

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2018-19 and
Determination of SLDC Charges and Fees for FY 2020-21

For

**State Load Despatch Centre
(SLDC)**

Case No. 1838 of 2019

26th March, 2020

**6th Floor, GIFT ONE, Road 5-C, Zone 5, GIFT CITY
Gandhinagar-382 355 (Gujarat), INDIA
Phone: +91-79-23602000 Fax: +91-79-23602054/55
E-mail: gerc@gercin.org : Website www.gercin.org**



सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges payable by long-term user or medium-term user of the transmission system
CAPEX	Capital Expenditure
CC	Capacity Contracted in MW
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CIRP	Corporate Insolvency Resolution Process
Ckt-km	Circuit Kilometre
CPP	Captive Power Plant
DGVCL	Dakshin Gujarat Vij Company Limited
ESIL	Essar Steel India Limited
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HVDC	High Voltage Direct Current
IBC	Insolvency and Bankruptcy Code, 2016
Ind AS	Indian Accounting Standards
kV	kilo Volt
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere Hour
kVArh	kilo Volt Ampere Reactive Hour
kWh	kilo Watt Hour
LILO	Loop In Loop Out
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MCLR	Marginal Cost of Funds based Lending Rate
MGVCL	Madhya Gujarat Vij Company Limited
MU	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi Year Tariff



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O&M	Operations & Maintenance
OPGW	Optical Ground Wire
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PLR	Prime Lending Rate
RE	Revised Estimates
R&M	Repairs and Maintenance
ROE	Return on Equity
RoW	Right of Way
SBAR	State Bank Advance Rate
SCC	Sum of Capacities contracted in MW by all long-term users and medium – term users of the transmission system
SLDC	State Load Despatch Centre
STOA	Short-Term Open Access
UGVCL	Uttar Gujarat Vij Company Limited



**Before the Gujarat Electricity Regulatory Commission at
Gandhinagar**

Case No. 1838 of 2019

Date of Order: 26th March, 2020

CORAM

Shri Anand Kumar, Chairman

Shri P.J. Thakkar, Member

ORDER



1 Background and Brief History

1.1 Background

The State Load Despatch Centre (hereinafter referred to as “SLDC” or the “Petitioner”) has on 30th November, 2019 filed the present Petition under Section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as “GERC (MYT) Regulations, 2016”) for the truing up for FY 2018-19 and determination of SLDC Fees and Charges for FY 2020-21.

Gujarat Electricity Regulatory Commission (hereinafter referred to as “GERC” or the “Commission”) notified the GERC (MYT) Regulations, 2016 on 29th March, 2016, which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards.

Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of detailed application comprising of truing up for FY 2018-19, revenue from the sale of power at existing tariffs and charges for the ensuing year (FY 2020-21), revenue gap or revenue surplus for the ensuing year calculated based on Aggregate Revenue Requirement approved in the MYT Order and truing up for the previous year (FY 2018-19), application for determination of tariff for the ensuing year (FY 2020-21) to be carried out under the GERC (MYT) Regulations, 2016 and amendments thereof from time to time.

After Technical Validation of the Petition, it was registered on 4th December, 2019 and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 State Load Despatch Centre (SLDC)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies as listed below:

- Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company



- Gujarat Energy Transmission Corporation Limited (GETCO) - A Transmission Company

Four Distribution Companies, namely:

- Dakshin Gujarat Vij Company Limited (DGVCL)
- Madhya Gujarat Vij Company Limited (MGVCL)
- Paschim Gujarat Vij Company Limited (PGVCL);
- Uttar Gujarat Vij Company Limited (UGVCL); and
- Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company of above named six subsidiary companies, responsible for bulk purchase of electricity from various sources and bulk supply to Distribution Companies.

The transmission assets of the erstwhile Gujarat Electricity Board, including the assets related to the State Load Despatch Centre, were transferred to the newly created entity, GETCO. However, Government of India, Ministry of Power, has initiated steps to de-link the National and Regional / State Load Despatch Centre from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

Section 31 (1) of the Electricity Act, 2003, requires the State Government to establish a separate State Load Despatch Centre (SLDC). Section 31 (2) of the Electricity Act provides that the SLDC shall be operated by a Government Company/Authority/Corporation constituted under any State Act and until such Company/Authority/Corporation is notified by the State Government, the State Transmission Utility (STU) would operate the SLDC. Accordingly, in the State of Gujarat, the STU, viz., GETCO, has so far been operating the SLDC.

SLDC - Gujarat has participated in Unified Load Despatch and Communication Scheme (hereinafter called as ULDC) approved by Central Electricity Authority (CEA) for the Western Region. Under this Scheme, SLDC Jambuva has been shifted to SLDC Gotri from 6th July 2005 and commenced operation of three Sub-SLDCs at Gandhinagar, Jambuva and Jetpur.

1.3 Commission's Order for Approval of True-up of FY 2016-17 and Determination of Tariff for FY 2018-19

The Petitioner filed its Petition for Truing up for FY 2016-17 and determination of tariff for FY 2018-19 on 30th November, 2017. The Petition was registered on 11th December, 2017 (under

Case No. 1691 of 2017). The Commission vide Order dated 31st March, 2018 approved the truing up for FY 2016-17 and determined the SLDC Fees and Charges for FY 2018-19.

1.4 Commission's Order for approval of True-up of FY 2017-18 and Determination of tariff for FY 2019-20

The Petitioner filed its Petition for Truing up for FY 2017-18 and Determination of tariff for FY 2019-20 on 30th November, 2018. The Petition was registered on 4th December, 2018 (under Case No. 1758 of 2018). The Commission vide Order dated 24th April, 2019 approved the Truing up for FY 2017-18 and determined the SLDC Fees and Charges for FY 2019-20.

1.5 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the Control Period from FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the Applicant (controllable factors) and those caused by factors beyond the control of the Applicant (uncontrollable factors).

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year within the Control Period, based on the approved forecast and results of the truing up exercise.

1.6 Registration of the current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2018-19 and Determination of SLDC Fees and Charges for FY 2020-21 on 30th November, 2019. After Technical Validation of the Petition, it was registered on 4th December, 2019 (Case No. 1838 of 2019) and as provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with the Tariff Order.

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In accordance with Section 64 of the Electricity Act, 2003, SLDC was directed to publish its application in an abridged form in the newspapers to ensure due public participation.

The Public Notice, inviting objections / suggestions from its stakeholders on the Petition filed by SLDC, was published in the following newspapers:

Table 1-1: List of Newspapers in which Public Notice was published by the Petitioner

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	14/12/2019
2	Gujarat Samachar	Gujarati	14/12/2019

The Petitioner also placed the Public Notice and the Petition on its website (www.sldcguj.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 13th January 2020.

The Commission also placed the Petition and additional details received subsequently from the Petitioner on its website (www.gercin.org) for information and study by all the stakeholders.

The Commission also issued a notice for Public Hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1-2: List of Newspapers

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	04/02/2020
2	Divya Bhaskar	Gujarati	05/02/2020
3	Sandesh	Gujarati	05/02/2020

The Commission received objections / suggestions from consumers / consumer organizations on SLDC's Petition as shown in the Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for Public Hearing for the Petition on 12th February, 2020 at the Commission's Office, Gandhinagar, on 15th February, 2020 at GNFC Training Centre, Bharuch and on 18th February, 2020 at PGVCL Corporate Office, Rajkot. Subsequently, a communication was sent to the objectors to take part in the Public Hearing process for presenting their views in person before the Commission.



The status of stakeholders who submitted their written suggestion / objections, those who remained present in the Public Hearings, those who could not attend the Public Hearings, and those who made oral submissions are given in the Table below:

Table 1-3: List of Stakeholders

Sl. No.	Name of Newspaper	Written Submission	Oral Submission	Present on the day of Public hearing
1.	Laghu Udyog Bharati - Gujarat	Yes	Yes	Yes
2.	Utility Users' Welfare Association (UUWA)	Yes	Yes	Yes

A short note on the main issues raised by the Objectors in the submissions in respect of the Petition, along with the response of SLDC and the Commission's views on the response, are briefly given in Chapter 3.

