

डाक-व्यय की पूर्व अदायगी के बिना
डाक द्वारा भेजे जाने के लिए अनुमत.
अनुमति-पत्र क्र. भोपाल-म.प्र.
वि.पू.भु. भोपाल-02-06.



पंजी. क्रमांक भोपाल डिवीजन
म. प्र. 108-भोपाल-06-08.

मध्यप्रदेश राजपत्र

(असाधारण)

प्राधिकार से प्रकाशित

क्रमांक 264]

भोपाल, शनिवार, दिनांक 3 जून 2006—ज्येष्ठ 13, शक 1928

ऊर्जा विभाग
मंत्रालय, वल्लभभवन, भोपाल

नियम

भोपाल, दिनांक 3 जून, 2006

क्रमांक 3474 / एफ-आर.एस/17/2002/तेरह :: मध्यप्रदेश विद्युत सुधार अधिनियम, 2000 की धारा 23 की उपधारा (1), (2) तथा (3) तथा धारा 56 की उपधारा (2) के साथ पठित विद्युत् अधिनियम, 2003 (2003 का 36) की धारा 131 की उपधारा (1), (2), (5), (6) तथा (7) द्वारा प्रदत्त शक्तियों को प्रयोग में लाते हुए, राज्य सरकार, एतद् द्वारा, मध्यप्रदेश राज्य विद्युत मण्डल विद्युत के थोक क्रय एवं थोक प्रदाय संबंधी कृत्यों, सम्पत्तियों, हितों, अधिकारों तथा बाध्यताओं का तत्संबंधी समझौतों एवं प्रबंधनों के साथ उन्हें राज्य सरकार को अंतरित करने तथा निहित करने तथा उन्हें राज्य सरकार द्वारा एम.पी. पावर ट्रेडिंग कम्पनी (ट्रेडको) को पुनः अंतरित और पुनः निहित करने और उन निबंधनों तथा शर्तों को, जिन पर ऐसा अंतरण तथा निहित किया जाएगा, अवधारित करने के लिये निम्नलिखित नियम बनाती है, अर्थात् :-

1 संक्षिप्त नाम, विस्तार तथा प्रारंभ

- (1) इन नियमों का संक्षिप्त नाम मध्यप्रदेश विद्युत् सुधार अंतरण योजना नियम, 2006 है।
- (2) इनका विस्तार संपूर्ण मध्यप्रदेश राज्य पर होगा।
- (3) ये मध्यप्रदेश राजपत्र में उनके प्रकाशन की तारीख से प्रवृत्त होंगे।

2 नियमों का लागू होना

ये नियम अनुसूची 1 में यथा परिभाषित मध्यप्रदेश राज्य विद्युत मण्डल के विद्युत के थोक क्रय और थोक प्रदाय के कृत्यों से संबंधित सम्पत्तियों, हितों, अधिकारों तथा बाध्यताओं पर लागू होंगे ।

3 परिभाषाएं

इन नियमों में, जब तक संदर्भ से अन्यथा अपेक्षित न हो, :-

- (क) 'अधिनियम' से अभिप्रेत है यथास्थिति विद्युत अधिनियम, 2003 (2003 का 36) तथा मध्यप्रदेश विद्युत सुधार अधिनियम, 2000(कमांक 4 सन् 2001) ;
- (ख) 'मण्डल' से अभिप्रेत है विद्युत (प्रदाय) अधिनियम, 1948 (1948 का 54) की धारा 5 के अधीन गठित मध्यप्रदेश राज्य विद्युत मण्डल ;
- (ग) 'कार्यवाही' से अभिप्रेत है किसी भी प्रकार की कार्यवाहियां, जिनमें वाद, अपीलें, शिकायतें, याचिकाएं, आवेदन, सुलह, माध्यस्थम सम्मिलित हैं, चाहे वे सिविल या दाण्डिक या अन्यथा हो;
- (घ) 'अनुसूची' से अभिप्रेत है इन योजना नियमों से संलग्न अनुसूचियां ;
- (ङ) 'अंतरिती' से अभिप्रेत है एम.पी. पावर ट्रेडिंग कम्पनी लिमिटेड;
- (च) उन शब्दों और अभिव्यक्तियों का, जो इन योजना नियमों में प्रयुक्त हैं किन्तु जो विशिष्ट रूप से परिभाषित नहीं हैं, वही अर्थ होगा जो उन्हें अधिनियम में समनुदेशित किया गया है ।

4 मण्डल के कृत्यों का अंतरण

- (एक) इन योजना नियमों के प्रकाशन की तारीख को या से मण्डल की संपत्तियां तथा संपत्ति में हित, अधिकार, बाध्यताएं तथा कृत्य जो इन योजना नियमों की अनुसूची -1 में विनिर्दिष्ट तक सीमित है, इन योजना नियमों के प्रयोजनों के लिए, राज्य सरकार को अंतरित हो जायेंगे और उसमें निहित हो जाएंगे ।
- (दो) उपरोक्त उप नियम (एक) के अधीन राज्य सरकार को अंतरित की गई मण्डल की संपत्ति, संपत्ति में हित, अधिकार, बाध्यताएं और कृत्य इन योजना नियमों के प्रकाशन की तारीख को तथा से, इन योजना नियमों में यथा विनिर्दिष्ट निबंधनों तथा शर्तों के अधीन रहते हुए, अंतरिती को अंतरित और अंतरिती में निहित हो जाएंगे ।
- (तीन) उपरोक्त उप नियम (दो) के अधीन ऐसे अंतरण तथा निहित किये जाने पर अंतरिती, अंतरण की तारीख पर विद्यमान या प्रभावशील अनुसूची-1 में यथा विनिर्दिष्ट उन सभी कृत्यों से संबंधित सविदाओं, अधिकारों, विलेखों, बाध्यताओं, करारों एवं अन्तरित किए गए कृत्यों के संबंध में किसी भी स्वरूप की अन्य लिखतों के लिए, जिनमें मण्डल एक पक्षका था, उसी रीति में जिम्मेदार होगा, जैसा कि मण्डल, अंतरण की तारीख के तुरंत पहले दायी था और

