tradeco.
- ii. For this, MPSEB will maintain three separate accounts heads for the three DISCOMS as "Ad-hoc remittances received from DISCOM East/ Central/ West". These accounts shall be mirror accounts of the similar accounts maintained by the DISCOMS;
- iii. Amounts remitted back to DISCOMs for meeting their respective expenditure will be directly debited to the "Ad-hoc remittances" accounts relevant to the specific DISCOMS; The same shall apply in the case of loan liability payments made by MPSEB on behalf of the DISCOMS;
- iv. On the monthly basis, the DISCOMs/Tradeco and MPSEB shall reconcile their respective "Ad-hoc remittances/ payment" accounts and ensure that the balances reflect the correct position in each other books.

c) For the "TRADECO"

MPSEB shall provide ICV (Inter Corporate Voucher) as and when funds are released to Tradeco which will provide the basis for monthly reconciliation.

5. Other Trading Business by TRADECO:

In addition to meeting the demand of the three DISCOMS the TRADECO may also trade the power to other utilities within or outside the State, in that case the Cash Flow arrangement shall be as under:

- i. Any surplus power of the State power sector can be sold by the TRADECO to other buyers and the accounts from the sale of power/banking shall be maintained by the Tradeco.

6. Dispute Resolution Committee:

- i. Disputes relating to financial matters, if any, shall be resolved in the monthly meetings between heads of F&A department in respective companies and F&A head of MPSEB/ TRADECO. They will take guidance and directives from the Financial Advisor, MPSEB as and when necessary.
- ii. Disputes relating to commercial matters shall be resolved in the monthly meetings between commercial head of TRADECO and counter parts in respective companies. If required, they will take guidance and directives from the Financial Advisor/ Secretary, MPSEB.

- iii. In the event of any dispute, either financial or commercial, remains unresolved, the same shall be referred to the Cash Flow Management Committee as created by the State Govt. by a separate order periodically or as and when required.
- iv. If the Cash Flow Management Committee is unable to arrive at a consensus, then the matter will be referred to the GoMP for adjudication. Decision of the GoMP shall be final and binding on all the parties.

7 Right to amend the Cash Flow Mechanism

- i. The state government, by issue of separate order(s) from time to time, may amend the CFM and make such provisions as may appear to be necessary for removing the difficulties arising in implementation of this mechanism.
- ii. The Financial Advisor of MPSEB with approval of Secretary Energy Government of M.P. may make changes in the CFM from time to time, necessary for smooth operation of the cash flow mechanism.
- iii. The Government of Madhya Pradesh may in its discretion transfer and assign the functions of MPSEB under the CFM to any other entity as may be considered appropriate

8. Validity of the Cash Flow Mechanism

The CFM will be valid till:

(a) the cash deficit in the revenue earnings and expenditure requirements is resolved to the satisfaction of all Discoms and Tradeco.

Or

(b) Issue of further directives from the state government.

Once DISCOMs are in a position to meet all their expenses including power purchase, pooling of the revenue earnings with MPSEB will not be required and the state government, by an order, will terminate this mechanism.

By order and in the name of the Governor of Madhya Pradesh,
MOHAMMED SULEMAN, Secy.