1.7 Contents of this Order

The Order is divided into Six Chapters as under: -

1. The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing process and the approach adopted for this Order;
2. The **Second Chapter** outlines the summary of SLDC's Petition;
3. The **Third Chapter** provides a brief account of the Public Hearing process, including the objections raised by various stakeholders, SLDC's response and the Commission's views on the response;
4. The **Fourth Chapter** deals with the Truing up for FY 2018-19;
5. The **Fifth Chapter** deals with the determination of SLDC fees and charges for FY 2020-21;
6. The **Sixth Chapter** deals with the compliance of directives.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2016 provide for Truing up of the previous year and determination of Tariff for the ensuing year. SLDC has approached the Commission with the



present Petition for Truing up for FY 2018-19 and determination of SLDC Fees and Charges for FY 2020-21.

The Commission has undertaken Truing up for FY 2018-19, based on the submissions of the Petitioner. The Commission has undertaken the computation of gains and losses for FY 2018-19, based on the audited annual accounts.

While truing up for FY 2018-19, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved in the MYT Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised based on the actual performance observed.
- The Truing up for FY 2018-19 has been considered, based on the GERC (MYT) Regulations, 2016.

The Commission has undertaken Determination of SLDC Fees and Charges for FY 2020-21 as per the GERC (MYT) Regulations, 2016 and its amendments thereof.

2 Summary of SLDC's Petition

2.1. Introduction

This Chapter highlights the summary of the Petition for True-up of FY 2018-19 and Determination of SLDC Fees and Charges for FY 2020-21.

2.2. Truing up for FY 2018-19

SLDC submitted the Petition on 30th November, 2019 seeking approval of Truing up of ARR for FY 2018-19. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2020-21 as a part of the True-Up of FY 2018-19. SLDC has presented the actual cost components based on audited annual accounts for FY 2018-19. A summary of the proposed ARR for Truing up for FY 2018-19 compared with the ARR approved for FY 2018-19 in the MYT Order dated 31st March, 2017 is presented in the Table below:

Table 2-1: Summary of Truing up for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MYT Order	Actual Claimed	Deviation
1	Operation & Maintenance Expenses	1,664.75	2,230.54	(565.79)
1.1	Employee Expenses	1,322.80	1,652.29	(329.49)
1.2	Repair & Maintenance Expenses	75.81	142.36	(66.55)
1.3	Administration & General Expenses	266.14	435.89	(169.75)
2	Interest on Working Capital	26.65	35.29	(8.64)
3	RLDC Fees & Charges	13.02	-	13.02
4	Charges for ULDC & Other related Projects	486.05	498.91	(12.86)
5	SCADA upgradation charges	-	-	-
6	Less: Non-Tariff Income	1,166.50	444.85	721.65
7	Operating Cost Budget (a)	1,023.97	2,319.88	(1,295.91)
8	Depreciation	350.83	308.15	42.68
9	Interest & Finance Charges	65.81	33.12	32.69
10	Return on Equity	118.76	111.77	6.99



State Load Despatch Centre

Truing up for FY 2018-19 and Determination of SLDC Fees and Charges for FY 2020-21

Sr. No.	Particulars	Approved in the MYT Order	Actual Claimed	Deviation
11	Total Fixed Costs	535.40	453.04	82.36
12	Less: Expenses Capitalized	-	-	-
13	Add: Provision for Tax	-	-	-
14	Capital Cost Budget (b)	535.40	453.04	82.36
15	Total Revenue Budget (a)+(b)	1,559.37	2,772.92	(1,213.55)

The proposed sharing of Gain and Loss due to controllable and uncontrollable factors claimed by the Petitioner for FY 2018-19 are shown in the Table below:

Table 2-2: Revenue Gap / (Surplus) for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Gain / (Loss) on account of Uncontrollable Factors to be passed on to Beneficiaries for FY 2018-19	(942.62)
2	Gain / (Loss) on account of Controllable Factors to be passed on to Beneficiaries (1/3 rd of Total Gain / (Loss)) for FY 2018-19	(90.31)
3	Total Gain/ (Loss) of the True-up of FY 2018-19 to be addressed in the determination of tariff for FY 2020-21	(1,032.93)

2.3. SLDC Charges for FY 2020-21

SLDC has calculated the SLDC Charges for FY 2020-21 after considering the (Gap)/ Surplus of FY 2018-19 as follows:

Sr. No.	Particulars	FY 2020-21 (Rs. Lakh)
1	Approved ARR for FY 2020-21 vide MTR Order dated 24 th April, 2019	3,280.68
2	(Gap)/Surplus apportioned for FY 2020-21 by the Commission in Order vide Case No. 1691 of 2017 dated 31st March, 2018	632.24
3	Revenue (Gap)/Surplus approved in Truing up for FY 2018-19	(1,032.93)
4	Total SLDC Charges (1 - 2 - 3)	3,681.37



2.4. Prayer of SLDC to the Commission

1. To admit this Petition seeking True up of FY 2018-19 and Determination of Tariff for FY 2020-21.
2. To approve the True-up of FY 2018-19 and allow sharing of Gain/(loss) with the Consumers as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2016.
3. To approve SLDC Fees and charges for FY 2020-21.
4. To accept the figures in Rupees Lakhs, as the figures of SLDC are comparatively smaller than other entities.
5. To grant any other relief as the Hon'ble Commission may consider appropriate
6. The Petitioner craves leave of the Hon'ble Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
7. Pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

3 Brief Outline of objections raised, response from SLDC and Commission's view

3.1 Public Response to the Petition:

In response to the public notice inviting objections / suggestions on the petition filed by SLDC for Truing up for FY 2018-19 and determination of SLDC Fees and Charges for FY 2020-21 under the GERC (MYT) Regulations, 2016 from the stakeholders, a number of stakeholders filed their objections / suggestions in writing and also participated in the Public Hearing.

The Commission has considered the objections/ suggestions relevant to the present Petition and the response of SLDC on the same.

These objections/suggestions, the response from the Petitioner and the views of the Commission are dealt with hereunder:

3.2 Issue-wise Submissions and Replies:

Issue No. 1: Decline in revenue of SLDC

It is submitted that there is a sharp decline in revenue of SLDC and an explanation should be asked for the same.

Response of SLDC

SLDC Tariff for a particular year is determined by the Commission under the GERC (MYT) Regulations, 2016 after adding the impact of surplus/deficit arrived after True-up of the previous year. The SLDC revenue for FY 2018-19 is based on the SLDC Charges approved by the Commission for FY 2018-19 using this approach.

Commission's View

The Commission approved the SLDC Charges for FY 2018-19 based on the ARR approved in the MYT Order for FY 2018-19 and the Revenue Gap/(Surplus) after true-up of FY 2016-17. As there was a Revenue Surplus in the true-up of FY 2016-17, the approved SLDC Charges for FY 2018-19 worked out to be lower than that approved for FY 2017-18. The



Commission has verified the revenue claimed by SLDC for FY 2018-19, and finds that the same is in accordance with the SLDC Charges approved by the Commission for FY 2018-19.

Issue No. 2: Details of source of revenue of SLDC

It is submitted that SLDC has to provide details of revenue received from customers and other charges for FY 2018-19.

Response of SLDC

The details of revenue have been mentioned in SLDC Annual Accounts statement, which is available on SLDC website in the Tariff Petition section. The total SLDC income from SLDC Charges for FY 2018-19 stood to Rs. 927.13 Lakh as stated in the Tariff Petition. The SLDC Charges billed to the DISCOMs (DGVCL, MGVCL, PGVCL and UGVCL) for FY 2018-19 are as under:

DGVCL	Rs. 123.48 Lakh
MGVCL	Rs. 52.21 Lakh
PGVCL	Rs. 137.36 Lakh
UGVCL	Rs. 99.25 Lakh

Commission's View

The Commission has considered the SLDC Revenue for the purpose of truing up for FY 2018-19, in accordance with the amount recorded in the Audited Annual Accounts. The revenue consists of charges recovered from Distribution Licensees and Open Access Customers.

Issue No. 3: SLDC Fees and Charges increasing under the MYT Regulations, 2016

It is submitted that the SLDC Fees and Charges are being increased by applying the GERC (MYT) Regulations, 2016 where no tariff rules exist.