वे अंतरिती के विरुद्ध या उसके पक्ष में प्रवृत्त तथा प्रभावशील रहेंगे और वे उसी प्रकार प्रभावी रूप से प्रवृत्त रखे जा सकेंगे, मानो मण्डल के बजाय अंतरिती एक पक्षकार रहा था।

- (चार) अधिनियमों तथा इन योजना नियमों के उपबंधों के अनुसार अंतरण प्रभावी हो जाने पर समस्त व्यक्तियों के अधिकार तथा बाध्यताएं किसी ऐसे विलेख, दस्तावेज, लिखत करार अथवा ठहराव में, जो कि ऐसे व्यक्ति द्वारा मण्डल से किया गया हो, अंतर्विष्ट किसी प्रतिकूल बात के होते हुए भी अंतरिती तक निर्विधित हो जाएंगी और वह राज्य सरकार या मण्डल के विरुद्ध किसी अधिकार या हित का दावा नहीं करेगा।
- (पांच) अंतरण की तारीख को अनुसूची-1 के अनुसार अंतरिती में निहित कृत्यों से संबंधित, मण्डल द्वारा या उसके विरुद्ध लंबित समस्त कार्यवाहियां, चाहे वे किसी भी स्वरूप की हों, इन योजना नियमों के अधीन अंतरण के कारण समाप्त नहीं होंगी अथवा रोकी नहीं जाएंगी अथवा अन्यथा किसी रूप में प्रतिकूल रूप से प्रभावित नहीं होंगी और वे कार्यवाहियां, अंतरिती द्वारा या उसके विरुद्ध, उसी रीति में और उसी सीमा तक जारी रखी जा सकेंगी, अग्रसर की जा सकेंगी और प्रवर्तित की जा सकेंगी, जहां तक कि यदि इन योजना नियमों में विनिर्दिष्ट अंतरण नहीं हुआ होता तो वह मण्डल द्वारा अथवा उसके विरुद्ध जारी रहती, अग्रसर होती और प्रवर्तित की जाती।
- (छह) इन योजना नियमों के अधीन कृत्यों के अंतरण पर, अंतरिती के आरंभिक वित्तीय विवरण, इन योजना नियमों की अनुसूची-2 में विनिर्दिष्ट किए गए अनुसार होंगे।
- (सात)(क) इस बात के होते हुए भी कि इन योजना नियमों के अधीन अंतरिती तथा प्रत्येक कम्पनी, अर्थात् मध्यप्रदेश पावर जनरेटिंग कम्पनी लिमिटेड, मध्यप्रदेश पावर ट्रांसमिशन कम्पनी लिमिटेड, मध्यप्रदेश पूर्व क्षेत्र विद्युत वितरण कम्पनी लिमिटेड, मध्यप्रदेश पश्चिम क्षेत्र विद्युत वितरण कम्पनी लिमिटेड, तथा मध्यप्रदेश मध्य क्षेत्र विद्युत वितरण कम्पनी लिमिटेड, जिन्हें अधिसूचना क्रमांक 6271 दिनांक 01.10.2003 के अनुसार मण्डल के उपक्रम पूर्व में ही अंतरित किये जा चुके हैं, का कारवार पृथकतः संचालित किया जायेगा तथा एक-दूसरे से स्वतंत्र रहते हुए उपरोक्त कम्पनियों के विद्युत कारवार से प्राप्त राजस्व इन योजना नियमों की अनुसूची-3 में वर्णित नकद प्रवाह तंत्र (कैश फ्लो मैकेनिज्म) के अनुसार रीति में राज्य सरकार के आगामी प्रदेश तक उपयोग में लाया जाएगा।
- (ख) राज्य सरकार, समय-समय पर, आदेश द्वारा, इन योजना नियमों की अनुसूची-3 में अंतर्विष्ट निबंधनों तथा शर्तों में उपांतरण, संशोधन, बदलाव अथवा अन्यथा परिवर्तन कर सकेंगी।
- (ग) उपखंड (ख) के अनुसार समय-समय पर यथा उपांतरित अनुसूची-3 में विनिर्दिष्ट नकद प्रवाह तंत्र (कैश फ्लो मैकेनिज्म) पूर्व में राज्य सरकार द्वारा अधिसूचित अथवा निदेशित किसी भी व्यवस्था को अधिक्रमित करेगा।

5 विधि के प्रवर्तन द्वारा अंतरण :-

इन योजना नियमों के अधीन अंतरण, राज्य सरकार द्वारा इन योजना नियमों और इन योजना नियमों के निबंधनों के अधीन जारी आदेशों को प्रकाशित किये जाने की कार्रवाई के अनुसरण में और राज्य सरकार, मण्डल, अंतरिती अथवा किसी अन्य व्यक्ति द्वारा किये जाने वाले किसी और कृत्य, विलेख अथवा बात के बिना कार्यान्वित और प्रभावी होगा।

