

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order:

Truing up for 2015-16,
Approval of Final ARR for 2016-17,
Approval of Multi-Year ARR for FY 2016-17 to FY 2020-21
and Determination of SLDC Fees and
Charges for 2017-18

For

State Load Despatch Centre (SLDC)

Case No. 1621 of 2016

31st March 2017

**6th Floor, GIFT ONE, Road 5C, GIFT CITY
Gandhinagar-382335 (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	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2016-17 to FY 2020-21
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repairs and Maintenance
RLDC	Regional Load Dispatch Centre
SBI	State Bank of India
SCADA	Supervisory Control and Data Acquisition
SLDC	State Load Dispatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
ULDC	Unified Load Dispatch and Communication
WAM	Wide Area Measurement
WRLDC	Western Regional Load Dispatch Centre
WRPC	Western Region Power Committee



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

Case No. 1621 of 2017

Date of the Order 31.03.2017

CORAM

Shri Anand Kumar, Chairman
Shri K. M. Shringarpure, Member
Shri P. J. Thakkar, member

ORDER



1 Background and Brief History

1.1 Background

State Load Despatch Centre (hereinafter referred to as “SLDC” or the “Petitioner”) has on 30th November, 2016 filed a petition under Section 62 of the Electricity Act, 2003, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2011, for the Truing up of FY 2015-16 and Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 for determination of final ARR for FY 2016-17, determination of ARR for the Control Period i.e. FY 2016-17 to FY 2020-21, determination of SLDC Fees and Charges for the Control Period FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18.

Gujarat Electricity Regulatory Commission notified the GERC (Multi-Year Tariff) Regulations, 2016 on 29th March, 2016 which shall be applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 onwards. Regulation 17.2 of the GERC (Multi-Year Tariff) Regulations, 2016 of GERC provides for submission of detailed Multi-Year Tariff application comprising truing up for FY 2015-16 to be carried out under GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005 and Amendment thereof time to time, Multi-Year Aggregate Revenue Requirement for the entire Control Period with year-wise details, Revenue from the sale of power at existing tariffs and charges and projected revenue gap or revenue surplus, for the second year of the Control Period under these regulations, viz., FY 2017-18 and application for determination of final ARR for FY 2016-17 and determination of tariff for FY 2017-18. The Commission shall determine Aggregate Revenue Requirement for the entire Control period and the tariff for the second year of the Control Period for the Generating Company, Transmission Licensee, SLDC, Distribution Wires Business and Retail Supply Business.

After technical validation of the petition, it was registered on 3rd December, 2016 and as provided under Regulation 29.1 of GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.



1.2 State Load Dispatch 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:

- Dakshin Gujarat Vij Company Limited (DGVCL)
- Madhya Gujarat Vij Company Limited (MGVCL)
- Uttar Gujarat Vij Company Limited (UGVCL)
- Paschim Gujarat Vij Company Limited (PGVCL); and
- Gujarat Urja Vikas Nigam Limited (GUVNL) – A holding company of above named 6 subsidiary companies, responsible for purchase of electricity from various sources and supply to Distribution Companies.

The transmission assets of the erstwhile Gujarat Electricity Board, including the assets related to the State Load Dispatch 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 Dispatch 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 Dispatch 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., Gujarat Energy Transmission Corporation Limited (GETCO), has so far been operating the SLDC.



SLDC-Gujarat has participated into Unified Load Despatch and Communication Scheme (herein after called as ULDC) scheme approved by Central Electricity Authority for 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.

In pursuance of Government of India initiatives to de-link the operation of SLDC from STU, the Commission, in its Tariff Order dated 17th January, 2009, directed that GETCO may file a separate ARR for SLDC from FY 2009-10. The Commission had directed that GETCO should initiate action to compile the data for filing a separate ARR petition for SLDC for FY 2009-10. As per directives of the Commission, SLDC filed its first ARR Petition for the FY 2009-10.

1.3 Commission's Order for the Second Control Period

In accordance with the directives of the Commission in the Tariff Order dated 17th January, 2009, SLDC filed a separate petition for determination of Annual Revenue Requirement and SLDC fees and charges for the FY 2009-10 on 27th August, 2009. Thereafter, SLDC filed the petition for approval of ARR and SLDC fees and charges for the FY 2010-11 and the Commission issued its order on 31st March, 2010 approving the ARR for FY 2020-11 and SLDC fees and charges for the FY 2010-11. SLDC filed a petition for approval of ARR for the second MYT period FY 2011-12 to FY 2015-16 and determination of SLDC fees and charges for the FY 2011-12 on 29th December, 2010.

The Commission, in exercise of the powers vested under Sections 61, 62 and 64 of the Electricity Act, 2003, and all other powers enabling it in this behalf and after taking into consideration the submissions made by SLDC, the objections by various stakeholders, response of SLDC, issues raised during the public hearing and all other relevant material, issued the Multi-Year Tariff Order on 31st March, 2011 for the control period comprising FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16, based on the GERC (MYT) Regulations, 2011 and GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.



1.4 Commission's Tariff Orders for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16

The Commission, on the basis of the MYT Order for second control period, and petitions filed by SLDC for (i) truing up of FY 2010-11 and determination of SLDC fees and charges for FY 2012-13 on 25th November, 2011 (ii) truing up of FY 2011-12 and determination of SLDC fees and charges for FY 2013-14 on 30th November, 2012 (iii) truing up of FY 2012-13 and determination of SLDC fees and charges for FY 2014-15 on 28th November, 2013 and (iv) truing up of FY 2013-14 and determination of SLDC fees and charges for FY 2015-16 on 28th November, 2014, approved ARR and SLDC fees and charges for FY 2012-13, FY 2013-14 and FY 2014-15 vide orders dated 7th April, 2012, 28th March, 2013, 29th April, 2014 and 31st March, 2015 respectively.

1.5 Commission's Orders for Mid-term Review of Business plan for SLDC and True-up of FY 2014-15

In accordance with Regulation 16.2 of the GERC (MYT) Regulations, 2011 which provides that "Generating Company, Transmission Licensee and Distribution Licensee may seek Mid-term Review of the Business Plan through an application filed three months prior to the filing of Petition for Truing up for the Second year of the control period and tariff determination for the fourth year of the control period", SLDC sought Mid-term Review of Business Plan and revision of ARR for balance Control Period i.e. for FY 2014-15 and FY 2015-16. The Commission in exercise of the powers vested in it under Section 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it in this behalf and after taking into consideration the submissions made by SLDC, the objections by various stakeholders, response of SLDC, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for SLDC on 29th April, 2014.

In accordance with the Mid-term Review Order, the Commission carried out truing up of FY 2014-15 and determined SLDC Fees and Charges for FY 2016-17.

1.6 Commission's Order for tariff of FY 2016-17

The Commission in its order dated 2nd December, 2015, in the Suo Motu Petition No. 1534/2015 decided that the approved ARR of FY 2015-16 of the licensees / generating



companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.

The Commission also decided that the licensees / generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations for FY 2016-17 to FY 2020-21 and the true-up for the same shall also be governed as per the new MYT Regulations. It is also decided that the licensees / generating companies shall file the petition for determination of ARR and tariff for FY 2016-17 and true-up for FY 2014-15 within 3 weeks from the date of issuance of this order for Commission's consideration and decision.

Accordingly, the petitioner filed its petition for Truing-up of FY 2014-15 and determination of SLDC fees and charges for FY 2016-17 on 11th December 2015. The petition was registered on 17th December 2015 (under Case No. 1546 of 2015). The Commission approved the provisional ARR vide order dated 31st March 2016, and the fees and charges for FY 2016-17 were determined accordingly.

1.7 Background for the present petition

The GERC (MYT) Regulations, 2011, provide for "Truing up" of the previous year and determination of tariff for the ensuing year. The Commission has approved ARR for five years of the control period of FY 2011-12 to FY 2015-16 in the MYT Order dated 31.03.2011 and the revised ARR for FY 2014-15 and FY 2015-16, based on Mid-term Review of the Business Plan vide MTR Order dated 29.04.2014.

The Commission, vide order dated 02.12.2015 in suo-motu Petition No. 1534/2015 decided to consider approved ARR of FY 2015-16 in Mid-Term Review order dated 29.04.2014 as provisional ARR for FY 2016-17 for determination of tariff for FY 2016-17 in view of delay in finalization of GERC (Multi-Year Tariff) Regulations for the third Control Period i.e. FY 2016-17 to FY 2020-21. It was also decided in the said order that Generating Companies, Transmission Licensees and Distribution Companies shall file final ARR for FY 2016-17 based on the new GERC (Multi-Year Tariff) Regulations, 2016 and truing up of the same shall be governed in accordance with new GERC (Multi-Year Tariff) Regulations, 2016.

The GERC (Multi-year Tariff) Regulations, 2016 provide for determination of ARR for the third Control Period i.e. FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18.



SLDC has approached the Commission with the present Petition for “Truing up” of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for the third control period i.e. FY 2016-17 to FY 2020-21 and determination of the SLDC Fees and Charges for the FY 2017-18.

1.8 Registration of Current Petition and Public Hearing

The Petitioner submitted the current Petition for Truing-up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for the 3rd Control Period from FY 2016-17 to FY 2020-21, determination of SLDC fees and charges for 3rd Control Period FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18 on 30th November, 2016. After technical validation of the petition, it was registered on 3rd December, 2016 (Case No. 1621 of 2016) and as provided under Regulation 29.1 of GERC MYT Regulations, 2016, the Commission has proceeded with this tariff order.

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

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

Sl. No.	Name of the Newspaper	Language	Date of publication
1	The Indian Express	English	10/12/2016
2	Sandesh	Gujarati	10/12/2016

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 9th January, 2017.

The Commission received objections / suggestions from consumers / consumer organizations as shown in Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for public hearing for the petition on 8th February, 2017 at the Commission’s Office, Gandhinagar and 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 Commission received request from one stakeholder to postpone the date of public hearing and considering the request, the Commission fixed second date of public



hearing for the petition on 14th February, 2017. The public hearing was conducted in the Commission's Office at Gandhinagar as scheduled on the above dates.