Response of SLDC

SLDC files the Tariff Petition as per the Guidelines specified in the GERC (MYT) Regulations, 2016. SLDC strictly adheres to the regulatory framework specified in the Regulations, while filing its Tariff Petition.

Commission's View

The Commission is determining the SLDC Fees and Charges in accordance with Chapter 6 of the GERC (MYT) Regulations, 2016.

Issue No. 4: Vague Reply by SLDC as regards the past tariff

It is submitted that SLDC has not replied clearly regarding the SLDC tariff approved in past Tariff Orders of SLDC and requested the Commission to direct SLDC to submit proper details.

Response of SLDC

The objection raised in this point is not clear and the objector has not mentioned any particular incident where SLDC has given any vague/unclear reply to queries raised by the objector. In the absence of such specific reference, it is difficult for SLDC to address the objection.

Commission's View

The SLDC Charges approved by the Commission for the past years is available in the past Tariff Orders, which are available for download on the Commission's website, i.e., www.gercin.org. As per GERC (MYT) Regulations, 2016, SLDC Fees and Charges are recovered from its beneficiaries, viz., Generating Companies, Distribution Licensees and Open Access Customers.

Issue No. 5: Power Purchase Cost and SLDC charges

It is submitted that at some places in the Petitions of the DISCOMs for FY 2020-21, SLDC Charges have been shown as part of power purchase cost for the purpose of FPPPA charges. However, the same has not been done for true up of ARR in FY 2018-19 for MGCVCL, UGVCL, DGVCL and PGVCL. The Commission should review the same.

It is also submitted that there are some transactions in which per unit SLDC charge is meagre as compared to that considered in calculations of FPPPA charges for FY 2020-21.

Response of SLDC

The point raised by the objector is not related to SLDC Tariff Petition.

Commission's View

This issue is addressed in the Tariff Orders of the DISCOMs, as it is not related to the SLDC Tariff Petition. It may be noted that SLDC Charges (as well as Transmission Charges) are generally considered along with the power purchase cost, as these Charges are for scheduling of power purchased from various sources. It is clarified that the SLDC Charges are not levied on per unit basis.

Issue No. 6: Levying of SLDC Charges in line of GST and applicability of GST

It is submitted that SLDC Charges should be levied on the basis of per unit charge in lines of GST. Further, Applicability of Goods & Service Tax (GST) on SLDC Charges should be clarified. The role of every purchaser and seller should be well-defined, and SLDC should clarify who is to pay SLDC charges. It is further submitted that the charges levied by SLDC for Open Access other than SLDC Charges should be specified clearly.

Response of SLDC

SLDC Charges are levied on Long-Term Open Access and Medium-Term Open Access users in terms of Rs./MW in accordance with the GERC (MYT) Regulations, 2016 and the Tariff Orders issued by the Commission. Charges from Short-Term Open Access users are recovered from Parties as per the guidelines outlined in the Open Access Regulations.

As regards GST on SLDC Charges, as per the provisions of Section 8 of the Central Goods and Services Tax Act, 2017 as well as Notification No.12/2017- CT (R) Serial No. 25 dated 28.06.2017, Transmission and Distribution of electricity are exempted under GST. Hence, GST is not collected on SLDC Charges.

Commission's View

SLDC Charges are determined and levied on capacity (Rs/MW) rather than per unit (Rs/kWh), in accordance with the GERC (MYT) Regulations, 2016. The Commission's Order clearly stipulates the applicability of the SLDC Charges for different classes of Open Access users. It is clarified that GST is not applicable on SLDC Charges.

Issue No. 7: General Objection

The Commission is requested to direct DISCOMs to pay 1.5 months SLDC Charges and other charges to SLDC, GETCO and GSECL. GSECL, GETCO and GUVNL should not be spared from SLDC Charges.

Response of SLDC

There is no response of SLDC in this regard.

Commission's View

The Commission's Order clearly stipulates the applicability of the SLDC Charges for different classes of users of Intra-State Transmission System, in accordance with the GERC (MYT) Regulations, 2016.

Issue No. 8: Disallowance of Power not qualified Merit Order Despatch

It is submitted that SLDC should not allow the power, which does not qualify under Merit Order Principles, to be scheduled.

Response of SLDC

SLDC follows Merit Order Principle irrespective of the ownership of the generating station, i.e., State owned, IPP, Central Sector. However, cases of exigency, accident, unforeseen outages and must run power are exceptional circumstances, when the Merit Order Principle cannot be applied.

Commission's view

The response of the Petitioner is noted.

Issue No. 9: Submission of Certificate of Plant Availability

It is submitted that SLDC is required to submit the certificates of Plant Availability in the context of fuel availability with generators for verification of claim of generators for recovery of fixed cost.

Response of SLDC

Any Generator under the control of SLDC of Gujarat declares its available capacity periodically. If required, SLDC instructs the respective generator to come 'on bar' and generate power in accordance with demand and merit order despatch.

Commission's view

While allowing recovery of Fixed Charges, the Commission verifies the Plant Availability Certificates issued by the SLDC, which are issued after factoring in the availability of fuel and ability to generate power.

Issue No. 10: Scheduling of Power without approval of Power Purchase Agreement (PPA)

It is submitted that SLDC is allowing generators, whose PPA is not approved by the Commission, to schedule their power generation. SLDC has allowed the scheduling of power of Adani Wind Power without approval of PPA.

Response of SLDC

SLDC follows all the Guidelines/Orders/Regulations issued by the Commission from time to time while scheduling power. SLDC also keeps a record of the PPAs between buyer/seller, generator/beneficiaries to ensure start date, end date and quantum of power to be transferred between the two.

SLDC's role is to certify wind energy generation of one or more windmills based on certified data received from the Gujarat Energy Development Agency (GEDA), which is the State Nodal Agency for Renewables. Use of this certification is at sole discretion of purchaser of the power, which may be DISCOM/Third Party Buyer/ industrial Captive as the case may be.

As regards scheduling of wind power, SLDC does scheduling for total integrated scheduled energy of each pooling station. This is based on the schedule submitted by their authorized agency. This is purely for the purpose of fair idea of anticipated presence of wind generation into the grid.

Commission's view

The response of the Petitioner is self-explanatory.

Issue No. 11: Not following the MYT approved quantum for Scheduling

It is submitted that SLDC is not following the quantum of Power Purchase approved in the MYT Order and allowing scheduling of power more than the quantum approved in the MYT Order.

Response of SLDC

The ARR approved for SLDC vide its MYT Order is not based on quantum of power but on projected expenses for the year and the same is approved by the Commission in the form of total ARR to be recovered for the year. The ARR is recovered from the LTOA/MTOA entities based on their installed/approved capacities.

Commission's view

The reply of the Petitioner is noted. It is clarified that the ARR of SLDC is not approved based on the quantum of power purchase approved in the MYT Order of the DISCOMs. Further, the power purchase quantum varies during the year on real-time basis, which is trued up at the end of the year. Scheduling of power cannot be limited to the power purchase quantum approved in the MYT Order. SLDC is the real-time system operator and has to ensure that the demand and supply are met while at the same time ensuring grid frequency and stability.

Issue No. 12: UI Details

It is submitted that the details of Unscheduled Interchange (UI) and other information are not available to the stakeholders from the website of SLDC. In fact, there is no data available on the website of SLDC.

Response of SLDC

The said issue is not related to the Tariff Petition of SLDC. However, details pertaining to UI/ Deviation Settlement Mechanism (DSM) are available on the website of SLDC and can be accessed by logging through the commercial menu on the SLDC website.

Further, SLDC ensures and believes in transparency and the data related to Merit Order (current), Technical, Gujarat Power Network, Installed Capacity, Annual Report, Tender Updates, OCC meetings-Agenda and minutes, important Regulations, Tariff Petition and Annual Accounts Statement, Open Access users details, Wind Energy Certificates, REC Injection Report, Monthly losses, Energy Account, Wind forecasting, shutdown planning/Outage planning etc., are available on the SLDC website in public domain for everyone.

Commission's view

The reply of the Petitioner is noted.

Issue No. 13: Adherence to provisions of the Electricity Act, 2003

It is submitted that SLDC should be directed to comply with all the relevant provisions of Act, 2003 and should be taken to task for violation of provisions of the Act and rules and regulations made thereunder.