6 कठिनाइयों के निराकरण की शक्ति :

- (1) यदि इन योजना नियमों के अधीन किए गए अंतरण के बारे में कोई शंका, विवाद, मतभेद अथवा वाद-विषय उद्भूत हो तो उस पर राज्य सरकार का विनिश्चय अंतिम होगा और सभी पक्षकारों पर बंधनकारी होगा।
- (2) राज्य सरकार मध्यप्रदेश राजपत्र में प्रकाशित आदेश द्वारा अधिनियमों के उपबंधों से असंगत न होने वाले ऐसे उपबन्ध कर सकेगी, जैसे कि इन योजना नियमों के अधीन अंतरण को कार्यान्वित करने में उद्भूत होने वाली कठिनाइयों को दूर करने के लिये आवश्यक प्रतीत हों।

अनुसूची - 1

अंतरिती को अंतरित किये जाने वाले मण्डल के कृत्य

- 1 थोक मात्रा में क्रय तथा प्रदाय के कृत्य, अर्थात् उत्पादन कम्पनियों से, थोक मात्रा में विद्युत क्रय तथा मध्यप्रदेश राज्य में विद्युत वितरण कम्पनियों को थोक मात्रा में विद्युत का प्रदाय।
- 2 मण्डल तथा उत्पादन कंपनियों के बीच विद्यमान विद्युत कय करार या ठहराव, जिसमें मध्यप्रदेश राज्य में विद्युत वितरण कंपनियों के साथ अंतर्राज्यीय संयुक्त उपक्रम परिभाजनाए तथा थोक विद्युत प्रदाय करार सम्मिलित है और अंतर्राज्यीय एवं राज्यांतरिक विद्युत के व्यापार से संबंधित समस्त ठहराव।
- 3 प्रभावी तारीख पर विद्यमान मण्डल तथा विद्युत व्यापारियों के बीच सभी अल्पकालीन, मध्यम तथा दीर्घकालीन थोक विद्युत क्रय करार अथवा ठहराव।
- 4 अंतर्राज्यीय या राज्यांतरिक विद्युत के पारेषण एवं व्हीलिंग हेतु मण्डल तथा पावर ग्रिड कार्पोरेशन ऑफ इंडिया तथा अन्य पारेषण अनुज्ञप्तिधारकों के बीच विद्यमान थोक विद्युत पारेषण करार।
- 5 उपरोक्त में से किसी के बारे में तथा राज्य में विद्युत व्यापार से संबंधित विन्हीं गतिविधियों के संबंध में भविष्य के लिए ऐसे करार, जो वर्तमान में मण्डल में विचाराधीन/प्रक्रियाधीन हैं।

अनुसूची - 2

State of Financials of the Transferee

Financial Status of the Company on the date of this Order

Total Authorized Share Capital	Rs. 1,00,00,000
Paid up Share Capital	Rs. 5,00,600
Other Assets	Nil
Other Liabilities	Nil

अनुसूची - 3

CASH FLOW MECHANISM 2006

The main objective of the Cash Flow Mechanism (CFM) is 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., Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd., and Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd. (collectively called as 'DISCOM or DISCOMs'), and M.P. Power Trading Co. Ltd. (TRADECO) with the Madhya Pradesh State Electricity Board (MPSEB). The details of the arrangements worked out for various aspects of the CFM are set out hereunder:

I. 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";
- iv. DISCOMS may advise TRADECO to buy short term power 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 to be entered between TRADECO, TRANSCO and DISCOMs:
- vi. All the six companies, namely TRANSCO, GENCO, DISCOM EAST, DISCOM WEST, DISCOM CENTRAL and TRADECO shall issue 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 shall continue to be maintained by MPSEB on behalf of the companies as MPSEB has first charge over entire revenue of DISCOMs from sale of power, subject to escrow agreements, as per the existing arrangements enforced duly supported by the Authorisation from the Companies:
 - ix. MPSEB shall allocate cash among companies based on a predetermined priority for payment of expenses as per existing arrangements:
 - x. The Companies shall authorise MPSEB to decide priority of payments as per availability of cash:
 - xi. MPSEB shall continue to service the debt liabilities, including generic loans on behalf of all Companies:
 - xii. Payments made by MPSEB to be adjusted against the bills raised by the companies among themselves as per the inter se commercial agreements
 - a. GENCO to raise invoice on TRADECO
 - b. Other power Suppliers to raise Bills on TRADECO
 - c. PGCL and other transmission licensees facilitating power supply to MP to raise invoice on TRADECO
 - d. TRANSCO to raise invoice for transmission charges on DISCOMS routed through the TRADECO
 - e. TRADECO to raise invoice on DISCOMs for power/energy supplied
 - f. MPSEB to raise debit note on all companies for servicing of liabilities which include generic loans:
 - xiii. Subsidy from GoMP, if any shall be received by MPSEB and respective credit to be passed on to the DISCOMs to the extent of their eligibility to obtain subsidy and payment made thereof by the state government:
 - xiv. MPSEB needs to maintain an account each in the name of the respective companies to record and reconcile such transactions and adjustments.