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

Sr. No.	Name of Stakeholders	Written Submission	Oral Submission	Present on 08.02.2017	Present on 14.02.2017
1.	Laghu Udyog Bharti - Gujarat	Yes	Yes	No	Yes
2.	Utility Users' Welfare Association (UUWA)	Yes	Yes	Yes	No
3.	Jan Kalyan Foundation	Yes	No	No	No

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

1.9 Contents of the Order

The order is divided into eight chapters, as under:

1. The **first chapter** provides the background regarding the petitioner, the petition and details of the public hearing process.
2. The **second chapter** provides a summary of the petition.
3. The **third chapter** deals with the Public hearing process including the Objections raised by Stakeholders, SLDC's response and Commission's views on the response.
4. The **fourth chapter** deals with the 'Truing up' for FY 2015-16.
5. The **fifth chapter** deals with the ARR for the third control period FY 2016-17 to FY 2020-21
6. The **sixth chapter** deals with revised true-up gap/ surplus for 2013-14
7. The **seventh chapter** deals with final ARR for 2016-17 and fees and charges for FY 2017-18 for SLDC.
8. The **eighth chapter** deals with the New Directives issued by the Commission for SLDC.



1.10 Approach of this Order

GERC (MYT) Regulations, 2011, provide for 'Truing up' of the previous year, and determination of tariff for the ensuing year. The Commission had approved the ARR for the MYT period FY 2011-12 to FY 2015-16 and SLDC fees and charges for FY 2011-12, vide order dated 31st March, 2011. Subsequently, SLDC fees and charges for FY 2012-13, FY 2013-14, FY 2014-15 and FY 2015-16 were approved by the Commission vide its orders dated 7th April, 2012, 28th March, 2013, 29th April, 2014 and 31st March, 2015 respectively.

The Commission, vide order dated 02.12.2015 in suo-motu Petition No. 1534/2015 decided to consider approved ARR of FY 2015-16 in Mid-Term Review order dated 29.04.2014 as provisional ARR for FY 2016-17 for determination of tariff for FY 2016-17 in view of delay in finalization of GERC (Multi-Year Tariff) Regulations for the third Control Period i.e. FY 2016-17 to FY 2020-21. It was also decided in the said order that Generating Companies, Transmission Licensees and Distribution Companies shall file final ARR for FY 2016-17 based on the new GERC (Multi-Year Tariff) Regulations, 2016 and truing up of the same shall be governed in accordance with new GERC (Multi-Year Tariff) Regulations, 2016.

The GERC (Multi-Year Tariff) Regulations, 2016 provide for determination of ARR for the third control period i.e. FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18.

SLDC has now approached the Commission with the present petition for 'truing up' of the FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for the third control period i.e. FY 2016-17 to FY 2020-21 and determination of SLDC fees and charges for the FY 2017-18.

The Commission has undertaken 'Truing up' for the FY 2015-16, based on the submissions of the petitioner and segregated audited annual accounts from the accounts of GETCO.

The determination of ARR for the third Control Period i.e. FY 2016-17 to FY 2020-21, and determination of SLDC fees and charges for Control Period FY 2016-17 to FY 2020-21 have been considered as per the GERC (Multi-Year Tariff) Regulations, 2016.



2 Summary of SLDC Petition for FY 2016-17 to FY 2020-21

2.1 Introduction

This chapter deals with highlights of the petition as submitted by SLDC for truing up of FY 2015-16, determination of final ARR for FY 2016-17, determination of ARR for third Control Period i.e. FY 2016-17 to FY 2020-21, determination of SLDC fees and charges for the Control Period FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18.

2.2 True up for 2015-16

State Load Despatch Centre (SLDC) submitted the Petition on 30th November, 2016 seeking approval of truing up for ARR of FY 2015-16. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2015-16 as a part of the True Up for FY 2015-16. SLDC has presented the actual cost components based on audited annual accounts for FY 2015-16. A summary of the proposed ARR for Truing-up of FY 2015-16 compared with the approved ARR for FY 2015-16 in “Mid-Term Review order dated 29th April, 2014” is presented in the table given below.

Table 2.1: Summary of True-up of FY 2015-16

(Rs. Lakhs)

Sr. No.	Particulars	2015-16 (Approved)	2015-16 (Actual)	Deviation
1	Operation & Maintenance Expenses	1399.91	1644.56	(244.65)
1.1	<i>Employee Cost</i>	1136.30	1157.64	(21.34)
1.2	<i>Repair & Maintenance</i>	47.91	136.72	(88.81)
1.3	<i>Administration & General Charges</i>	215.70	350.20	(134.50)
2	Interest on Working Capital	37.94	30.64	7.30
3	RLDC Fees & charges	18.10	9.78	8.32
4	Charges for ULDC & Other related Projects	820.42	196.51	623.91
5	SCADA upgradation charges	483.00	113.57	369.43
7	Less: Non-tariff Income	108.72	1,179.26	(1070.54)
8	Operating Cost Budget (a)	2650.65	815.80	1834.85



Sr. No.	Particulars	2015-16 (Approved)	2015-16 (Actual)	Deviation
9	Depreciation	150.20	259.43	(109.23)
10	Interest & Finance Charges	123.46	118.81	4.65
11	Return on Equity	102.33	95.29	7.04
12	Total Fixed Costs	375.99	473.53	(97.54)
13	Less: Expenses Capitalized	0.00	0.00	0.00
14	Add: Provision for Tax	20.45	0.00	20.45
15	Capital Cost Budget (b)	396.44	473.53	(77.09)
16	Total Revenue Budget (a)+(b)	3047.09	1289.33	1757.76

2.3 Revenue Gap for FY 2015-16

The revenue gap/ (surplus) of SLDC for FY 2015-16 has been computed taking into account actual ARR incurred for FY 2015-16 and revenue from SLDC fees & charges as per accounts.

The actual ARR incurred by SLDC is Rs. 1,289.33 Lakhs and revenue gap is Rs. 211.31 Lakhs for FY 2015-16 as shown in the Table below:

Table 2.2: Revenue gap for FY 2015-16

(Rs. Lakhs)		
Sr. No.	Particulars	2015-16 (Actual)
1	ARR for 2015-16 after truing up	1289.33
2	Revenue from SLDC charges	1078.02
3	Revenue Gap for 2015-16	211.31

The above revenue gap arising based on the true up for FY 2015-16 mentioned above shall be added in the ARR for the FY 2017-18.

2.4 Multi-Year ARR for FY 2016-17 to FY 2020-21

SLDC has also in the Petition submitted on 30th November, 2016 sought approval for final Aggregate Revenue Requirement for FY 2016-17, Aggregate Revenue Requirement for the third Control Period i.e. FY 2016-17 to FY 2020-21, determination of SLDC charges for the control period FY 2016-17 to FY 2020-21 and determination of tariff for FY 2017-18.

The Multi-Year Aggregate Revenue Requirement projection of SLDC for the third control period FY 2016-17 to FY 2020-21 is given in the Table below:



Table 2.3: ARR for the Control Period FY 2016-17 to FY 2020-21

(Rs. Lakh)

Sr. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Operation & Maintenance Expenses	1749.36	1849.42	1955.21	2067.04	2185.28
1.1	Employee Cost	1443.41	1525.97	1613.26	1705.53	1803.09
1.2	Repair & Maintenance	67.83	71.71	75.81	80.15	84.73
1.3	Administration & General Charges	238.12	251.74	266.14	281.36	297.46
2	Interest on Working Capital	27.81	31.50	35.60	38.63	39.60
3	RLDC Fees & charges	10.76	11.83	13.02	14.32	15.75
4	Charges for ULDC & Other related Projects	486.05	486.05	486.05	486.05	486.05
5	Less: Non-tariff Income	1000.00	1000.00	1000.00	1000.00	1000.00
6	Operating Cost Budget (a)	1273.97	1378.80	1489.87	1606.04	1726.68
7	Depreciation	254.41	408.29	586.90	572.65	251.68
8	Interest & Finance Charges	132.83	167.76	192.55	191.16	188.90
9	Return on Equity	112.47	154.53	200.25	234.52	258.17
10	Total Fixed Costs	499.71	730.59	979.69	998.33	698.74
11	Less: Expenses Capitalized	0.00	0.00	0.00	0.00	0.00
12	Add Provision for Tax / Tax Paid	24.00	32.98	42.74	50.05	55.10
13	Capital Cost budget (b)	523.72	763.57	1022.43	1048.38	753.84
14	Total revenue requirement (a+b)	1797.69	2142.37	2512.30	2654.43	2480.52

2.5 SLDC charges for FY 2017-18

In accordance with provisions of the GERC MYT Regulations, 2016, SLDC Fees & Charges for FY 2017-18 are projected by SLDC as follows:

Table 2.4: SLDC charges for FY 2017-18

(Rs. Lakh)

Sr. No.	Particulars	2017-18
1	Operation & Maintenance Expenses	1849.42
1.1	Employee Cost	1525.97
1.2	Repair & Maintenance	71.71
1.3	Administration & General Charges	251.74



Sr. No.	Particulars	2017-18
2	Interest on Working Capital	31.50
3	RLDC Fees & Charges	11.83
4	Charges for ULDC & Other related projects	486.05
5	Less: Non-tariff Income	1000.00
6	Operating Cost Budget (a)	1378.80
7	Depreciation	408.29
8	Interest & Finance Charges	167.76
9	Return on Equity	154.53
10	Total Fixed Costs	730.59
11	Less: Expenses Capitalized	0.00
12	Add: Provision for Tax	32.98
13	Capital Cost Budget (b)	763.57
14	Total Revenue Requirement (a+b)	2142.37

SLDC has calculated the Charges for FY 2017-18 by considering the ARR for FY 2017-18 as mentioned above & revenue gap for FY 2015-16 as shown in the Table below:

Table 2.5: Charges for FY 2017-18

Sr. No.	Particulars	2017-18
1	ARR proposed for 2017-18	2142.37
2	Add Revenue Gap proposed in truing up for 2015-16	211.31
3	Total SLDC charges (1+2)	2353.68
4	Grid Connection Fees (Rupees)	10000.00

2.6 Request of SLDC

1. To admit this petition for True Up of FY 2015-16, Multi-Year Aggregate Revenue Requirement for FY 2016-17 to FY 2020-21, Determination of Final ARR for FY 2016-17 and Determination of SLDC Fees & Charges for FY 2017-18.
2. To approve True Up for FY 2015-16 per GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.
3. To approve Multi-Year Aggregate Revenue Requirement for FY 2016-17 to FY 2020-21.
4. To approve Final ARR for FY 2016-17.
5. To approve SLDC Fees and charges for FY 2017-18.