Response of SLDC

SLDC carries out all functions stipulated under Section 32 of the Act, 2003.

Commission's view

The response of the Petitioner is noted.

Issue No. 14: Capital Expenditure

It is submitted that Capital Expenditure incurred in FY 2018-19 and proposed to be incurred in FY 2020-21 is very high and SLDC has not provided the Cost Benefit Analysis of such expenditure.

Response of SLDC

In FY 2018-19, SLDC had incurred Capital Expenditure of Rs. 354.20 Lakh, which is less than the capex of Rs. 522 Lakh approved by the Commission for the same period. Further, SLDC has projected Capital Expenditure of Rs. 966 Lakh for FY 2020-21. SLDC is required to strengthen its IT security systems and upgrade the Network systems. Current Applications



require up-gradation or replacement to be allowed for continued functioning with new hardware and for continued support from vendors. Therefore, Capital Expenditure of Rs. 966 Lakh as planned by SLDC in the Tariff Petition is justified.

Commission's view

The analysis of the Capital Expenditure and Capitalisation undertaken by SLDC during FY 2018-19 is detailed in Chapter 4 of this Order. For FY 2020-21, the Capital Expenditure and Capitalisation approved in the MTR Order has been considered, as the ARR of FY 2020-21 has not been modified in this Order, in accordance with the GERC (MYT) Regulations, 2016.

4 Truing up for FY 2018-19

4.1 Introduction

This Chapter deals with the Truing up for FY 2018-19.

While doing 'Truing up' of various components of ARR for FY 2018-19, the actuals for FY 2018-19 are compared with the approved ARR as per the MYT Order issued on 31st March 2017.

The Commission has analysed each of the components of ARR for FY 2018-19 in the following sections.

4.2 Capitalisation and Funding

Petitioner's Submission

SLDC has submitted that the actual capitalisation was Rs. 354.20 Lakh in FY 2018-19 against Rs. 522.00 Lakh approved by the Commission for the year in the MYT Order dated 31st March, 2017, as given in the Table below:

Table 4-1: Capitalisation claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
1	Land Acquisition Cost	-	-
2	Augmentation/Upgradation of Existing Systems	17.28	17.28
3	Strengthening of Communication Channels	15.24	(6.70)
4	Additional System/Software Planning	425.08	311.95
5	IT Infrastructure	28.91	25.66
6	SLDC Building Development	-	-
7	Office Equipment	29.24	0.31
8	Staff Recreation Facilities	-	-
9	Additional Expenditure	5.70	5.70
10	Total	522.00	354.20



Commission's Analysis

The Commission had approved Capitalisation of Rs. 522 Lakh for FY 2018-19 in the MYT Order dated 31st March, 2017. SLDC has achieved actual Capitalisation of Rs. 521.45 Lakh, as reported in the Audited Accounts of SLDC. However, after adjustment of the Gross Fixed Asset (GFA) amounting to Rs. 167.25 Lakh during the year, the net addition to GFA in FY 2018-19 works out to Rs. 354.20 Lakh, as per the Scheme-wise details provided in the above Table.

The Commission allowed SLDC to create a fund/reserve by retaining income earned out of Scheduling and System Operation Charges as per the Commission's Orders dated 01.03.2016 and 31.03.2017. The Commission directed SLDC to create a reserve out of this income and make corresponding investments in the securities as recognised under the Indian Trust Act, 1882. The Commission ruled that the interest earned on such securities shall be passed on to the beneficiaries through the ARR. The Commission also ruled that withdrawal from the reserve will be for capital expenditure only with prior approval of the Commission and such withdrawal from this reserve towards financing capital expenditure will not be held eligible for RoE.

The Commission observes that an amount of Rs. 107.12 lakh has been utilised from the above Fund to create assets in FY 2017-18. The same is also recorded in the MTR Order for SLDC dated April 24, 2019.

Further, the Commission sought information from SLDC regarding the capital expenditure incurred in FY 2018-19 by utilising the above Fund.

In its reply, the Petitioner informed that an amount of Rs. 437.36 Lakh reflected in the actual CAPEX of Rs. 521.45 Lakh, has been incurred by SLDC from the fund/reserve created by retaining income earned out of Scheduling and System Operation Charges as per the Commission's Orders dated 01.03.2016 and 31.03.2017 and allowed to be utilised vide Commission's letter dated 01.09.2017. Hence, the amount of Rs 437.36 Lakh is required to be reduced from the CAPEX addition of Rs 521.45 Lakh. Further, an amount of Rs. 73.08 lakh (Rs. 107.12 Lakh – Rs. 34.04 Lakh), which is a difference of actual amount spent in FY 2017-18 for asset creation out of retained reserve and capitalization allowed by the Commission, is also required to be reduced from the above CAPEX addition. Therefore, the Commission considers asset funded through fund/reserve created by retaining income earned out of Scheduling and System Operation Charges during FY 2018-19 as Rs. 510.44 Lakh (Rs. 73.08

Lakh + Rs. 437.36 Lakh). Also, assets amounting to Rs. 167.25 Lakh have also been retired during FY 2018-19.

Thus, there is a net addition of Rs. 11.01 Lakh of assets and retirement of assets of Rs. 167.25 Lakh, in terms of assets whose cost is to be recovered from the beneficiaries in FY 2018-19. In accordance with the GERC (MYT) Regulations, 2016, the Commission has considered the funding of the net addition of asset and asset reduction as per the normative debt: equity ratio of 70:30, leading to reduction in the equity and debt considered in FY 2018-19, as shown in the Table below:

The Capitalisation and funding of the same approved in the truing up for FY 2018-19 is shown in the Table below:

Table 4-2: Capitalisation and Funding approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in MYT Order	Actual Claimed	Approved in Truing up
1	Capitalisation (Gross)	522.00	521.45	521.45
2	Less: Retirement of Assets	-	167.25	167.25
3	Capitalisation (net)	522.00	354.20	354.20
4	Less: Asset Addition Funded through Retaining Income Earned out of Scheduling and System Operation Charges			510.44
5	Net Asset Addition to be funded by beneficiaries	522.00	354.20	(156.24)
6	Debt (70%)	365.40	247.94	(109.37)
7	Equity (30%)	156.60	106.26	(46.87)

4.3 Operations and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner has claimed actual O&M expenses of Rs. 2,230.54 Lakh in the Truing up for FY 2018-19 against Rs. 1,664.75 Lakh approved for the year in the MYT Order as detailed in the Table below:



Table 4-3: O&M Expenses claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Deviation
1	Employees Expenses	1,322.80	1,652.29	(329.49)
2	Repairs & Maintenance Expenses	75.81	142.36	(66.55)
3	Administrative & General Expenses	266.14	435.89	(169.75)
4	O&M Expenses	1,664.75	2,230.54	(565.79)

Employees Expenses

The Petitioner has claimed Rs 1652.29 Lakh towards actual employees expenses as against Rs. 1,322.80 Lakh approved in the MYT Order for FY 2018-19. The Petitioner submitted that the Employees Expenses are broadly categorized into (1) Salaries and Wages, (2) Contribution to Provident Fund & Other Funds, (3) Staff Welfare Expenses, and (4) Other Terminal Benefits. The Petitioner added that the variation between the approved and actual Employees Expenses is on account of the actual impact of 7th Pay Commission. The Re-measurement of Defined Benefit Plan for FY 2018-19 as reflected in the Audited Accounts of SLDC stands at Rs. 116.24 Lakh. Further, SLDC has made a provision of Rs. 160.60 Lakh towards 7th Pay Commission and has actually paid 7th Pay Commission arrears amounting to Rs. 294.85 Lakh on account of wage revision during FY 2018-19. SLDC has excluded the provision made towards 7th Pay Commission and has considered the actual payment made during FY 2018-19 in its claim, in line with the approach adopted by the Commission in its previous Tariff Orders.