- xv. Adequate cash comfort for opening of LCs shall be provided by MPSEB to the Companies as and when required against various purchase and works orders, on merit basis and on availability of limit.

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 the inter face meter readings adjusted to input level of the MP grid at the approved tariff on or before 7th day of succeeding month and deliver these bills to the TRADECO:
- iv. The TRADECO will issue monthly bills to the respective DISCOMs for the units consumed by them adjusted at MP grid input level including UI charges 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 forward the bills of GENCO and other power suppliers duly passed to MPSEB. Similarly DISCOMS will also forward the bills of power supplied by TRADECO duly passed to MPSEB. MPSEB will arrange to make Payments within the given time schedule. 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, giving details of repayments and interest payments made, which shall be accounted for by the Companies in their books.

3. Cash Transactions

- i. Revenue collected from all HT/LT consumers of the DISCOMs will be deposited in the respective RAO's "Revenue Collection Account" as already being done prior to issue of this notification:
- 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 will release the payments/funds to the various agencies and the Companies observing following priorities:
 - a) *Statutory payments including those arising out of various Court orders*
 - b) *Employee cost which includes salary, contribution towards PF, terminal benefits etc.*
 - c) *Coal Oil Supply payments of GENCO including freight charges.*
 - d) *Payment towards purchase of power including UI & wheeling charge and debt servicing to PFC*
 - e) *Essential A&G expenses of the Companies*
 - f) *Essential O&M expenses of the Companies*
 - g) *Essential Capital expenses.*
 - h) *Debt servicing other than PFC*
 - i) *Any other payments*
- iv. By 10th of each month, the Companies will submit to MPSEB the monthly fund requirement on weekly basis regarding their essential requirements towards Statutory payments, Fuel, A&G, O&M, Capex, 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 Companies on normal due dates and subject to availability of funds towards statutory payments, employee cost, fuel charges, A&G, O&M, Capex etc. While releasing the funds, Director (Finance) will ensure to maintain the company-wise percentages under the head A&G, O&M & Capex as per company's respective approved ARRs so that equitable treatment to all companies is meted out.
- vi. MPSEB will make payments towards statutory requirements including those arising out of various Court orders, power purchase, and including wheeling charges and debt servicing.
- vii. 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 the Companies.
- viii. The revenue received from the DISCOMs will be treated as ad-hoc payment against power supply bills issued by TRADECO and wheeling charges bills issued by TRANSCO. The payment made by MPSEB to the DISCOMs through

various heads and against the debt liabilities of DISCOMs 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 energy as well as Transmission/wheeling charges bills. 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 for each company for recording and reconciliation of such adjustments and provide the companies with the detailed statement of the net adjustments to the bills and net payments effected by the companies on a monthly basis.

- ix. MPSEB will receive subsidy from the state government against the claims/ bills raised by the DISCOMs and the amount shall be treated as ad-hoc payment against energy bills issued to the concerned DISCOMs by TRADECO and necessary entries will be made in the books of account of MPSEB as well as respective DISCOMs.
- x. The payment made by MPSEB to the TRANSCO/ GENCO through various heads and against their debt liabilities shall be deemed to be ad-hoc payments made to them against their bills to TRADECO towards supply of power/ wheeling charges respectively. Accordingly, necessary entries will be made in the books of account of MPSEB as well as TRANSCO/ GENCO/TRADECO as illustrated in para 4 (Accounting).
- xi. 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.
- xii. The amount received by MPSEB against any capital grant/ loan, deposits and reimbursement against claims from any agency will be remitted to the respective Companies in full and shall not form part of the revenue, for the purpose of these arrangements.
- xiii. Companies will maintain minimum required balance in their expenditure account to avoid overdraft charges. The overdraft charges paid by MPSEB shall be booked proportionately to all six Companies, generally in the ratio of their respective expenditure on establishment, A&G and O&M.
- xiv. 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 six Companies, generally in the ratio of their respective employee cost as per ARR. MPSEB shall issue bills periodically towards employee cost.
- xv. Expenses on account of common service facilities shall be proportionately charged to the beneficiary companies and will be treated as deemed payment

towards A&G of the concerned company, generally in the ratio of their respective employee cost as per ARR. MPSEB shall issue bills periodically towards these expenses

- xvi. At the end of the month, MPSEB and the Companies will reconcile their accounts and make a statement of default/outstanding payments towards each other.
- xvii. At the end of the month, MPSEB will furnish to the TRADECO consolidated statement of account for the transactions made towards sale and purchase of power company wise and utility/ agency wise, and will also remit the cash balance, if any, to TRADECO towards trading of power.

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. Revenue received in the escrowed accounts meant for debt repayment for PFC/ REC loans, in the eventuality of default, if PFC/ REC draws their over dues directly from these RAO's 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 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 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 received from TRANSCO through TRADECO will be accounted in the books of the DISCOMs as expenditure. MPSEB will settle the TRANSCO bills under advice to the DISCOMs. The liabilities in DISCOM books will be settled against the "Ad-hoc payment made to MPSEB" on the basis of the advice received from MPSEB.
- 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 directly paid out 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 "GENCO"

- i. In the case of GENCO, cash flow management will be based on the cash paid out against their bulk supplies of power to their single buyer i.e. TRADECO:

- ii. From an accounting perspective, GENCO will account for revenues on the basis of the bulk supply invoices raised on TRADECO. These receivables will be settled based on payments made by MPSEB.