6. To implement the Appellate Tribunal of Electricity Order dated 14th March 2016 on Appeal No. 146 of 2015 and allow consequential recovery of additional cost in FY 2017-18.
7. To approve the additional amount of Rs. 3522.04 Lacs estimated by SLDC as per Hon'ble APTEL order dated 30th Nov 2015 in Appeal No. 33 of 2015 & order dated 14th March 2016 in Appeal No. 146 of 2015 in the FY 2017-18.
8. To accept the figures in Rupees Lakhs, as the figures of SLDC are comparatively smaller than other entities
9. To grant any other relief as the Hon'ble Commission may consider appropriate.
10. To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
11. Pass any other Order as the 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 from stakeholders on the petition filed by SLDC for True up of FY 2015-16, Aggregate Revenue Requirement (ARR) for FY 2016-17 To FY 2020-21, Determination of final ARR for FY 2016-17 and Determination of SLDC Fees and Charges for FY 2017-18, number of Stakeholders filed their suggestions/ objections in writing. Some of these Stakeholders participated in the public hearings.

The Commission has considered the objections / suggestions, the issues presented before the Commission and the response of SLDC on the same.

The details of submissions made by the objectors, response of the petitioner and the views of the Commission are summarized in the following sections.

3.2 Issue wise submissions and replies

Issue 1: Trued up ARR much higher than actual requirement

The objector has raised the issue that the trued up ARR claimed by the petitioner is on a higher side of Rs. 30.47 Crore whereas actual requirement was Rs. 12.89 Crore. The deviation is Rs. 17.57 Crore as shown in Table 1 and 19 of the Petition.

Response of SLDC:

Petitioner has submitted that deviation in the Tables 1 & 19 of the petition is derived from the figures approved by the Commission and the actual figures as per books of the Financial Year. The major cause of the deviation is the rise in Non-tariff income (Non-tariff Income) to Rs.1179.26 lacs against Rs.108.72 lacs approved by the Commission. Further, being Non-tariff Income, the Non-tariff income has been deducted from SLDC ARR as per GERC Regulations due to which the actual revenue requirement is being displayed at Rs.12.89 Crores.



Commission's View

The Commission has noted the reply of the petitioner. Treatment of Non-Tariff Income has been dealt in accordance with GERC (Levy and Collection of Fees and Charges by SLDC) (First Amendment) Regulations, 2016 in this order.

Issue 2: Only net revenue figures are given without details of amount received

The objector submitted that only net revenue figures are given without details of amount received in the notes to the annual accounts.

Response of SLDC:

Petitioner has submitted that Books of Accounts are prepared as per the Companies Act 2013, as a sub unit/division of GETCO. Revenue as detailed in Note 24 & 25 in SLDC books of accounts is actual income received by SLDC.

Commission's View

The Commission has noted the reply of petitioner. Notes 24 and 25 of Books of Accounts of the Petitioner indicate the actual income received by the Petitioner.

Issue 3: Considerable reduction in revenue from FY 2014-15 to FY 2015-16

The objector submitted that revenue as per audited accounts for FY 2014-15 was Rs. 35.14 Cr whereas for FY 2015-16 it was Rs. 22.73 Crore. No reasons for reduction in net revenue are given in the petition.

Response of SLDC:

Petitioner submitted that the major source of SLDC's revenue is SLDC Charges, which are collected as approved by Hon'ble Commission in SLDC Tariff Order. However, there are other minor sources of revenue also which are projected by SLDC in tariff petition and approved by the Hon'ble Commission after deliberation but the actual collection is not same as approved. SLDC Charges approved by Hon'ble Commission for the FY 2015-16 stands at Rs.10.78 Crore and for the FY 2014-15 it was Rs.22.13 Crore respectively. Hence there is a reduction of collection in SLDC Charges in FY 2015-16 in comparison to FY 2014-15.

Commission's View

The Commission has noted the reply of the petitioner. It is also to clarify that while truing up of FY 2013-14 and determination of SLDC fees and charges for FY 2015-16,



income from scheduling charges and system operation charges was not negated from total ARR and accordingly recovery of SLDC fees and charges was made during FY 2015-16. As per the order of the Hon'ble APTEL, while truing up of FY 2014-15 and determination of tariff for FY 2016-17, effect of revised gap after truing up of FY 2012-13 after negating the income from scheduling and system operation charges was given and accordingly revenue from SLDC charges for FY 2014-15 was determined. The same effect of negating the income from scheduling and system operation charges for truing up of FY 2013-14 has been given in this order and accordingly, SLDC fees and charges for FY 2017-18 has been determined.

Issue 4: There is no gap in ARR for SLDC rather a surplus

The objector submitted that the revenue from operations is Rs. 22.73 Crore according to audited accounts whereas as per True up proposal the revenue demanded is (i) Rs. 11.79 Crore Non-tariff income and (ii) Rs. 10.78 Crore revenue from SLDC charges. Hence there is a surplus of Rs. 2.27 Crore (Rs. 22.73 Crore-Rs. 11.79 Crore – Rs. 10.78 Crore + Rs. 2.11 Crore) and not a deficit.

Response of SLDC:

Petitioner has submitted that calculation of unaccounted sum by the respondent is not correct as the objector has added revenue gap to arrive at the total income of SLDC. Total revenue of SLDC including Non-tariff income comes at Rs. 22.73 Crores which has been shown in ARR as SLDC Charges Rs.10.78 Crore + Non-tariff Income Rs.11.79 Crore. Further, an amount of Rs. 0.16 Crore has not been considered in Non-tariff Income being Deferred Income (Grants Received written off 11.75% p.a.).

Commission's view

The Commission has noted the reply of petitioner. To add revenue gap in Non-tariff income and revenue from operation to work out the revenue from operations is not correct. The treatment of Non-tariff income has been dealt in accordance with GERC (MYT) Regulations, 2011 and income from Government Grants has not been considered as the same has been considered in the GETCO, as the assets created out of this Government Grant has been included in total assets of GETCO.



Issue 5: Interest on working capital should not be allowed

The objector has submitted that the interest on working capital of Rs. 0.306 Crore should not be allowed and GUVNL, GETCO, and DISCOMs should transfer proportionate security deposits recovered from customers to SLDC.

Response of SLDC:

Petitioner has submitted that it does not collect the 'SLDC Charges' in advance from the parties. The Invoices are raised after completion of the month and 15 days time period is allowed for payment of the Invoices. Keeping same in mind, working capital is calculated as per the guidelines prescribed in GERC Regulations. Further, GUVNL, GETCO & DISCOMs do not transfer any security deposit to SLDC.

Commission's view

The Commission has noted the reply of petitioner. The Interest on Working Capital is to be allowed as per the GERC (MYT) Regulations, 2011 and SLDC does not recover any kind of security deposit from the consumers or GUVNL, GETCO, DISCOMs.

Issue 6: Consumer contribution grants accumulation should not be zero.

The objector has submitted that there is no consumer contribution or grants accumulation till March 2015 and the same is NIL.

Response of SLDC:

Petitioner has submitted that there was no grant received by SLDC in the previous years and hence, the same is reflected as Rs. 0.00 upto March 2015.

Commission's view

The Commission noted the response of petitioner. As per Note 5 of the Annual Accounts of FY 2015-16, Government Grants/Subsidies/ Consumer Contribution towards Capital Assets as on 31st March, 2015 was zero i.e. SLDC did not receive any Grants/Subsidies/ Consumer Contribution towards Capital Assets as on March, 2015.

Issue 7: DISCOMs have not presented SLDC charges on per unit of electricity

The objector submitted that none of the DISCOMs represented SLDC charges per unit of electricity in the power purchase cost details.



Response of SLDC:

Petitioner submitted that the matter is not related to SLDC tariff petition.

Commission's view

The Commission noted the response of petitioner. SLDC charges are part of fixed cost portion of power purchase cost of DISCOMs alongwith transmission charges and PGCIL charges. The bulk supply tariff determined by the Commission on per unit basis covers all these fixed cost and thus there is no need to separately mention per unit SLDC charges in the tariff petition of DISCOMs.

Issue 8: SLDC is allowing some generators to route power not through SLDC

The objector submitted that some generators such as TPL are supplying power to DISCOMs without routing through SLDC. SLDC is losing out on revenue. It is to be clarified the relevant portion of Regulation under which the exemption to these generators is given.

Response of SLDC:

Petitioner has submitted that with reference to Hon'ble GERC's Order No.3 of 2006 in the matter of "Bringing Generating Stations of Gujarat State, Distribution Licensees and other persons under the purview of Intra-State Availability Based Tariff (Intra-State ABT)" dated 11th Aug'2006, clearly identifies the entity to whom Intra State ABT is applicable. Same is reproduced below:

"8. Applicability of Intra-state ABT: Intra-state ABT shall be applicable to the following:
a. All erstwhile GEB i.e. GSECL owned generating stations;
b. All generating stations owned or otherwise within the general ambit of the State Government by virtue of their being public sector entities or joint sector entities;
c. All other Generators (i.e. IPPs, CPPs etc.) in the Private Sector who have contracted to supply power to Distribution Licensees/GUVNL.;
d. All Distribution Licensees."