Repair and Maintenance (R&M) Expenses

The Petitioner has claimed Rs. 142.36 Lakh towards actual R&M Expenses in the truing up for FY 2018-19 as against Rs. 75.81 Lakh approved for the year in the MYT Order dated 31st March, 2017. The Petitioner submitted that R&M Expenses have been incurred in order to maintain the asset quality given the ageing of equipment. The R&M Expenses as per Note 34 of Audited Accounts is Rs. 641.27 Lakh, which includes ULDC Charges of Rs. 498.91 Lakh. SLDC submitted that it has negated the above ULDC Charges in order to arrive at the R&M Expenses for FY 2018-19, as the expenses related to ULDC have been considered under a separate head. SLDC submitted that it has tried its best to minimize the R&M Expenses.



Administration & General (A&G) Expenses

The Petitioner has claimed Rs. 435.89 Lakh towards actual A&G Expenses in the truing up for FY 2018-19 against Rs. 266.14 Lakh approved for the year in the MYT Order dated 31st March, 2017. The Petitioner submitted that these expenses mainly comprise conveyance, travel, legal charges, telephone charges, electricity charges, leased line charges, etc., which are legitimate expenses.

Commission's Analysis

The O&M expenses comprise Employees Expenses, R&M Expenses and A&G Expenses. The Commission has verified the actual expenses incurred against each head in FY 2018-19 from the Audited Accounts.

As regards Employees Expenses, it is observed that the variation between the approved and actual employee expenses is on account of the actual impact of 7th Pay Commission. As per audited annual accounts, the Employees Expenses is Rs. 1696.64 Lakh. Further, vide its reply dated 6th January 2020, SLDC submitted that the total provisioning pending in the Accounts as on 31st March 2019 was Rs. 185.20 lakh. This includes the provision made during FY 2018-19 as Rs. 160.59 Lakh. Hence, the provision of Rs. 160.59 Lakh made towards 7th Pay Commission has been excluded, and the actual payment of arrears amounting to Rs. 294.85 Lakh made during FY 2018-19 has been considered, in line with the approach adopted by the Commission in its previous Tariff Orders.

The Re-measurement of Defined Benefit Plan for FY 2018-19 as reflected in the Audited Accounts of SLDC stands at Rs.116.24 Lakh, which has been deducted from the Employee Expenses. The Contribution to Provident Fund, Terminal Benefits and Staff Welfare Expenses have been considered at actuals in the Truing up for FY 2018-19. The Total Employees Expenses approved after truing up for FY 2018-19 works out to Rs. 1652.29 Lakh, as claimed by the Petitioner. However, as the actual Employees Expenses are higher than the approved Employees Expenses, the efficiency loss on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

As regards R&M Expenses, the ULDC charges of Rs. 498.91 Lakh have been considered separately, and hence, have been reduced from the R&M Expenses of Rs. 641.27 Lakh

reflected in the Audited Accounts. The Total R&M Expenses approved after truing up for FY 2018-19 works out to Rs. 142.36 Lakh, as claimed by the Petitioner. However, as the actual R&M Expenses are higher than the approved R&M Expenses, the efficiency loss on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

As regards A&G Expenses, from the Audited Accounts of SLDC, it is observed that the main contributors are telephone and postage expenses, travelling and conveyance, rent, rates and taxes, and electricity charges. The total A&G Expenses approved after truing up for FY 2018-19 works out to Rs. 435.89 Lakh, as claimed by the Petitioner. However, as the actual A&G Expenses are higher than the approved A&G Expenses, the efficiency loss on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

The Total O&M Expenses approved by the Commission in the truing up for FY 2018-19 is shown in the Table below:

Table 4-4: Operation & Maintenance Expenses approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
1	Employees Expenses	1,322.80	1,652.29	1,652.29
2	R&M Expenses	75.81	142.36	142.36
3	A&G Expenses	266.14	435.89	435.89
4	O&M Expenses	1,664.75	2,230.54	2,230.54

The Commission approves the O&M Expenses at Rs. 2,230.54 Lakh in the Truing up for FY 2018-19.

Under Regulation 22 of the GERC (MYT) Regulations, 2016, the O&M expenses are controllable in nature except the expenses on account of actual pay out towards wage revision. Accordingly, the Commission has worked out the Gain/(Loss), after deducting the actual expenses of Rs. 294.85 Lakh towards 7th Pay Commission arrears, as given in the Table below:



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Table 4-5: Operation & Maintenance Expenses and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + /(-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
O & M Expenses	1,664.75	2,230.54	(565.79)	(270.94)	(294.85)

4.4 Depreciation

Petitioner's Submission

The Petitioner has claimed Rs. 308.15 Lakh towards depreciation for FY 2018-19, against Rs. 350.83 Lakh approved by the Commission for the year in the MYT Order dated March 31, 2017, as given in the Table below:

Table 4-6: Depreciation claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
1	Opening Gross Block	2499.08	2,416.54
2	Net Additions during the Year	522.00	354.20
3	Closing Gross Block	3021.08	2,770.74
4	Average GFA	2760.08	2,593.64
5	Depreciation for the Year	350.83	308.15
6	Average Rate of Depreciation	12.71%	11.88%

SLDC has claimed Rs. 42.68 Lakh as Gain from Depreciation due to uncontrollable factors, as detailed in the Table below:

Table 4-7: Gain/ (Loss) claimed from Depreciation for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Depreciation	350.83	308.15	-	42.68



Commission's Analysis

The opening GFA of FY 2018-19 has been considered same as the closing GFA of FY 2017-18, as approved in the truing up of FY 2017-18 in the MTR Order.

It is observed that the Opening GFA considered by SLDC in its Petition for computing the average depreciation rate is incorrect, as the depreciation has been charged in the books on the entire GFA, without excluding the assets created out of the SLDC Fund. Hence, the Commission has restated the opening GFA for FY 2018-19 by adding back the amount of Rs. 34.04 lakh that was considered by the Commission in the Truing up of FY 2017-18 against assets created out of SLDC Fund. The revised effective depreciation rate as per Accounts thus, works out to 11.73%. This average depreciation rate of 11.73% has been considered for computing the depreciation on the revised GFA, as shown in the Table below:

The Depreciation approved after truing up for FY 2018-19 is shown in the Table below:

Table 4-8: Gross Fixed Assets and Depreciation approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual	Approved in Truing up
1	Opening Gross Block	2499.08	2,450.58	2,416.54
2	Net Additions during the Year	522.00	354.20	(156.24)
3	Closing Gross Block	3021.08	2,804.78	2,260.30
4	Average GFA	2760.08	2,627.68	2,338.42
5	Depreciation for the Year	350.83	308.15	274.23
6	Average Depreciation Rate	12.71%	11.73%	11.73%

The Commission accordingly, approves Depreciation of Rs. 274.23 Lakh for FY 2018-19.

As depreciation is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-9: Depreciation and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Depreciation	350.83	274.23	76.60		76.60

The Commission accordingly approves the Gain of Rs. 76.60 Lakh on account of uncontrollable factors against depreciation.

4.5 Interest and Finance Charges

Petitioner's Submission

The Petitioner has claimed Rs. 33.12 Lakh towards interest and finance charges in the Truing up for FY 2018-19, as against Rs. 65.81 Lakh approved for the year in the MYT Order dated March 31, 2017. SLDC submitted that it has considered the closing loan balance of FY 2017-18 as approved in the previous True-up Order as opening loan balance for FY 2018-19. SLDC has considered the addition in loans for FY 2018-19 based on the Opening and Closing Balance of Loans as per accounts. Repayment has been considered as equal to depreciation in line with the GERC (MYT) Regulations, 2016. The interest rate has been considered same as the weighted average interest rate of GETCO, i.e., 7.78%. The interest and finance charges claimed by SLDC in the truing up for FY 2018-19 is shown in the Table below:

Table 4-10: Interest and Finance Charges Claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
1	Opening Loans	662.57	455.45
2	Loan Additions during the Year	365.40	247.94
3	Repayment during the Year	350.83	308.15
4	Closing Loans	677.14	395.24
5	Average Loans	669.86	425.35



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Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
6	Interest on Loan	65.81	33.09
7	Other Finance Charges (Guarantee + Financing Charges)	-	0.03
8	Total Interest & Financial Charges	65.81	33.12
9	Weighted Average Rate of Loan	9.82%	7.78%

SLDC has claimed Rs. 32.69 Lakh as Gain from Interest and Finance Charges due to uncontrollable factors, as detailed in the Table below:

Table 4-11: Gain/ (Loss) claimed from Interest & Finance Charges for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest & Finance Charges	65.81	33.12	-	32.69

Commission's Analysis

The Commission has examined the submission of SLDC. The opening loan of FY 2018-19 has been considered same as the closing loan of FY 2017-18, as approved in the truing up for FY 2017-18 in the MTR Order. There is a net reduction to normative loan as approved earlier in this Order, while approving the funding of the Capitalisation.