c) For the "TRANSCO"

TRANSCO will raise invoices for transmission/wheeling charges on the Distribution companies through TRADECO and account for the revenues. These receivables will be settled against remittances received from MPSEB on behalf of the DISCOMs.

d) For the "MPSEB"

- i. MPSEB will have the accounting perspective as a temporary holder of cash on behalf of all the sector entities;
- ii. For this, MPSEB will maintain three separate accounts 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. MPSEB will have its own separate accounts for the power purchase and trading functions for and on behalf of TRADECO;
- iv. Depending on utilization of funds, MPSEB shall carry out the following:
- (a). Bills raised by TRADECO for power sales on DISCOMs shall be accounted in MPSEB accounts as revenue of TRADECO. Amounts settled by MPSEB against these bills will be transferred through a book entry from the relevant "Ad-hoc remittances...." Account to the relevant DISCOM debtor accounts to reflect the settlement of specific bills for power sales;
- v. Amounts remitted back to DISCOMs for meeting their respective expenditure and amounts paid against TRANSCO invoices raised on the DISCOMs will be directly debited to the "Ad-hoc remittances" accounts relevant to the specific DISCOMs:
- a. The same as in (b) shall apply in the case of loan liability payments made by MPSEB on behalf of the DISCOMs;
- b. Copy of bills received from TRADECO for power purchase from GENCO and other bulk suppliers shall be accounted as expenditure of TRADECO in the books. Payments made to GENCO and other bulk suppliers shall be settled against such liabilities.

- vi. On the monthly basis, the DISCOMs and MPSEB shall reconcile their respective "Ad-hoc remittances/ payment" accounts and ensure that the balances reflect the correct position in each other books. MPSEB will also reconcile the accounts with GENCO, TRANSCO and TRADECO on monthly basis:

e) For the "TRADECO"

On the monthly basis, MPSEB shall furnish a single entry statement to TRADECO the net and final amount received and paid towards trading of power Company' Utility/ Agency wise.

5. Other Trading Business by TRADECO:

In addition to meeting the demand of the three DISCOMs the TRADECO will 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 proceedings from the sale of power shall be deposited in a separate bank account (Trading account) maintained by the TRADECO. However, the cost of energy at the rate being billed to the DISCOMs (pooled rate) shall be transferred in MPSEB account for making payments to the power suppliers.
- ii. The transactions from any other trading of power i.e. purchase and sale of power other than the pooled power of the sector, shall be made from the TRADECO's Trading account which shall not be part of the Cash Flow Mechanism.

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 any dispute, either financial or commercial, remains unresolved, the same shall be referred to the Apex Redressal Committee comprising of CMDs/ MD of the companies on quarterly basis or as and when required.
- iv. If the Apex 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. Cash Flow Management during Transit Period

Process for issuing power purchase bills in the name of TRADECO may take some time. Similarly, for banking arrangements for fund transfer between MPSEB and companies under the changed scenario, negotiations with bankers are to be initiated and finalized. For switching over into the new arrangement, the companies would also require approval of their BoD. As such during the transition period, settlement of bulk power energy bills by MPSEB shall be treated as settled with the TRADECO. The transit period will, however, be not more than TWO months.

8. 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 may make changes in the CFM from time to time, necessary for smooth operation of the cash flow mechanism, to the extent not disagreed by any of the Company, under intimation to the state government.

9. 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 the companies.

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.

मध्य प्रदेश के राज्यपाल के नाम से
तथा आदेशानुसार,

(संजय वंदोपाध्याय)
सचिव

Energy Department
Mantralaya, Vallabh Bhavan
Bhopal, the 3rd June 2006

RULES

No. 3474 /FRS/17/XIII/2002 - 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, the State Government hereby makes the following rules for regulating transfer and vesting of the functions, properties, interest rights and obligations of the Madhya Pradesh State Electricity Board relating to Bulk Purchase and Bulk Supply of Electricity along with the related agreements and arrangements in the State Government and re-transfer and re-vesting thereof by the State Government in MP Power Trading Company Limited (TradeCo) and for determining the terms and conditions on which such transfer and vesting shall be made, namely:

1. **Short Title, Extent and Commencement:**

- (1) These Rules may be called the Madhya Pradesh Electricity Reforms Transfer Scheme Rules, 2006.
- (2) They extend to the whole of the State of Madhya Pradesh.
- (3) They shall come into force from the date of their publication in the Madhya Pradesh Gazette.

2. **Applicability of Rules:** These rules shall apply to the properties, interests, rights and obligations of the Madhya Pradesh State Electricity Board relating to its functions of bulk purchase and bulk supply of electricity as defined under schedule 1.

3. **Definition** : In these Rules, unless the context otherwise requires:

- (a) "ACT" means the Electricity Act, 2003 (36 of 2003) and the Madhya Pradesh Vidyut Sudhar Adhiniyam, 2000 (No. 4 of 2001) as the case may be;
- (b) "Board" means Madhya Pradesh State Electricity Board constituted under Section 5 of the Electricity (Supply) Act, 1948 (54 of 1948);
- (c) "Proceeding" means the proceedings of whatever nature including suits, appeals, complaints, petitions, applications, conciliation, arbitration, whether civil or criminal or otherwise;
- (d) "Schedule" means the Schedule appended to these Scheme Rules;
- (e) "Transferee" means M P Power Trading Company Limited;

- (f) Words and expressions used but not specifically defined in these Scheme Rules shall have the same meaning, as assigned to them in the Act.