It can be inferred from the above that TPL Ahmedabad (Generation) is embedded part of TPL Discom (AEC), connected with the TPL-AE network only and hence TPL Gen. does not fall in the ambit of ABT. TPL-Ahmedabad (DISCOM) is giving demand forecast considering the Generation of this plant. Therefore, separate scheduling of



power generated from TPL Ahmedabad is not done by SLDC and as a result, the power scheduling shall not route through SLDC.

It is also submitted that there is no loss to the SLDC's revenue as SLDC charges are collected from Torrent Power Limited, Ahmedabad Plant on regular basis.

Commission's view

The Commission noted the reply of petitioner.

Issue 9: Not to allow the power disqualified under Merit Order

The objector submitted that SLDC should not allow the power that does not qualify under Merit Order.

Response of SLDC:

Petitioner submitted that the observation is not related with SLDC tariff. However, SLDC would like to mention that generally SLDC follows the merit order and based on variable cost of generation (irrespective of the ownership – State owned, IPP, Central Sector) the despatch instruction is issued.

Commission's view

The Commission noted the reply of the petitioner.

Issue 10: High variable cost power plants are able to sell whereas plants with lower cost are not

The objector submitted that the variable cost of Sugan, Uno-sugan, and D Gen gas based power plants and other gas plants, though their PPA have not been approved by the Commission, are able to sell power at variable cost of Rs. 6.50 per unit, whereas GSECL plants having variable cost of Rs. 2.0 per unit are forced to be idle.

Response of SLDC:

Petitioner submitted that that observation is incomplete hence it is difficult to answer the objection.

Commission's view

The Commission noted the reply of the petitioner.



4 True-up for FY 2015-16

4.1 Introduction

This chapter deals with 'Truing up' of FY 2015-16 of SLDC. The Commission has analyzed each of the components of ARR for FY 2015-16 in the following sections.

4.2 Capital Expenditure

SLDC has furnished the capital expenditure of Rs. 36.35 Lakh in the truing up for FY 2015-16 against Rs. 931 Lakh approved by the Commission in the MTR order. The details are given in the Table below:

Table 4.1: Capital Expenditure claimed for FY 2015-16

(Rs. Lakh)

Particulars	Approved in the MTR order for 2015-16	Claimed in truing up for 2015-16
Land Acquisition cost	0.00	0.00
Augmentation/ Upgradation of existing Systems	0.00	4.41
Strengthening of communication channels	870.00	7.99
Additional system / Software planning	31.00	0.00
IT Infrastructure	0.00	9.71
SLDC Building development	10.00	0.00
Office Equipment	10.00	14.25
Staff recreation facilities	5.00	0.00
Additional Expenditure	5.00	0.00
Total	931.00	36.35

Petitioner's Submission

The petitioner has submitted that Rs. 36.35 Lakhs have been incurred as CAPEX as against Rs. 931 Lakhs allowed for the year 2015-16.

Commission's Analysis

The capital expenditure considered in the ARR for FY 2015-16 in the MTR order dated 29th April, 2014 was Rs. 931 Lakh. SLDC has incurred capital expenditure of as Rs.



36.35 Lakh which is less than 4% of the CAPEX approved by the commission for the FY 2015-16.

The Commission approves the capital expenditure/capitalization of Rs. 36.35 Lakh in the truing up for FY 2015-16.

The Commission has observed that there is a net addition of Rs. 36.35 Lakh during FY 2015-16. The CAPEX/capitalisation and funding approved by the Commission are as given in the Table below:

Table 4.2: Approved Capitalisation and funding in the truing up for FY 2015-16
(Rs. Lakh)

Particulars	Approved in the MTR order for 2015-16	Approved in Truing up for 2015-16
Capital Expenditure	931.00	36.35
Capitalisation (net)	949.80	36.35
Debt (70%)	664.86	25.45
Equity (30%)	284.94	10.90

4.3 Operation and Maintenance (O&M) Expenses for FY 2015-16

Petitioner's submission

The petitioner has claimed Rs.1644.56 lakhs towards actual O&M expenses in the Truing up for FY 2015-16 against Rs. 1399.91 lakhs approved in the Tariff Order for FY 2015-16 as detailed in the table below:

Table 4.3: Operation & Maintenance expenses for FY 2015-16
(Rs. Lakhs)

Particulars	Approved in the MTR order for 2015-16	Claimed in truing up for for 2015-16	Deviation
Employee Cost	1136.30	1157.64	(21.34)
Repairs & Maintenance	47.91	136.72	(88.81)
Administration & General Expense	215.70	350.20	(134.50)
Operating Cost Budget	1399.91	1644.56	(244.65)

Employee Cost

The petitioner has claimed Rs 1157.64 Lakhs towards actual employee cost as against Rs. 1136.30 Lakhs approved for FY 2015-16 in the MTR order. Petitioner submitted that the employee expenses are broadly categorized into (1) Salaries and wages (2)



Contribution to provident & other funds (3) Staff welfare expenses & (4) Other terminal benefits.

R&M Expenses

The Petitioner has claimed Rs. 136.72 Lakh in the truing up for FY 2015-16 against Rs. 47.91 Lakh approved for FY 2015-16 in the MTR order for FY 2015-16.

SLDC has submitted that Repairs & Maintenance (R&M) expenses have been incurred on account of maintaining the asset quality given the ageing of equipment.

The ULDC charges which are part of R&M expenses in the P&L accounts have been negated to arrive at the R&M expenses for FY 2015-16 as the expenses related to ULDC have been considered under a separate head.

The petitioner submitted that the R&M expenses have increased due to civil works undertaken for repair works at SLDC Gotri, SLDC Jambuva, SLDC Gandhinagar. The petitioner has requested the Commission to approve the same.

A&G Expenses

The Petitioner has claimed Rs. 350.20 Lakh towards actual A&G Expenses in the truing up for FY 2015-16 against Rs. 215.70 Lakh approved for FY 2015-16 in the MTR order for FY 2015-16.

SLDC has submitted that these expenses mainly comprise of conveyance and travel, legal charges, telephone charges, electricity charges etc. The A&G expenses shown in the P&L account is inclusive of RLDC fees & charges and therefore, the same has been negated from the A&G expenses as RLDC charges have been considered under a separate head. The actual A&G expenses are marginally higher than the value approved by the Commission due to leased line expenses on account of new meter installation for automatic data transmission. The petitioner has requested the Commission to approve the same.

Commission's Analysis

The Commission has examined the submission made by SLDC. The Commission has obtained the details of O&M expenses for FY 2015-16. The O&M expenses comprise of Employee Cost, Repairs and Maintenance expenses and Administration and General expenses.



It is observed that the O&M expenses claimed by SLDC are as per segregated accounts. As observed from the additional data submission, submitted vide email dated 28th Feb 2017, the employee expenses of Rs 51.77 lakhs are on account of provision for the impact of 7th Pay Commission for the true-up period. As the amount is only a provision at this moment, it has been removed from the total employee expenses while truing up. The Commission will allow such expenses in the year in which actual payment is made in true up of the respective year subject to prudence check as uncontrollable expense.

The R&M expenses as per the audited annual accounts are considered in truing up for FY 2015-16. It is observed that the A&G expenses as per audited accounts are Rs. 359.98 Lakhs, whereas petitioner has claimed Rs. 350.20 Lakhs. On a query raised to the petitioner, the petitioner replied vide email dated 11th January 2017 that A&G expenses in audited accounts include RLDC charges of Rs. 9.78 Lakhs, which are claimed separately in the petition. Therefore, accordingly RLDC charges were negated from audited A&G expenses.

The Commission accordingly considers the O&M expenses at Rs. 1592.79 lakhs for FY 2015-16. The O&M expenses approved in the Tariff Order for FY 2015-16, claimed by SLDC in the Truing up and approved by the Commission in the Truing up are detailed in the Table below:

Table 4.4: Operation & Maintenance expenses approved for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in MTR for 2015-16	Actual for 2015-16	Approved in Truing up for 2015-16
Employee Cost	1136.30	1157.64	1105.87
Repairs & Maintenance	47.91	136.72	136.72
Admin & General Expense	215.70	350.20	350.20
Total O&M expenses	1399.91	1644.56	1592.79

The Commission approves the O&M expenses at Rs. 1,592.79 lakhs in the Truing up for FY 2015-16.

4.4 Depreciation for FY 2015-16

The petitioner has claimed Rs. 259.43 Lakh towards depreciation for FY 2015-16, against Rs. 150.20 Lakh approved by the Commission for FY 2015-16 in MTR order



dated 29.04.2014. The petitioner has submitted that higher depreciation claimed is due to calculation of depreciation as per the Companies Act 2013 and as a result, depreciation for software has gone up to Rs.119.11 Lacs. The petitioner requested the Hon'ble Commission to approve the same. The depreciation claimed by SLDC for FY 2015-16 and the depreciation as approved for the year in MTR order are given in the Table below:

Table 4.5: Depreciation claimed in the truing up for FY 2015-16

(Rs. Lakh)

Particulars	Approved in the MTR order for 2015-16	Claimed in the true-up for 2015-16	Deviation +/-
Depreciation	150.20	259.43	(109.23)

Commission's Analysis

The actual depreciation, as per the audited accounts is Rs. 259.43 Lakh. This is in accordance with GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.