The repayment of loans during the year has been considered equal to the depreciation for FY 2018-19. As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Transmission Licensee shall be considered as the rate of interest. As per the aforesaid Regulation and the data provided by SLDC, the Commission has considered the weighted average interest rate as 7.78% and applied the same on the normative loan amount. The other finance charges of Rs. 0.03 Lakh as claimed by SLDC have been approved in line with the actual expenses as per the Audited Accounts. The Commission has approved the interest on normative loans in the truing up for FY 2018-19, as detailed in the Table below:



Table 4-12: Interest and Finance Charges approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
1	Opening Loans	662.57	455.45	455.45
2	Loan Additions during the Year	365.40	247.94	(109.37)
3	Repayment during the Year	350.83	308.15	274.23
4	Closing Loans	677.14	395.24	71.85
5	Average Loans	669.86	425.35	263.65
6	Interest on Loan	65.81	33.09	20.51
7	Other Charges (Guarantee + financing charges)	-	0.03	0.03
8	Total Interest & Financial Charges	65.81	33.12	20.54
9	Weighted Average Rate of Loan	9.82%	7.78%	7.78%

The Commission accordingly, approves Interest and Finance Charges of Rs. 20.54 Lakh for FY 2018-19.

As interest is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-13: Interest and Finance Charges and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest and Finance Charges	65.81	20.54	45.27		45.27

The Commission accordingly approves the Gain of Rs. 45.27 Lakh on account of uncontrollable factors against interest and finance charges.

4.6 Interest on Working Capital

Petitioner's Submission

The Petitioner has submitted that Interest on Working Capital (IoWC) for FY 2018-19 is computed at Rs. 35.29 Lakh, as against Rs 26.65 Lakh approved for the year in the MYT



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Order dated March 31, 2017. SLDC has submitted that normative IoWC has been computed in accordance with the GERC (MYT) Regulations, 2016. The IoWC is claimed @10.89%, being the 1-year SBI MCLR as on 1st April, 2018 plus 250 basis points in line with the GERC (MYT) Regulations, 2016. The normative IoWC claimed by SLDC in the truing up of FY 2018-19 is shown in the Table below:

Table 4-14: Interest on Working Capital and Gain/ (Loss) claimed for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MYT Order	Actual Claimed
1	O & M Expenses	138.73	185.88
2	Maintenance Spares	24.99	24.17
3	Receivables	64.08	113.96
4	Total Working Capital	227.80	324.00
5	Rate of Interest on Working Capital	11.70%	10.89%
6	Interest on Working Capital	26.65	35.29

SLDC has submitted the Loss from IoWC due to uncontrollable factors, as detailed in the Table below:

Table 4-15: Gain/(Loss) from IoWC claimed for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest on Working Capital	26.65	35.29		(8.64)

Commission's Analysis

The Commission has examined the submissions made by the Petitioner. IoWC is to be allowed on normative basis, as per Regulation 40.3 of the GERC (MYT) Regulations, 2016. The working capital requirement comprises one month's O&M expenses, maintenance spares at 1% of opening GFA, and receivables equivalent to 15 days of expected revenue from SLDC charges.

The Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.39% prevailing during FY 2018-19



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plus 250 basis points as the interest rate. Accordingly, the rate of interest is worked out to be 10.89%.

Based on the O&M Expenses and other expenses now approved in the Truing up, the normative Working Capital requirement and loWC thereon calculated at 10.89%, are detailed in the Table below:

Table 4-16: Interest on Working Capital approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing Up
1	O & M Expenses	138.73	185.88	185.88
2	Maintenance Spares	24.99	24.17	24.17
3	Receivables	64.08	113.96	108.75
4	Total Working Capital	227.80	324.00	318.80
5	Rate of Interest on Working Capital	11.70%	10.89%	10.89%
6	Interest on Working Capital	26.65	35.29	34.72

The Commission, accordingly, approves Interest on Working Capital at Rs. 34.72 Lakh in the Truing up for FY 2018-19.

The Commission considers the loWC as uncontrollable, since the components forming part of the Working Capital are mostly uncontrollable. The Commission, accordingly, approves the (Gain)/Loss on account of loWC in the Truing up for FY 2018-19, as detailed in the Table below:

Table 4-17: Interest on Working Capital and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest on Working Capital	26.65	34.72	(8.07)		(8.07)

The Commission accordingly approves the Loss of Rs. 8.07 Lakh on account of uncontrollable factors against loWC.

4.7 Return on Equity

Petitioner's Submission

SLDC has claimed Rs. 111.77 Lakh towards RoE in the Truing up for FY 2018-19, as against Rs. 118.76 Lakh approved for the year in the MYT Order. SLDC has submitted that the RoE has been computed @ 14% as specified in the GERC (MYT) Regulations, 2016. The deviation in RoE is considered as uncontrollable factor. SLDC does not have its own equity, and debt and equity of SLDC are considered in proportion of the GETCO debt:equity ratio in FY 2018-19. The RoE claimed by SLDC in the truing up for FY 2018-19 is shown in the Table below:

Table 4-18: Return on Equity claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
1	Opening Equity Capital	770.00	745.23
2	Equity Additions during the Year	156.60	106.26
3	Closing Equity	926.60	851.49
4	Average Equity	848.30	798.36
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	118.76	111.77

SLDC has submitted the Gain from RoE due to uncontrollable factors, as detailed in the Table below:

Table 4-19: Gain/(Loss) from RoE claimed for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Return on Equity	118.76	111.77	-	6.99

Commission's Analysis

The Commission has examined the submission of SLDC. RoE is allowed on the average equity deployed during the year considering the Opening Equity and Addition to Equity. The



Opening Equity of FY 2018-19 has been considered same as the closing equity of FY 2017-18, as approved in the truing up for FY 2017-18 in the MTR Order. The quantum of equity reduction in FY 2018-19 has been considered as approved earlier in this Order, under the funding of capitalisation. Accordingly, the Commission has computed the RoE in the truing up for FY 2018-19, as detailed in the Table below:

Table 4-20: Return on Equity approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
1	Opening Equity Capital	770.00	745.23	745.23
2	Equity Additions during the Year	156.60	106.26	(46.87)
3	Closing Equity	926.60	851.49	698.36
4	Average Equity	848.30	798.36	721.79
5	Rate of Return on the Equity	14%	14%	14%
6	Return on Equity	118.76	111.77	101.05

The Commission approves RoE at Rs. 101.05 Lakh in the Truing up for FY 2018-19.

The Commission is of the view that Return on Equity depends on the amount of capitalisation during the financial year and that the parameters affecting the capitalisation are uncontrollable in nature. Hence, the factors affecting Return on Equity are uncontrollable. The Commission accordingly approves the Gain and Loss on account of Return on Equity in the Truing up for FY 2018-19, as detailed in the Table below:

Table 4-21: Return on Equity and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Return on Equity	118.76	101.05	17.71		17.71

The Commission accordingly approves the Gain of Rs. 17.71 Lakh on account of uncontrollable factors against RoE.



4.8 RLDC Fees and Charges

Petitioner's Submission

SLDC submitted that the actual RLDC Fees and Charges incurred in FY 2018-19 as per Audited Accounts is Nil as shown below:

Table 4-22: RLDC Fees & Charges claimed for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MYT Order	Actual Claimed	Deviation +/-
1	RLDC Fees and Charges	13.02	-	13.02

Commission's Analysis

The Commission approves the actual RLDC Fees and Charges as Nil as per Audited Accounts in the truing up for FY 2018-19.

4.9 ULDC and SCADA Upgradation Charges

Petitioner's Submission

The Power Grid Corporation of India Ltd. (POWERGRID) conceptualized a Unified Load Despatch and Communication (ULDC) Scheme for strengthening the load despatch infrastructure and augmenting communication system for efficient discharge of load despatch functions. The scheme covered investment in RLDCs at the Central level and SLDCs at the State level.