4. Transfer of functions of the Board:

- (i) On and from the date of publication of these scheme rules, the properties, interest in property, rights, obligations and functions of the Board as limited to those specified in 'Schedule 1' to these Scheme Rules shall stand transferred to and vest in the State Government for the purposes of these scheme rules.
- (ii) The property, interest in property, rights, obligations and functions of the Board transferred to the State Government under sub-rule (i) above, shall be transferred to and vest in the Transferee on and from the date of publication of these scheme rules subject to the terms and conditions as specified in these scheme rules.
- (iii) On such transfer and vesting under sub-rule (ii) above, the transferee shall be responsible for all functions, contracts, rights, deeds, obligations, agreements and other instruments of whatever nature relating to the functions transferred as specified in 'Schedule 1' to which the Board was a party, subsisting or having effect on the date of the transfer, in the same manner as the Board was liable immediately before the date of the transfer, and the same shall remain in force and effect against or in favour of the Transferee and may be enforced effectively as if the Transferee had been a party thereto instead of the Board.
- (iv) Upon the transfer being effected in accordance with the provisions of the Acts and these scheme rules, the rights and obligations of all persons shall be restricted to the Transferee, notwithstanding anything to the contrary contained in any deed, documents, instruments, agreements or arrangements which such person has with the Board and he shall not claim any right or interest against the State Government or the Board.
- (v) All Proceedings of whatever nature, relating to the functions vested in the Transferee as per Schedule -1, by or against the Board pending on the date of the transfer shall not abate or discontinue or otherwise in any way prejudicially be affected by reason of the transfer under these Scheme Rules and the proceedings may be continued, prosecuted and enforced by or against the Transferee in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against the Board, if the transfer specified in these scheme rules had not been made.
- (vi) The Opening financials of the Transferee on the transfer of the functions under these scheme rules shall be as specified in 'Schedule 2' to these scheme rules.
- (vii) (a) Notwithstanding that the business of the Transferee under these scheme rules and of each of the Companies, namely Madhya Pradesh Power Generating Co. Ltd., Madhya Pradesh Power Transmission Co. Ltd., Madhya Pradesh Poorv Kshetra Vidyut Vitaran Co. Ltd., Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd., and Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd., to whom the undertakings of the Board were earlier transferred vide Notification No. 6271 dated 01.10.2003, shall be conducted separately and independent of each other, the revenues from the business of the above Companies shall be utilized in the manner as per

the Cash Flow Mechanism indicated in 'Schedule 3' of these scheme rules till further orders of the State Government.

- (b) The State Government may, from time to time, by order modify, amend, change or otherwise alter the terms and conditions contained in Schedule - 3 of these scheme rules.
- (c) The Cash Flow mechanism specified in Schedule 3 as modified from time to time in accordance with sub clause (b) shall supersede any earlier arrangement notified or directed by the State Government.

5. Transfer by operation of law:

The Transfer under these scheme rules shall be operative and be effective pursuant to action of the State Government publishing these Scheme Rules and Orders issued in terms of these scheme rules and without any further act, deed or thing to be done by the State Government, Board, Transferee or any other person.

6. Power to remove difficulties:

- (1) If any doubt, dispute, difference or issue arises with regard to the transfer under these scheme rules, the decision of the State Government thereon shall be final and binding on all parties.
- (2) The State Government may, by order published in the Madhya Pradesh Gazette, make such provisions, not inconsistent with the provisions of the Act, as may appear to be necessary for removing the difficulties arising in implementing the transfer under these scheme rules.

SCHEDULE 1

Functions of Board transferred to the Transferee

1. The bulk purchase and bulk supply functions, namely, purchase, of electricity in bulk from the generating companies and supply of electricity in bulk to the Electricity Distribution Companies in the State of Madhya Pradesh.
2. The Power Purchase agreement or arrangement existing between the Board and the generating companies including inter-state Joint Venture Projects and the Bulk Supply Agreements with the electricity distribution companies in the State of Madhya Pradesh and all arrangements in relation to trading of electricity, inter state and Intra state.
3. All short, medium and long term Bulk Power Purchase Agreements or Arrangements between the Board and the power traders existing as on the effective date.
4. The Bulk Power Transmission Agreement existing between the Board and Power Grid Corporation of India as well as other Transmission licensees for transmission and wheeling of power interstate or intrastate.

5. Any future agreements that are presently being contemplated / processed by the Board in respect of any of the above and any activities in regard to electricity trading in the State.

SCHEDULE 2

State of Financials of the Transferee

Financial Status of the Company on the date of this Order

Total Authorized Share Capital		Rs. 1,00,00,000
Paid up Share Capital	Rs.	5,00,600
Other Assets		Nil
Other Liabilities		Nil

SCHEDULE 3

CASH FLOW MECHANISM 2006

The main objective of the Cash Flow Mechanism (CFM) is 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., Madhya Pradesh Paschim Kshetra Vidyut Vitaran Co. Ltd., and Madhya Pradesh Madhya Kshetra Vidyut Vitaran Co. Ltd. (collectively called as 'DISCOM or DISCOMs'), and M.P. Power Trading Co. Ltd. (TRADECO) with the Madhya Pradesh State Electricity Board (MPSEB). The details of the arrangements, worked out for various aspects of the CFM are set out hereunder:

1. Basic Principles of Cash Flow Mechanism:

- 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;
- 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;
- 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";

- iv. DISCOMS may advise TRADECO to buy short term power 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 to be entered between TRADECO, TRANSCO and DISCOMS;
- vi. All the six companies; namely TRANSCO, GENCO, DISCOM EAST, DISCOM WEST, DISCOM CENTRAL, and TRADECO shall issue 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 shall continue to be maintained by MPSEB on behalf of the companies as MPSEB has first charge over entire revenue of DISCOMs from sale of power, subject to escrow agreements, as per the existing arrangements enforced duly supported by the Authorisation from the Companies;
- ix. MPSEB shall allocate cash among companies based on a predetermined priority for payment of expenses as per existing arrangements;
- x. The Companies shall authorise MPSEB to decide priority of payments as per availability of cash;
- xi. MPSEB shall continue to service the debt liabilities, including generic loans on behalf of all Companies;
- xii. Payments made by MPSEB to be adjusted against the bills raised by the companies among themselves as per the inter se commercial agreements
 - a. GENCO to raise invoice on TRADECO
 - b. Other power Suppliers to raise Bills on TRADECO
 - c. PGCL and other transmission licensees facilitating power supply to MP to raise invoice on TRADECO
 - d. TRANSCO to raise invoice for transmission charges on DISCOMS routed through the TRADECO
 - e. TRADECO to raise invoice on DISCOMs for power/energy supplied
 - f. MPSEB to raise debit note on all companies for servicing of liabilities which include generic loans;

- xiii. Subsidy from GoMP, if any shall be received by MPSEB and respective credit to be passed on to the DISCOMs to the extent of their eligibility to obtain subsidy and payment made thereof by the state government;
- xiv. MPSEB needs to maintain an account each in the name of the respective companies to record and reconcile such transactions and adjustments.
- xv. Adequate cash comfort for opening of LCs shall be provided by MPSEB to the Companies as and when required against various purchase and works orders, on merit basis and on availability of limit.

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 the inter face meter readings adjusted to input level of the MP grid at the approved tariff on or before 7th day of succeeding month and deliver these bills to the TRADECO;
- iv. The TRADECO will issue monthly bills to the respective DISCOMs for the units consumed by them adjusted at MP grid input level including UI charges 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 forward the bills of GENCO and other power suppliers duly passed to MPSEB. Similarly DISCOMS will also forward the bills of power supplied by TRADECO duly passed to MPSEB. MPSEB will arrange to make Payments within the given time schedule. 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, giving details of repayments and interest payments made, which shall be accounted for by the Companies in their books.

3. Cash Transactions

- i. Revenue collected from all HT/LT consumers of the DISCOMs will be deposited in the respective RAO's "Revenue Collection Account" as already being done prior to issue of this notification:
- 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 will release the payments/funds to the various agencies and the Companies observing following priorities:
 - a) *Statutory payments including those arising out of various Court orders*
 - b) *Employee cost which includes salary, contribution towards PF, terminal benefits etc.*
 - c) *Coal Oil Supply payments of GENCO including freight charges.*
 - d) *Payment towards purchase of power including UI & wheeling charges and debt servicing to PFC*
 - e) *Essential A&G expenses of the Companies*
 - f) *Essential O&M expenses of the Companies*
 - g) *Essential Capital expenses.*
 - h) *Debt servicing other than PFC*
 - i) *Any other payments*
- iv. By 10th of each month, the Companies will submit to MPSEB the monthly fund requirement on weekly basis regarding their essential requirements towards Statutory payments, Fuel, A&G, O&M, Capex, 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 Companies on normal due dates and subject to availability of funds towards statutory payments, employee cost, fuel charges, A&G, O&M, Capex etc. While releasing the funds, Director (Finance) will ensure to maintain the company-wise percentages under the head A&G, O&M & Capex as per company's respective approved ARRs so that equitable treatment to all companies is meted out.
- vi. MPSEB will make payments towards statutory requirements including those arising out of various Court orders, power purchase, and including wheeling charges and debt servicing.

- vii. MPSEB will ensure honouring timely payments through L/C's and Escrows and also ensure to restrict overdraft to the extent possible while releasing payments to the Companies.
- viii. The revenue received from the DISCOMs will be treated as ad-hoc payment against power supply bills issued by TRADECO and wheeling charges bills issued by TRANSCO. The payment made by MPSEB to the DISCOMs through various heads and against the debt liabilities of DISCOMs 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 energy as well as Transmission/wheeling charges bills. 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 for each company for recording and reconciliation of such adjustments and provide the companies with the detailed statement of the net adjustments to the bills and net payments effected by the companies on a monthly basis.
- ix. MPSEB will receive subsidy from the state government against the claims/ bills raised by the DISCOMs and the amount shall be treated as ad-hoc payment against energy bills issued to the concerned DISCOMs by TRADECO and necessary entries will be made in the books of account of MPSEB as well as respective DISCOMs.
- x. The payment made by MPSEB to the TRANSCO/ GENCO through various heads and against their debt liabilities shall be deemed to be ad-hoc payments made to them against their bills to TRADECO towards supply of power/ wheeling charges respectively. Accordingly, necessary entries will be made in the books of account of MPSEB as well as TRANSCO/ GENCO/TRADECO as illustrated in para 4 (Accounting).
- xi. 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.
- xii. The amount received by MPSEB against any capital grant/ loan, deposits and reimbursement against claims from any agency will be remitted to the respective Companies in full and shall not form part of the revenue, for the purpose of these arrangements.
- xiii. Companies will maintain minimum required balance in their expenditure account to avoid overdraft charges. The overdraft charges paid by MPSEB shall be booked proportionately to all six Companies, generally in the ratio of their respective expenditure on establishment, A&G and O&M.