The Commission accordingly approves the depreciation of Rs. 259.43 Lakh in the truing up for FY 2015-16 as per the audited annual accounts as detailed in the Table below:

Table 4.6: Gross Fixed Assets and Depreciation approved for FY 2015-16

(Rs. Lakhs)

Sr. No.	Particulars	Approved for 2015-16 in MTR order	Actual claimed in Truing up for 2015-16	Approved in the Truing up for 2015-16
1	Gross Block in Beginning of the year	1894.11	1768.83	1768.83
2	Additions during the Year (Net)	949.80	36.35	36.35
3	Depreciation for the Year	150.20	259.43	259.43

4.5 Interest and Finance charges for FY 2015-16

Petitioner's submission

The petitioner has claimed Rs. 118.81 Lakh towards interest and finance charges in the Truing up for FY 2015-16, as against Rs. 123.46 Lakh approved for FY 2015-16 in the MTR order dated 29.04.2014. SLDC has submitted that the addition in loans for



FY 2015-16 is derived based on opening and closing loans as per accounts. The interest is determined based on the actual weighted average interest cost of GETCO and the notional debt of SLDC viz. 10.22%

The details of interest and finance charges approved in the MTR order for FY 2015-16 and actuals now claimed by SLDC are given in the Table below:

Table 4.7: Interest and Finance charges claimed for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in the MTR for 2015-16	Actual for 2015-16	Deviation +/-
Opening Loans	887.96	1075.50	(187.54)
Addition During Year	664.86	61.76	753.30
Repayment During the Year	150.20	-	
Closing Loans	1402.62	1137.26	265.36
Average Loans	1145.29	1106.38	38.91
Interest on Loans	123.46	113.07	10.39
Other Finance Charges	-	5.74	(5.74)
Total Interest & Finance Charges	123.46	118.81	4.65
Weighted Average Rate of Interest on Loan	10.78%	10.22%	

Commission's Analysis

The Commission has examined the details of opening loans, additions and repayment during FY 2015-16. SLDC has furnished the net addition of loan at Rs. 61.76 Lakh for FY 2015-16.

The Commission has observed that there is a net addition of Rs. 36.35 Lakh of assets during FY 2015-16, as per the audited annual accounts.

The Commission approves the debt-equity ratio of 70:30 in the truing up. GETCO has submitted the weighted average rate of interest as 10.22% based on its actual loan portfolio. Interest on loans therefore has been considered at 10.22% for SLDC in line with GETCO. The Commission has however considered the repayment of loan as equivalent to the depreciation approved in line with the GERC (MYT) Regulations, 2011. The other finance charges of Rs. 5.74 Lakh are verified as per audited annual accounts but only Rs. 0.06 Lakhs of charges are approved as the amount of Rs. 3.34 lakhs as discounts to consumers for timely payment of bills and Rs. 1.98 Lakh of



Interest on Staff welfare Funds/Schemes are not considered as interest expense. The interest and finance charges are worked out as detailed in the Table below:

Table 4.8: Approved Interest and Finance charges for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in MTR for 2015-16	Actual for 2015-16	Approved in Truing up for 2015-16
Opening Loans	887.96	1075.50	787.63
Addition During Year	664.86	61.76	25.45
Repayment During the Year	150.20	-	259.43
Closing Loans	1402.62	1137.26	553.64
Average Loans	1145.29	1106.38	670.64
Interest on Loans	123.46	113.07	68.54
Other Finance Charges	-	5.74	0.06
Total Interest & Finance Charges	123.46	118.81	68.60
Weighted Average Rate of Interest on Loan	10.78%	10.22%	10.22%

The Commission accordingly approves the interest and finance charges at Rs. 68.60 lakhs in the Truing up for FY 2015-16.

4.6 Return on Equity for FY 2015-16

The petitioner has claimed Rs. 95.29 Lakh towards return on equity in the Truing up for FY 2015-16, as against Rs. 102.33 Lakh approved in the MTR order dated 29.04.2014. The details of Return on Equity approved in the MTR order for FY 2015-16 and actuals now claimed by SLDC in truing up for FY 2015-16 are given in the Table below:

Table 4.9: Return on Equity claimed by SLDC

(Rs. Lakhs)

Particulars	Approved in the MTR for 2015-16	Actual for 2015-16	Deviation
Opening Equity Capital	588.51	693.33	(104.82)
Addition During the Year	284.94	(25.41)	310.35
Closing Equity	873.45	667.92	205.53
Average equity	730.98	680.63	50.36
Rate of Return on the Equity	14%	14%	
Return on Equity	102.33	95.29	7.04



Petitioner's submission

The petitioner has submitted that the actual equity addition as per accounts has been considered for FY 2015-16 for calculation of return on equity. The rate of return on equity is considered as 14% as per the Regulations. It is further submitted that SLDC doesn't have its own equity and computation of Debt & Equity is done on yearly basis to prepare SLDC books of Accounts as directed by the Hon'ble Commission vide Order dated 31st March, 2011 in the Case No. 1063 of 2011. Further, petitioner claimed that debt & equity of SLDC are considered in proportion of the GETCO debt to equity ratio and in the FY 2015-16, ratio of debt has increased and ratio of equity has gone down resulting into lesser equity for the FY 2015-16.

Commission's Analysis

The Commission has observed that there is a net addition of Rs. 36.35 Lakh of assets during FY 2015-16. The Commission has taken the closing equity of FY 2014-15 as the opening equity for FY 2015-16 and considered new addition of assets of Rs. 36.35 Lakh for SLDC during FY 2015-16 and allowed normative equity addition of Rs. 10.90 Lakh towards 30% of capitalization of Rs. 36.35 Lakh approved for FY 2015-16. The return on Equity has been calculated at the rate of 14% as per GERC (MYT) Regulations, 2011. The details are given in the Table below:

Table 4.10: Approved Return on Equity for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in MTR for 2015-16	Actual for 2015-16	Approved in Truing up for 2015-16
Opening Equity Capital	588.51	693.33	550.93
Addition During the Year	284.94	(25.41)	10.90
Closing Equity	873.45	667.92	561.83
Average equity	730.98	680.63	556.38
Rate of return on equity	14%	14%	14%
Return on Equity	102.33	95.29	77.89



The Commission accordingly approves the return on equity at Rs. 77.89 lakhs in the Truing up for FY 2015-16.

4.7 Interest on working capital for FY 2015-16

Petitioner's Submission

The petitioner has submitted that interest on working capital for FY 2015-16 is computed at Rs. 30.64 Lakh, as against the amount of Rs. 37.94 Lakh approved in the MTR order for FY 2015-16. SLDC has submitted that interest on working capital has been worked out on normative basis as per the norms specified under the Regulations for the "Levy and collection of SLDC charges and fees" 2005. The interest on working capital is claimed at 14.75%, being the prime lending rate (PLR), as on 1st April 2015 in line with the regulations:

Table 4.11: Projected Interest on working capital for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in the MTR for 2015-16	Actual for 2015-16	Deviation
O & M Expenses	116.66	137.05	(20.39)
Maintenance and Spares	18.94	17.69	1.25
Receivables	112.25	52.99	59.26
Total Working Capital	247.85	207.72	40.13
Rate of Interest	14.45%	14.75%	
Interest on working capital	37.94	30.64	7.30

Commission's Analysis

The Commission has examined the submissions made by the petitioner. Interest on working capital is to be allowed on normative basis, as per the Regulation 4 of GERC (Levy and Collection of SLDC Charges and Fees) Regulations, 2005. The working capital comprises of one month's O&M expenses, maintenance spares at 1% of opening GFA and receivables equivalent to 15 days of expected revenue from SLDC fees and charges.

SLDC has submitted that it has considered the rate of interest of 14.75% being the State Bank Advance Rate (SBAR) Rate as on 1st April 2015 in accordance with Clause 41.2 (b) GERC (MYT) Regulations, 2011.



Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon are recalculated at 14.75%, i.e. SBAR as on 1st April 2015, as detailed in the Table below:

Table 4.12: Approved Interest on working capital for FY 2015-16

(Rs. Lakhs)

Particulars	Revised Approved in consequential order dated 07.11.2014 for 2015-16	Actual for 2015-16	Approved in Truing up for 2015-16
O & M Expenses (1 month)	116.66	137.05	132.73
Maintenance spares (1% of GFA)	18.94	17.69	17.69
Receivables (15 days)	126.96	52.99	48.42
Total Working Capital	262.56	207.72	198.84
Rate of Interest	14.45%	14.75%	14.75%
Interest on working capital	37.94	30.64	29.33

The Commission accordingly approves the interest on working capital at Rs.29.33 lakhs for the Truing up for FY 2015-16.

4.8 RLDC Fees for FY 2015-16

Petitioner's Submission

The petitioner has claimed the RLDC fees at Rs. 9.78 Lakh in the truing up for FY 2015-16, as detailed in Table below:

Table 4.13: RLDC charges claimed in truing for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in MTR order 2015-16	Actual for 2015-16	Deviations
RLDC Fees and Charges	18.10	9.78	8.32

Commission's Analysis

The Commission has examined the annual accounts of SLDC to verify the RLDC fees claimed in the petition. The RLDC charges are Rs. 9.78 Lakh as per additional information submitted by the petitioner. The RLDC charges has been included in the A&G expenses in the annual accounts as per the additional details submitted by email vide 11th January 2017. The details are given in the Table below:



Table 4.14: Approved RLDC charges for FY 2015-16

(Rs. Lakhs)

Particulars	Approved in MTR order 2015-16	Actual for 2015-16	Approved in truing up for 2015-16
RLDC Fees and Charges	18.10	9.78	9.78

The Commission approves the RLDC charges at Rs. 9.78 lakhs in the truing up for FY 2015-16.

4.9 ULDC & SCADA charges for FY 2015-16

The petitioner has claimed Rs. 310.08 Lakh towards charges for ULDC & SCADA in the truing up for FY 2015-16 against Rs. 1303.42 Lakh approved in the MTR order dated 29.04.2014 as detailed in the Table below:

Table 4.15: Charges of ULDC & Other projects for FY 2015-16

(Rs. Lakh)

Sl. No.	Particulars	Approved in the MTR order for 2015-16	Claimed in truing up for 2015-16	Deviation +/-
1	Central Portion - Recovery of ULDC charges		56.62	
2	State Portion - Recovery of Capital Charges		139.90	
3	Annual Maintenance Charges		-	
4	Maintenance for Wideband Communication		-	
5	Total ULDC charges	820.42	196.51	623.91
6	SCADA Upgradation charges	483.00	113.57	369.43
7	ULDC & SCADA Upgradation Charges	1303.42	310.08	993.34

Petitioner's Submission

Petitioner submitted that Power Grid Corporation of India Limited (POWERGRID) conceptualized a unified load dispatch and communication (ULDC) scheme for strengthening the load dispatch infrastructure and augmenting communication system for efficient discharge of load dispatch functions. The scheme covered investment in RLDCs at the Central level and SLDCs at the State level.