CERC issued an Order in this regard for approval of charges for ULDC Scheme in the Western Region for the period from 1.2.2006. Accordingly, the Central portion charges shall be shared by beneficiaries/constituents in the Western Region in the ratio of Central Generating capacity allocation, including the allocation from unallocated capacity from the Central Generating stations. Inter-regional export/import of power, whether bilateral or multilateral, would not affect the sharing of ULDC charges. The State portion charges shall be shared by the States in proportion to respective capital cost as on 31.3.2006. Percentage sharing of GETCO is also decided as 17.36% as per the agreement executed with POWERGRID.



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The Commission has also approved the actual ULDC and SCADA Charges in its previous Tariff Orders. The ULDC Charges incurred by SLDC for FY 2018-19 as shown below have been accounted as per the actual bills received:

Table 4-23: ULDC & SCADA Upgradation Charges claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed
1	ULDC & SCADA Upgradation Charges	486.05	498.91

The variation between the approved and actual ULDC & SCADA Upgradation Charges is considered uncontrollable as shown in the Table below:

Table 4-24: Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
ULDC & SCADA Upgradation Charges	486.05	498.91		(12.86)

Commission's Analysis

The Commission has examined the submission made by the Petitioner for payment of ULDC Charges. The Commission is of the view that ULDC Charges are required to be paid by SLDC as a member of the Western Regional System as per the directives of WRLDC and WRPC. The Commission has also observed that with the increased complexity of grid and advancement of IT system, it is utmost necessary to adopt the latest available software/hardware for the SCADA system.

The Commission accordingly approves ULDC and SCADA Upgradation Charges at Rs. 498.91 Lakh as per the Audited Accounts in the Truing up for FY 2018-19, as shown in the Table below:

Table 4-25: ULDC & SCADA Upgradation Charges approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Approved in Truing up
1	ULDC & SCADA Upgradation Charges	486.05	498.91

The Commission approves the Gain and Loss on account of ULDC Charges in the Truing up for FY 2018-19, as detailed in the Table below:

Table 4-26: ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
ULDC & SCADA Upgradation Charges	486.05	498.91	(12.86)		(12.86)

The Commission accordingly approves the Loss of Rs. 12.86 Lakh on account of uncontrollable factors against ULDC & SCADA Upgradation Charges.

4.10 Non-Tariff Income

Petitioner's Submission

SLDC submitted that it is earning revenue from sources other than the core business activities and this Non-Tariff Income is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016.

Non-Tariff Income mainly consists of income from STOA Application & Scheduling Charges. The Commission had approved Non-Tariff Income for FY 2018-19 at Rs. 1166.50 Lakh in the MYT Order dated 31st March, 2017. However, SLDC has recorded lower Non-Tariff Income of Rs. 444.85 Lakh in FY 2018-19 mainly due to comparatively lesser STOA Applications. The head-wise details of actual Non-Tariff Income are shown in the Table below:

Table 4-27: Non-Tariff Income claimed for FY 2018-19 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MYT Order	Actual Claimed
1	Income from Sale of Scrap		0.01
2	Miscellaneous Charges from Consumers (Scheduling and Application Charges for STOA)		432.93
3	Supervision Income from execution of Deposit work		6.90
4	Penalties received from Suppliers & Contractors		0.17
5	Miscellaneous Receipts such as Application Fees, etc.		4.84
6	Total	1,166.50	444.85

The variation between the approved and actual Non-Tariff Income is considered uncontrollable as shown in the Table below:

Table 4-28: Gain/(Loss) from Non-Tariff Income claimed for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Non-Tariff Income	1,166.50	444.85		721.65

Commission's Analysis

The Non-Tariff Income earned by SLDC is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016. The Commission had approved Non-Tariff Income of Rs. 1166.50 Lakh for FY 2018-19 in the Tariff Order for SLDC based on SLDC submissions. However, SLDC has submitted that Non-Tariff Income was much lower in FY 2018-19, at Rs. 444.85 Lakh, mainly due to comparatively lesser STOA Applications.

The Commission has verified the actual Non-Tariff Income from the Audited Accounts of SLDC for FY 2018-19. In line with the approach in previous Orders, the Commission has not considered the interest income of Rs. 15.79 Lakh earned on staff loans and advances under Non-Tariff Income.



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As stated earlier in this Order, the Petitioner is having unspent balance of SLDC Funds. In line with the approach stated while approving the Fund, the Commission has considered the interest rate equal to weighted average 1-year SBI MCLR and worked out the notional interest on the average unspent balance.

The Commission had considered notional interest income for 8 months of FY 2018-19, under the Non-Tariff Income of FY 2017-18, which needs to be adjusted with the notional interest being considered now for FY 2018-19. These Funds have been contributed by the beneficiaries and the full benefit of these Funds should go to the beneficiaries. The Commission has computed the notional interest for FY 2018-19, as shown in the Table below:

Table 4-29: Computation of Notional Interest on Fund arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakh)

Sr. No.	Period	Legend	Amount	Rate of Interest per annum	Interest
1	01.04.2018 to 31.03.2019 (Average of Opening & Closing)	A	2424.61	8.39%	203.42
2	Less: Amount of interest considered in MTR Order dated 24.09.2019	B	2202.95	8.31%	134.64
3	Total	C = A - B			68.78

Thus, the Commission has computed the notional interest of Rs. 68.78 Lakh to be considered under Non-Tariff Income in the Truing up for FY 2018-19.

The Total Non-Tariff Income approved by the Commission in the Truing up of FY 2018-19 is shown in the Table below:

Table 4-30: Non-Tariff Income approved for FY 2018-19 (Rs. Lakh)

Sl.	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
1	Income from Sale of Scrap		0.01	0.01
2	Interest on Advances to Suppliers/ Contractors			0.00
3	Miscellaneous Charges from Consumers (Scheduling and Application Charges for STOA)		432.93	432.93



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Sl.	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up
4	Supervision Income from Execution of Deposit Work		6.90	6.90
5	Penalties Received from Suppliers & Contractors		0.17	0.17
6	Miscellaneous Receipts such as Application Fees, etc.		4.84	4.84
7	Notional Interest on Fund arising pursuant to APTEL Judgments			68.78
8	Total	1,166.50	444.85	513.63

The Commission approves the Gain and Loss on account of Non-Tariff Income in the Truing up for FY 2018-19, as detailed in the Table below:

Table 4-31: Non-Tariff Income and Gain/(Loss) approved for FY 2018-19 (Rs. Lakh)

Particulars	Approved in the MYT Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Non-Tariff Income	1166.50	513.63	(652.87)	-	(652.87)

4.11 Income Tax

Petitioner's Submission

The Petitioner has submitted that tax on the income stream is computed as an expense and is to be recovered from the beneficiaries. GETCO makes a consolidated tax payment including SLDC. The Petitioner has claimed Nil income tax in the Truing up for FY 2018-19.

Commission's Analysis

The Commission approves the Income Tax amount as Nil, based on actuals as per the Audited Accounts.