- xiv. 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 six Companies, generally in the ratio of their respective employee cost as per ARR. MPSEB shall issue bills periodically towards employee cost:
- xv. Expenses on account of common service facilities shall be proportionately charged to the beneficiary companies and will be treated as deemed payment towards A&G of the concerned company, generally in the ratio of their respective employee cost as per ARR. MPSEB shall issue bills periodically towards these expenses.
- xvi. At the end of the month, MPSEB and the Companies will reconcile their accounts and make a statement of default/outstanding payments towards each other.
- xvii. At the end of the month, MPSEB will furnish to the TRADECO consolidated statement of account for the transactions made towards sale and purchase of power company wise and utility/ agency wise, and will also remit the cash balance, if any, to TRADECO towards trading of power.

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 loans, in the eventuality of default, if PFC/ REC draws their over dues directly from these RAO's 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 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 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 received from TRANSCO through TRADECO will be accounted in the books of the DISCOMs as expenditure. MPSEB will settle the TRANSCO bills under advice to the DISCOMs. The liabilities in DISCOM books will be settled against the "Ad-hoc payment made to MPSEB" on the basis of the advice received from MPSEB.
 - 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 directly paid out 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 "GENCO"

- i. In the case of GENCO, cash flow management will be based on the cash paid out against their bulk supplies of power to their single buyer i.e. TRADECO;

- ii. From an accounting perspective, GENCO will account for revenues on the basis of the bulk supply invoices raised on TRADECO. These receivables will be settled based on payments made by MPSEB.

c) For the "TRANSCO"

TRANSCO will raise invoices for transmission/wheeling charges on the Distribution companies through TRADECO and account for the revenues. These receivables will be settled against remittances received from MPSEB on behalf of the DISCOMs.

d) For the "MPSEB"

- i. MPSEB will have the accounting perspective as a temporary holder of cash on behalf of all the sector entities;
- ii. For this, MPSEB will maintain three separate accounts 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. MPSEB will have its own separate accounts for the power purchase and trading functions for and on behalf of TRADECO;
- iv. Depending on utilization of funds, MPSEB shall carry out the following:
 - (a) Bills raised by TRADECO for power sales on DISCOMs shall be accounted in MPSEB accounts as revenue of TRADECO. Amounts settled by MPSEB against these bills will be transferred through a book entry from the relevant "Ad-hoc remittances...." Account to the relevant DISCOM debtor accounts to reflect the settlement of specific bills for power sales;
- v. Amounts remitted back to DISCOMs for meeting their respective expenditure and amounts paid against TRANSCO invoices raised on the DISCOMs will be directly debited to the "Ad-hoc remittances" accounts relevant to the specific DISCOMs:
 - a. The same as in (b) shall apply in the case of loan liability payments made by MPSEB on behalf of the DISCOMs;
 - b. Copy of bills received from TRADECO for power purchase from GENCO and other bulk suppliers shall be accounted as expenditure of TRADECO in the books. Payments made to GENCO and other bulk suppliers shall be settled against such liabilities.
- vi. On the monthly basis, the DISCOMs and MPSEB shall reconcile their respective "Ad-hoc remittances/ payment" accounts and ensure that the balances reflect the correct position in each other books. MPSEB will also reconcile the accounts with GENCO, TRANSCO and TRADECO on monthly basis;

e) For the "TRADECO"

On the monthly basis, MPSEB shall furnish a single entry statement to TRADECO the net and final amount received and paid towards trading of power Company/ Utility/ Agency wise.

5. Other Trading Business by TRADECO:

In addition to meeting the demand of the three DISCOMs the TRADECO will 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 proceedings from the sale of power shall be deposited in a separate bank account (Trading account) maintained by the TRADECO. However, the cost of energy at the rate being billed to the DISCOMs (pooled rate) shall be transferred in MPSEB account for making payments to the power suppliers.
- ii. The transactions from any other trading of power i.e. purchase and sale of power other than the pooled power of the sector, shall be made from the TRADECO's Trading account which shall not be part of the Cash Flow Mechanism.

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 any dispute, either financial or commercial, remains unresolved, the same shall be referred to the Apex Redressal Committee comprising of CMDs/ MD of the companies on quarterly basis or as and when required.
- iv. If the Apex 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. Cash Flow Management during Transit Period

Process for issuing power purchase bills in the name of TRADECO may take some time. Similarly, for banking arrangements for fund transfer between MPSEB and companies under the changed scenario, negotiations with bankers are to be initiated and finalized. For switching over into the new arrangement, the companies would also require

approval of their BoD. As such, during the transition period, settlement of bulk power energy bills by MPSEB shall be treated as settled with the TRADECO. The transit period will, however, be not more than TWO months.

8. 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 may make changes in the CFM from time to time, necessary for smooth operation of the cash flow mechanism, to the extent not disagreed by any of the Company, under intimation to the state government.

9. 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 the companies,

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

(Sanjay Bandopadhyaya)
Secretary