It is further submitted that, CERC issued an order in this regard for approval of charges for Unified Load Dispatch & Communication Scheme in Western Region for the period from 1.2.2006. Accordingly, the Central portion charges as per the preceding para shall be shared by beneficiaries/constituents in 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 charges for Unified Scheme. The State portion charges shall be shared by the States in proportion to respective capital cost as on 31.3.2006.

Petitioner further submitted that in the 8th meeting of WRPC held on 12th September, 2008, WRLDC had intimated that ULDC project was under extended AMC period up to 31.05.2009 and stressed the need for going in for a comprehensive Long Term Service Agreement (LTSA). In this connection, it was informed to the Committee that M/s. GE had submitted offer to take up AMC which broadly covered the scope of SCADA/EMS/DTS software as well as hardware of SLDC/Sub-LDCs. Subsequently, negotiation committee was formed which deliberated various options & aspects. It was also agreed by all the committee members of WR including SLDC-Gujarat in 10th meeting that WRLDC/PGCIL would go ahead with awarding the maintenance of SCADA/EMS system in Western Region to M/s GE and LTSA arrangements with them. Accordingly, the aforesaid annual maintenance contract is commenced from 14th August, 2009. Percentage sharing of GETCO is also decided as 17.36% as per agreement executed with POWERGRID.

Petitioner stated that existing SCADA/EMS software has been installed and commissioned since 2004 and now it is necessary to upgrade/expansion of the existing SCADA system software with advanced technology. As the hardware are at end of life cycle and needs up-gradation/replacement, it was decided in 16th WRPC meeting to phase out the existing ULDC system at the end of 5 year LTSA (i.e. by 14th October, 2014). Also, the new and old ULDC would operate in parallel for a year so as to evaluate the new system for its stability and reliability. A paradigm shift is expected in the SCADA/EMS system methodology as new regulations like WIND Generation forecasting, REC mechanism, POC charges, incorporation of WIND/SOLAR generation, increase in Open Access Users are SLDC's forthcoming challenges. Hence, this may require expansion/up-gradation SCADA/EMS system with high standard in terms of latest technology, handling large volume of data storage, its processing for various reports, high speed data retrieval, high accuracy and elevated security, etc. Keeping the ULDC philosophy, on request of constituents of Western Region, WRLDC has proposed the up-gradation/replacement of existing SCADA/EMS system. 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. As on Oct'15, the contract for old SCADA system (GE) has concluded. The ULDC charges have been accounted as per the actual bills received.

Commission's Analysis

The Commission has examined the submission made by petitioner for payment of ULDC and other project related charges. The Commission is of the view that ULDC charges are required to be paid by SLDC as a member of Western Regional System as per the directives of PGCIL, 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 the ULDC and SCADA Upgradation charges at Rs. 310.08 Lakh as per Audited Account in the truing up for FY 2015-16, as shown in the table below:

Table 4.16: Approved charges of ULDC & Other projects for FY 2015-16

(Rs. Lakh)

Sl. No.	Particulars	Approved in the MTR order for 2015-16	Approved in truing up for 2015-16	Deviation +/-
1	Central Portion - Recovery of ULDC charges		56.61	
2	State Portion - Recovery of Capital Charges		139.90	
3	Annual Maintenance Charges		-	
4	Maintenance for Wideband Communication		-	
5	Total ULDC charges	820.42	196.51	623.91
6	SCADA Upgradation charges	483.00	113.57	369.43
7	ULDC & SCADA Upgradation Charges	1303.42	310.08	993.34

4.10 Non-tariff Income FY 2015-16

SLDC has furnished the actual Non-tariff income at Rs.1179.26 lakhs in the Truing up for FY 2015-16 against Rs.108.72 lakhs approved in the consequential order dated 07.11.2014 for FY 2015-16 as detailed in the Table below:



Table 4.17: Non-tariff Income for FY 2015-16

(Rs. Lakhs)

Sr. No.	Particulars	2015-16 (Approved)	2015-16 (Actual)	Deviation
1	Interest on advances to suppliers & contractors		2.01	
2	Scheduling & System operation charges		991.61	
3	Miscellaneous Receipts		172.71	
4	Total Other Business Income	108.72	1179.26	(1070.54)

Petitioner's submission

Petitioner submitted that SLDC is earning revenue from sources other than the core business activities and hence, income from "other Business income" is deducted from the ARR to arrive at the net ARR of the SLDC.

Petitioner also stated that as per the GERC (Levy & collection of fees & charges by SLDC) (First Amendment) Regulations, 2016, the scheduling & system operation charges are required to be considered as part of the true-up of each financial year and hence, the same is included as part of non-tariff income of SLDC. The relevant extracts of the Regulation is reproduced here under:

"Scheduling and system operation Charges recovered by SLDC from users of the Grid shall be considered at the time of determination of tariff and truing up for each financial year."

Commission's Analysis

The Commission, after detailed examination of the audited annual accounts for FY 2015-16, found that the Non-tariff Income of SLDC is Rs. 1179.43 Lakh, which includes Rs. 12.93 Lakh towards interest on staff loans & advances and Rs. 172.71 Lakh towards miscellaneous receipts. The Commission observed that the petitioner has not considered the amount of Rs. 0.12 Lakh related to penalties received from Suppliers & Contractors and Rs. 0.05 Lakh related to prior period income in the Non-tariff Income. The Commission considers the Non-tariff income at Rs. 1166.50 Lakh towards Non-tariff income excluding Rs. 12.93 Lakh of Interest on Staff Loan and Advances as detailed in the table below:



Table 4.18: Approved Non-tariff Income for FY 2015-16

(Rs. Lakh)

Sl. No.	Particulars	Approved in order dated 07.11.2017 for 2015-16	Claimed in truing up for 2015-16	Approved in Truing up for 2015-16
1	Interest on Staff Loans & Advances		12.93	0.00
2	Interest on advance to Suppliers & Contractors		2.01	2.01
2	Miscellaneous Receipts		172.71	172.71
3	Scheduling Charges		991.61	991.61
4	Penalties received from Suppliers & Contractors		-	0.12
5	Prior period income		-	0.05
	Total	108.72	1179.26	1166.50

The Commission approves the Non-tariff income at Rs. 1166.50 lakhs in the Truing up for FY 2015-16.

4.11 Income Tax for FY 2015-16

SLDC has claimed NIL income tax in the Truing up for FY 2015-16, as detailed in the Table below:

Table 4.19: Provision for Taxation claimed for FY 2015-16

(Rs. Lakh)

Particulars	Approved in the MTR order for 2015-16	Claimed in truing up for 2015-16	Deviation +/-
Income Tax	20.45	0.00	20.45

Petitioner's Submission

The Petitioner has submitted that tax on the income streams is computed as an expense and is to be recovered from the beneficiaries.

Commission's Analysis

The Commission has verified the tax as claimed by SLDC from the audited annual accounts and found that the income tax for the 2015-16 true-up is NIL.



The Commission approves the income tax Rs. 0.00 Lakh in the truing up for the FY 2015-16, as given in the Table below:

Table 4.20: Approved income tax for FY 2015-16

(Rs. Lakh)

Particulars	Approved in the MTR order for 2015-16	Actual for 2015-16	Approved in Truing up for 2015-16
Income Tax	20.45	0.00	0.00

4.12 Proposed and approved fixed costs for FY 2015-16

The fixed charges approved in the MTR order for FY 2015-16, claimed by SLDC in truing up and approved by the Commission are summarized in the Table below:

Table 4.21: Approved fixed costs in Truing up for FY 2015-16

(Rs lakhs)

Particulars	Approved in MTR for 2015-16	Claimed in True up for 2015-16	Approved for 2015-16 True up
Employee Cost	1136.30	1157.64	1105.87
Repair & Maintenance	47.91	136.72	136.72
Administration & General Charges	215.70	350.20	350.20
Interest on working capital	37.94	30.64	29.33
RLDC fees and charges	18.10	9.78	9.78
ULDC charges	820.42	196.51	196.51
SCADA charges	483.00	113.57	113.57
Less: Non-tariff income	108.72	1,179.26	1166.50
Sub Total: Operating cost	2650.65	815.80	775.48
Depreciation	150.20	259.43	259.43
Interest & Finance charges	123.46	118.81	68.60
Return on Equity	102.33	95.29	77.89
Total Fixed Cost	375.99	473.53	405.92
Less : Expenses capitalized	0.00	0.00	0.00
Add: Provision for Tax	20.45	0.00	0.00
Sub Total: Capital Cost	396.44	473.53	405.92
Total Revenue Budget	3047.09	1289.33	1181.40

4.13 Revenue Gap for FY 2015-16

The petitioner has submitted that it has a gap of Rs. 2287.50 lakhs during FY 2015-16 as are given in the Table below:



Table 4.22: Revenue Gap claimed for FY 2015-16

		(Rs. Lakhs)
Sr. No.	Particulars	2015-16
1	Claimed ARR for 2015-16 after truing up	1289.33
2	Add: Revenue Gaps pertaining to truing up of 2013-14 as per Hon'ble APTEL Order dated 14.03.2016 on Appeal No. 146 of 2015	2076.19
3	Revenue from SLDC fees and charges	1078.02
3	Revenue (Gap)/Surplus for 2015-16	(2287.50)

The Petitioner has requested the Commission to approve the revised ARR and consider the Revenue Gap of Rs. 2287.50 Lakhs for FY 2015-16 while deciding the Tariff for the FY 2017-18.

Commission's Analysis

The GERC (Levy & Collection of Fees and Charges by SLDC) Regulations, 2005 and subsequent amendment in 2016, do not provide for the computation of gains and losses for SLDC. Accordingly, the revised ARR for SLDC has been arrived at, taking into consideration the expenses and Non-tariff Income approved in the truing up for FY 2015-16, based on the audited annual accounts submitted by SLDC.