4.12 Claimed and Approved Fixed Costs

The Fixed Charges approved in the MYT Order for FY 2018-19, claimed by SLDC in the truing up and approved by the Commission are summarized in the Table below:

Table 4-32: Fixed Costs Approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	Approved in the MYT Order	Actual Claimed	Approved in Truing up	Gain/(Loss) due to Controllable Factors	Gain/ (Loss) due to Uncontrollable Factors
1	Operation & Maintenance Expenses	1,664.75	2,230.54	2230.54	(270.94)	(294.85)
A	Employees Expenses	1,322.80	1,652.29	1,652.29		
B	Repairs & Maintenance Expenses	75.81	142.36	142.36		
C	Administration & General Expenses	266.14	435.89	435.89		
2	Interest on Working Capital	26.65	35.29	34.72		(8.07)
3	RLDC Fees and Charges	13.02	-	-		13.02
4	ULDC & SCADA Upgradation Charges	486.05	498.91	498.91		(12.86)
5	Depreciation	350.83	308.15	274.23		76.60
6	Interest and Finance Charges	65.81	33.12	20.54		45.27
7	Return on Equity	118.76	111.77	101.05		17.71
8	Provision for Tax	-	-	-		
9	Less: Non-Tariff Income	1,166.50	444.85	513.63		652.87
10	Less: Expenses Capitalized	-	-	-		
11	Total ARR	1,559.37	2,772.92	2,646.36	(270.94)	(816.05)



4.13 Revenue Gap for FY 2018-19

Petitioner's Submission

The Petitioner has claimed a Revenue Gap of Rs. 1,032.93 Lakh during FY 2018-19 as given in the Table below:

Table 4-33: Revenue (Gap) /Surplus claimed for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	2018-19
1	Gain/(Loss) on account of Controllable Factors to be passed on to Beneficiaries (1/3rd of Total Gain / (Loss) for FY 2018-19	(942.62)
2	Gain / (Loss) on account of Uncontrollable Factors to be passed on to Beneficiaries for FY 2018-19	(90.31)
3	Revenue (Gap) /Surplus for FY 2018-19 (1+2)	(1,032.93)

The Petitioner has requested the Commission to consider the Revenue Gap of Rs. 1032.93 Lakh for FY 2018-19 while deciding the Tariff for FY 2020-21.

Commission's Analysis

Regulation 23 and 24 of the GERC (MYT) Regulations, 2016 provide for sharing of Gain or Loss on account of uncontrollable and controllable factors. Accordingly, the Revenue (Gap)/Surplus approved by the Commission for FY 2018-19 is summarized in the Table below:

Table 4-34: Revenue (Gap) /Surplus approved for FY 2018-19 (Rs. Lakh)

Sr. No	Particulars	2018-19
1	Approved ARR as per MYT Order dated 31st March, 2017	1,559.37
2	Gain/(Loss) on account of Uncontrollable Factors to be passed on to Beneficiaries for FY 2018-19	(816.05)
3	Gain / (Loss) on account of Controllable Factors to be passed on to Beneficiaries (1/3 rd of Total Gain / (Loss) for FY 2018-19	(90.31)
4	Revenue (Gap)/Surplus approved in Truing up for 2016-17 after adjustment of past period Gap (Order dated 31 st March, 2018)	632.24



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Sr. No	Particulars	2018-19
5	Total ARR for FY 2018-19 (1-2-3-4)	1,833.49
6	Revenue from SLDC Charges	927.13
7	Revenue (Gap) /Surplus for FY 2018-19 (6-5)	(906.36)

Accordingly, the Commission approves the Revenue Gap of Rs. 906.36 Lakh in the Truing up for FY 2018-19 after adjustment of past period Gap. This Gap is carried forward to ARR of FY 2020-21 for Determination of SLDC Fees and Charges.



5 Determination of SLDC Charges for FY 2020-21

5.1 Introduction

This Chapter deals with the determination of SLDC Fees and Charges for FY 2020-21.

5.2 Determination of SLDC Fees and Charges for FY 2020-21

The Table below summarizes the ARR approved by the Commission for FY 2020-21 in the MYT Order dated 31st March, 2017:

Table 5-1: SLDC Fees & Charges approved for FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2020-21
1	Operation & Maintenance Expenses	2,692.48
1.1	Employees Expenses	1,924.42
1.2	Administration & General Expenses	171.23
1.3	Repairs & Maintenance Expenses	596.83
2	Interest on Working Capital	42.55
3	RLDC Fees & charges	-
4	ULDC Charges	245.00
5	WAM Charges	-
6	SCADA Upgradation	-
5	Less: Other Income	705.82
6	Operating Cost Budget (a)	2,274.21
7	Depreciation	543.98
8	Interest & Finance Charges	71.43
9	Return on Equity	192.53
10	Total Fixed Costs	807.94
11	Less: Expenses Capitalized	-
12	Add: Provision for Tax	198.53
13	Capital Cost Budget (b)	1,006.47
14	Total Revenue Requirement (a+b)	3,280.68



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The approved ARR of Rs. 3,280.68 Lakh for FY 2020-21 has been adjusted with the Revenue Gap approved in the truing up for FY 2018-19 as given in the table below:

Table 5-2: SLDC Fees & Charges approved for FY 2020-21 (Rs. Lakh)

Sr. No.	Stations	Unit
1	ARR approved for FY 2020-21	3,280.68
2	(Gap)/Surplus apportioned for FY 2020-21 by Commission in Order dated 31st March, 2018 in Case No. 1691 of 2017	632.24
3	Revenue (Gap)/Surplus approved in truing up for FY 2018-19	(906.36)
4	Total SLDC Charges (1-2-3)	3,554.80



6 Compliance of Directives and New Directives

6.1 Compliance to Directives issued by the Commission

In the Tariff Order issued by the Commission on 24th April, 2019 and the previous Orders, the Commission had given certain directives to SLDC. SLDC has submitted a report on compliance of the Directives issued by the Commission. The comments of the Commission on the submission/compliance of SLDC are given below:

6.2 Compliance to Directives issued by the Commission

Directive 1: The fourth amendment to CERC (Deviation Settlement Mechanism and Related Matters) Regulations, 2014 has come into force from 1st January, 2019, and the State entities carrying out the activities which affect the grid frequency are responsible for compliance of the said Regulations and in the event of any violations are levied penalties provided therein. Since SLDC is carrying out the grid operation and preparing the energy accounting of Intra-State entities, it is directed to submit the details of the aforesaid penalties, if any, which need to be paid by the State of Gujarat in terms of aforesaid Regulations of CERC. The details for the period from 1st January, 2019 to 30th June, 2019 may be submitted by 15th July, 2019 to the Commission.

Compliance: As per the directive issued by the Hon'ble Commission, SLDC submitted the details of aforesaid penalties which need to be paid by the State of Gujarat in terms of aforesaid Regulations of CERC from 1st January, 2019 to 30th June.

Commission's Comments:

The Commission has noted the submissions of SLDC in this regard. SLDC is directed to continue submitting the details of above-identified penalties on a six-monthly basis to the Commission.

Directive2: The SLDC shall submit half yearly report on status of Capex allowed to it for strengthening the Load Despatch Centre to discharge its functions effectively as an Independent System Operator. This report shall cover scheme-wise details of cost including target date and actual date of commissioning and the same to be submitted within one month after end of each quarter.

Compliance: SLDC submitted half yearly report on status of Capex allowed to it for strengthening the Load Despatch Centre to discharge its functions effectively as an



Independent System Operator inclusive of details such as scheme-wise details of cost including target date and actual date of commissioning as directed by the Hon'ble Commission.

Commission's Comments:

The Commission has analysed the submissions of SLDC in this regard, and allowed capitalisation accordingly, as detailed in the analysis of Capitalisation. SLDC shall continue to submit aforementioned half yearly report as per the Directive.

6.3 New Directive:

Directive No. 1:

The Petitioner is directed to submit the records of deviation from Scheduling of RE Generation by all generators above 1 MW w.e.f. starting date of commercial settlement in accordance with the GERC (Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar and Wind Generation Sources) Regulations, 2019 up to 31.03.2020. This record should be made for each pooling station of Solar and Wind separately and consist of deviation in percentage, penalty charge and per unit penalty. The said information should be submitted by 1st May, 2020. Further, similar information should start coming to the Commission's office within 15 days of the beginning of each quarter, i.e., by 15th July, 2020 for Quarter-1 and so on.

COMMISSION'S ORDER

The Commission approves SLDC Fees and Charges for FY 2020-21 as shown in the Table below:

Table 6-1: SLDC Fees & Charges for FY 2020-21

Sr. No.	Stations	Unit	Unit
1	ARR approved for FY 2020-21	Rs. Lakh	3,280.68
2	Surplus/(Gap) apportioned for FY 2020-21 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	Rs. Lakh	632.24
3	Revenue (Gap)/Surplus approved in truing up for FY 2018-19	Rs. Lakh	(906.36)
4	Total SLDC Charges (1-2-3)	Rs. Lakh	3,554.80
5	Grid Connection Fees	Rupees	10,000.00

This Order shall come into force with effect from 1st April, 2020.

Sd/-

P. J. THAKKAR
Member

Sd/-

ANAND KUMAR
Chairman

Place: Gandhinagar

Date: 26/03/2020