The revenue (gap) / surplus approved by the Commission for FY 2015-16 is summarized in the Table below:

Table 4.23: Approved Revenue Gap for FY 2015-16

		(Rs. Lakhs)
Sr. No.	Particulars	2015-16
1	Approved fixed charges in truing up for 2015-16	1181.40
2	Add: Gap of 2013-14 as per the order dated 14.03.2016 of the Hon'ble APTEL on Appeal No. 146 of 2015*	1874.62
3	Less: Actual Revenue from SLDC fees and charges	1078.02
5	Revenue (Gap)/Surplus for 2015-16	(1978.00)

* This Gap is worked out in Chapter 6 of this Order

The Commission approves the Revenue Gap of Rs. 1978.00 lakhs in the truing up for FY 2015-16 after adjustment of past period Gap. This Gap is carried forward to ARR of FY 2017-18 for determination of Fees and Charges.



5 Determination of Aggregate Revenue Requirement (ARR) for FY 2016-17 to FY 2020-21

5.1 Approach for the control period FY 2016-17 to FY 2020-21

The petitioner has approached the Commission for approval of Aggregate Revenue Requirement (ARR) for FY 2016-17 to 2020-21, and the recovery of SLDC fees and charges for the same period.

The petitioner has computed the fixed and operational charges for recovery of SLDC fees and charges. The components that constitute the fixed and operational cost are as under:

Operational Costs

- Operation & Maintenance Expenses
 - Employee cost
 - Repair and Maintenance expenses
 - Administration and General expenses
- Interest on Working Capital
- RLDC fees and charges
- ULDC and SCADA charges
- Less Non-tariff Income

Fixed Costs

- Depreciation
- Interest and Finance charges
- Return on Equity
- Taxes, if any.

The operational and fixed costs projected by the petitioner for the FY 2016-17 to 2020-21 and decisions of the Commission are discussed in this chapter.



5.2 Operation and Maintenance (O&M) Expenses

The petitioner has projected the O&M expenses year wise totaling to Rs. 9806.31 lakhs for the control period FY 2016-17 to FY 2020-21. The O&M expenses comprise of Employee costs, Repair and Maintenance expenses and Administrative and General expenses as given in the Table below:

Table 5.1: O&M Expenses Estimated for FY 2016-17 to 2020-21

(Rs. lakh)						
Sr. No.	Petitioner	2016-17	2017-18	2018-19	2019-20	2020-21
1	Employee cost	1443.41	1525.97	1613.26	1705.53	1803.09
2	A&G expenses	67.83	71.71	75.81	80.15	84.73
3	R&M expenses	238.12	251.74	266.14	281.36	297.46
	Total	1749.36	1849.42	1955.21	2067.04	2185.28

Petitioner's Submission

The petitioner has stated that O&M expenses have been calculated in line with provisions mentioned in the GERC Multi-Year Tariff Regulations, 2016 and have been derived on the basis of the average of the actual of O&M expenses for three years ending March 31st 2015.

For employee expenses, petitioner has submitted that the 7th Pay commissions' impact has also been considered. As per SLDC's estimates, additional expense to the tune of Rs 259.88 Lacs in FY 2016-17 would be needed to address the 7th pay commission impact. This additional cost to SLDC on account of 7th pay Commission has been included in the employee cost for FY 2016-17.

Commission's Analysis

The Commission has observed that petitioner has considered an amount of Rs. 259.88 Lakhs in Employee Expenses of FY 2016-17 as provision for the impact of 7th Pay Commission. This aggregated figure is then escalated at 5.72% for rest of the years of the control period.

As the liability on this account is not yet crystalized pending settlement with the employees' unions, it has been removed in the calculation of approved O&M expenses. The Commission is of the view that the impact of provision for 7th Pay Commission will be considered while truing up of respective year subject to prudence check. The approved O&M expenses are arrived at by taking the average of the Employee costs,



R&M expenses, and A&G expenses of FY 2012-13 to FY 2014-15. The averaged figure is then taken as O&M expenses of FY 2013-14 and then escalated till FY 2020-21 at 5.72% p.a.

The O&M expenses for the control period is arrived at as detailed in the Table below:

Table 5.2: Approved O&M expense for the FY 2016-17 to 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Employee cost	1183.53	1251.23	1322.80	1398.46	1478.45
A&G expenses	67.83	71.71	75.81	80.15	84.73
R&M expenses	238.12	251.74	266.14	281.36	297.46
Total	1489.48	1574.68	1664.75	1759.97	1860.64

The Commission accordingly approves the O & M expense as detailed in the above table for the control period for FY 2016-17 to 2020-21.

5.3 Interest on Working Capital

Petitioner's submission

The petitioner has projected year wise interest on working capital totaling to Rs. 173.14 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.3: Projected interest on working capital for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
O & M Expenses	145.78	154.12	162.93	172.25	182.11
Maintenance and Spares	18.05	27.08	38.08	48.85	54.40
Receivables	73.88	88.04	103.25	109.09	101.94
Total Working Capital	237.71	269.24	304.26	330.19	338.45
Rate of Interest	11.70%	11.70%	11.70%	11.70%	11.70%
Interest on working capital	27.81	31.50	35.60	38.63	39.60

It is submitted by the petitioner that the working capital and interest thereon are based on the GERC Multi-Year Tariff Regulations, 2016 and interest rate has been considered at 11.70% in line with the same.



Commission's Analysis

The Commission has examined the computation of normative working capital and interest thereon under GERC MYT Regulations 2016. The Commission has observed that the SBI MCLR as on 1st April 2015 was 9.20%. The interest rate for working capital is worked out to 11.70% as per Regulation 40.3 of GERC MYT Regulations 2016 considering a spread of 250 basis points over 1 year SBI MCLR. Based on the O&M expenses approved for the control period, the Commission has calculated the working capital and interest on working capital for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.4: Approved Interest on Working Capital for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

S.No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	O&M Expenses (1 Month)	124.12	131.22	138.73	146.66	155.05
2	Maintenance Spares	18.05	20.42	24.99	30.21	31.71
3	Receivables (15 days)	48.69	51.69	64.08	66.93	63.45
4	Total Working Capital	190.86	203.33	227.80	243.78	250.19
5	Rate of Interest on Working Capital	11.70%	11.70%	11.70%	11.70%	11.70%
6	Interest on Working Capital	22.33	23.79	26.65	28.52	29.27

The Commission approves the interest on working capital as detailed in the Table above for the control period for FY 2016-17 to FY 2020-21.

5.4 Capital Expenditure Plan for the control period for FY 2011- 12 to FY 2020-21

The petitioner has projected year wise capital expenditure plan totaling to Rs. 4205.90 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.5: Capital Expenditure Plan for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Augmentation/ Upgradation of existing customers (systems)	372.00	360.00	376.00	376.00	392.00
Strengthening of communication channels	45.00	0.00	72.00	0.00	0.00



Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Additional system / Software planning	237.50	487.50	400.00	0.00	0.00
IT Infrastructure	54.00	54.00	54.00	54.00	54.00
Office Equipment	69.60	73.30	50.00	0.00	0.00
Additional Expenditure	125.00	125.00	125.00	125.00	125.00
Total Capital Expenditure	903.10	1099.80	1077.00	555.00	571.00

Petitioner's submission

The petitioner submitted that it has planned for creating infrastructure related to formation of separate company and submitted to Hon'ble commission. However, due to delay in forming separate company, SLDC has revised the capital expenditure plan for ensuing year and estimated planned capital expenditure.

It is further submitted that, the activities outlined in the CAPEX plan address the responsibilities and commitment of SLDC towards new industry structure including needed evolution of State electricity market. This covers a huge amount of investment because SLDC has to make a transition from existing dependencies and redefine existing services to revised electricity market.

The petitioner has also highlighted certain uncertainties in projecting CAPEX plan such as change in existing network and addition of generating plants in the State, changes in policy/development of electricity market such as introduction of spot price market, power exchange operation, change in grid code etc. Such unanticipated changes create a need to evolve CAPEX plan to meet the requirement for efficient grid operation. It is also stated that the Capex plan includes, projects mainly focused on system improvement, addition to system/software planning, IT applications & infrastructure.

Regarding funding of the CAPEX, Petitioner submitted that the Capitalization has been considered to be same as capital expenditure as all the capital expenditure is projected to be capitalized in the same year. The Capitalization is assumed to be funded on normative basis through the means of debt and equity with the debt equity ratio of 70:30 on normative basis as per as per GERC Multi-Year Tariff Regulations, 2016.

The petitioner has also furnished the proposed funding of the Capex during the control period as detailed in the Table below:



**Table 5.6: Funding of proposed Capex for the control period for FY 2016-17 to
FY 2020-21**

(Rs. Lakhs)

Sr. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	CAPEX for the Year	903.10	1099.80	1077.00	555.00	571.00
2	Capitalization	903.10	1099.80	1077.00	555.00	571.00
3	Debt	632.17	769.86	753.90	388.50	399.70
4	Equity	270.93	329.94	323.10	166.50	171.30

Commission's Analysis

The petitioner has projected total Capex of Rs. 4205.90 lakhs over the control period of FY 2016-17 to FY 2020-21 towards system improvement, upgrading and adding new software & IT infrastructure, expenditure related to separation of SLDC from GETCO etc. to discharge its functions effectively as an independent system operator. The Commission appreciates the important role SLDC has to play in managing the operation of state power system in coordination with Western Regional Load Despatch Centre.

SLDC has indicated that due to factors not under its control, the eventual CAPEX can be different from the budgeted figure. Also, as per the detailed break up of CAPEX submitted by SLDC vide email dated 28th February 2017. The Commission is of the view that any CAPEX related to RTU (including spares) being the asset of GETCO needs to be removed from the proposed CAPEX. Accordingly, the approved Capex, capitalization and the funding are detailed in the Table below:

**Table 5.7: Approved Capex, Capitalization & Funding during the control period for
FY2016-17 to 2020-21**

(Rs. Lakhs)

Sr. No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Capex	903.10	1099.80	1077.00	555.00	571.00
2	Less: CAPEX for RTU and Spares	666.50	642.50	555.00	405.00	405.00
3	Net CAPEX	236.60	457.30	522.00	150.00	166.00
4	Capitalization	236.60	457.30	522.00	150.00	166.00
	Funding of Capex					
5	Capitalization	236.60	457.30	522.00	150.00	166.00



6	Less Grants	0.00	0.00	0.00	0.00	0.00
7	Balance Capitalization	236.60	457.30	522.00	150.00	166.00
8	Debt (70%)	165.62	320.11	365.40	105.00	116.20
9	Equity (30%)	70.98	137.19	156.60	45.00	49.80

The Commission approves the Capex and capitalization for the control period for FY 2016-17 to FY 2020-21 as given in the Table above.

The depreciation, interest on loans, return on equity will be regulated as per capitalization and funding as above.

The Commission has arrived at the opening and closing balance of GFA taking into consideration the capitalization approved above as detailed in the Table below:

Table 5.8: Gross Fixed Assets for 2015-16 (Actuals) and for FY 2016-17 to FY 2020-21
(Rs. Lakhs)

Year	Opening Balance	Additions during the year	Closing Balance
2015-16 Actual	1768.83	36.35	1805.18
2016-17	1805.18	236.60	2041.78
2017-18	2041.78	457.30	2499.08
2018-19	2499.08	522.00	3021.08
2019-20	3021.08	150.00	3171.08
2020-21	3171.08	166.00	3337.08

5.5 Interest and Finance Charges

The petitioner has projected the interest and finance charges year wise totaling Rs. 873.20 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.9: Projected Interest and Finance charges for FY 2016-17 to FY 2020-21
(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Loans	1,137.26	1,515.02	1,876.59	2,043.59	1,859.44
Addition During Year	632.17	769.86	753.90	388.50	399.70
Repayment During the Year	254.41	408.29	586.90	572.65	251.68
Closing Loans	1,515.02	1,876.59	2,043.59	1,859.44	2,007.46
Average Loans	1,326.14	1,695.81	1,960.09	1,951.52	1,933.45
Interest on Loans	132.83	167.76	192.55	191.16	188.90
Other Financial charges	0.00	0.00	0.00	0.00	0.00



Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Total Interest & Finance Charges	132.83	167.76	192.55	191.16	188.90
Weighted Avg. Rate of Interest	10.02%	9.89%	9.82%	9.80%	9.77%

Petitioner's submission

The petitioner has submitted that weighted average rate of interest has been considered for the computation of Interest on Loans. For existing loans, the Interest rate is assumed on the basis of estimates of FY 2015-16 and for new loan additions, interest rate of 9.65% has been considered in line with the present market scenario. It is stated that the funding for new capital expenditure in the control period has been assumed to be undertaken at a normative debt: equity ratio of 70:30 in accordance with the GERC Multi-Year Tariff Regulations, 2016.

Commission's Analysis

The Commission has examined the interest and finance charges projected by the petitioner for the control period FY 2016-17 to FY 2020-21. The closing loan has been approved at Rs. 553.64 lakhs in truing up for FY 2015-16 in Table 4.8 of this order, and this has been taken as the opening balance of loan for FY 2016-17. The Commission has analyzed the capital expenditure proposed by SLDC and approved the capitalisation and funding of Capex after deduction of RTU related capex. SLDC has taken the weighted average rate of interest at 10.22% on the existing loan and for the new loans the interest rate considered is 9.65% which is in line with market rates. GERC MYT Regulations, 2016 specifies that repayment for the year during the tariff period from FY 2016-17 to FY 2020-21 shall be deemed to be equal to the depreciation allowed for that year. The year wise depreciation approved in Table 5.12 below is taken as repayment of loan now. The Commission has accordingly computed the interest charges on the opening loan and debt approved for the control period as detailed in the Table below:

Table 5.10: Approved Interest & Finance charges for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Loans	553.64	514.06	662.57	677.14	460.44
Loan Additions during the year	165.62	320.11	365.40	105.00	116.20



Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Repayment during the year	205.21	171.60	350.83	321.70	134.80
Closing Loans	514.06	662.57	677.14	460.44	441.84
Average Loans	533.85	588.31	669.86	568.79	451.14
Rate of Interest on Loan	10.09%	9.92%	9.82%	9.80%	9.77%
Interest charges	53.86	58.36	65.81	55.75	44.08

The Commission approves the interest and finance charges as detailed in the above Table for the control period for FY 2016-17 to FY 2020-21.

5.6 Depreciation

The petitioner has projected year wise depreciation charges totaling to Rs. 2073.93 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.11: Projected Depreciation for the period FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Block at the Beginning of the Year	1805.18	2708.28	3808.08	4885.08	5440.08
Additions During the Year(Net)	903.10	1099.80	1077.00	555.00	571.00
Closing Block	2708.28	3808.08	4885.08	5440.08	6011.08
Average Block	2256.73	3258.18	4346.58	5162.58	5725.58
Depreciation	254.41	408.29	586.90	572.65	251.68
Weighted Avg. Rate of Depreciation	11.27%	12.53%	13.50%	11.09%	4.40%

Petitioner's submission

The petitioner has submitted that depreciation has been computed asset category wise based on additions under various heads such as P&M, Communication, IT, Software etc. using the rates as per the depreciation schedule, Annexure-1 of GERC MYT Regulations, 2016.

It is further submitted that the Gross Fixed Assets & Depreciation for the control period has been computed on the basis of accounts of FY 2015-16. Depreciation for the year has been calculated considering the GERC norms for various blocks of assets.



Commission's analysis

The petitioner has computed the depreciation taking into consideration the opening Gross Fixed Assets and the capitalization for the control period for each year of the control period.

The Commission has computed the depreciation charges of each year on straight-line method at the weighted average rate as submitted in the additional details by the petitioner. The opening block of fixed assets and addition of assets on account of capitalization as approved for the control period for FY 2016-17 and 2020-21 are considered as given in Table 5.8 above.

The Commission accordingly approves the depreciation charges for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.12: Approved Depreciation for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Gross Block in Beginning of the year	1805.18	2041.78	2499.08	3021.08	3171.08
Additions during the Year (Net)	236.60	457.30	522.00	150.00	166.00
Closing GFA	2041.78	2499.08	3021.08	3171.08	3337.08
Average GFA	1923.48	2270.43	2760.08	3096.08	3254.08
Depreciation for the year	205.21	171.60	350.83	321.70	134.80
Average Rate of Depreciation	10.67%	7.56%	12.71%	10.39%	4.14%

5.7 Return on Equity

The petitioner has projected year wise return on equity totaling to Rs. 959.94 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.13: Projected Return on Equity for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Opening Equity Capital	667.92	938.85	1268.79	1591.89	1758.39
Addition During the Year	270.93	329.94	323.10	166.50	171.30
Closing Equity	938.85	1268.79	1591.89	1758.39	1929.69
Average equity	803.39	1103.82	1430.34	1675.14	1844.04
Return on Equity	14%	14%	14%	14%	14%
Rate of Return on Equity	112.47	154.53	200.25	234.52	258.17



Petitioner's submission

The petitioner has submitted that the funding for new capital expenditure in the control period has been assumed to be undertaken at a normative debt: equity ratio of 70:30 in accordance with the GERC Multi-Year Tariff Regulations, 2016 and accordingly the new equity additions during the year has been estimated.

Commission's Analysis

The Commission has examined the submission made by the petitioner. The return on equity has to be considered on normative basis on the opening balance of equity and approved equity additions during the respective years. The Commission has approved the capitalization, debt and equity portions of funding the approved Capex in paragraphs above.

The closing balance of equity for FY 2015-16 has been considered at Rs. 561.83 lakhs as approved in Table 4.10 of this order. Taking this as opening balance of equity for FY 2016-17 and the equity additions approved for the control period in Table 5.7 above, the Commission has computed the return on equity as detailed in the Table below:

Table 5.14: Approved Return on Equity for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Sr. No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Opening Equity Capital	561.83	632.81	770.00	926.60	971.60
2	Equity Additions during the year	70.98	137.19	156.60	45.00	49.80
3	Closing Equity	632.81	770.00	926.60	971.60	1,021.40
4	Average Equity	597.32	701.41	848.30	949.10	996.50
5	Rate of Return on Equity	14%	14%	14%	14%	14%
6	Return on the Equity	83.63	98.20	118.76	132.87	139.51

The Commission approves the return on equity as detailed in the above Table for the control period for FY 2016-17 to FY 2020-21.



5.8 RLDC / WRPC charges

Petitioner's Submission

The petitioner has submitted that as per Section 32(2) of EA 2003, SLDC is required to exercise supervision and control of intra-State transmission system and also to co-ordinate with RLDC. SLDC has to ensure compliance of the directions issued by RLDC as per Section 29 (3) of EA 2003. Hence, fees and charges pertaining to RLDC related activities would be considered in the SLDC Budget. This would be recovered as WRPC/RLDC fees and charges as may be specified by the Commission or Secretariat of Western Region Power Committee from time to time.

Petitioner also submitted that as decided in 7th WRPC meeting dated 15th May'2008, WRPC gave their approval for total annual expenditure of WRPC Secretariat. It was agreed that the same will be equally shared by each WRPC member and reimburse expenditure of WRPC Secretariat. SLDC-Gujarat is member of WRPC participating from Gujarat. Hence expenditure of WRPC Secretariat charges is to be paid by SLDC-Gujarat.

Accordingly, the petitioner further submitted that SLDC-Gujarat has to share charges of WRLDC/WRPC for the control period. The RLDC charges for the control period 2016-17 to 2020-21 have been computed by taking an escalation of 10% on the RLDC Charges for FY 15-16 based on the audited accounts. The petitioner requested the Commission to approve the proposed charges as given in the Table below:

Table 5.15: Projected RLDC/WRPC charges for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
RLDC charges	10.76	11.83	13.02	14.32	15.75

Commission's Analysis

The Commission has examined the RLDC/WRPC charges to be paid by SLDC, Gujarat for FY 2016-17 to FY 2020-21 and observed that the petitioner has asked for 10% escalation each year in RLDC charges for this control period. The Commission approves the charges to be paid by SLDC, Gujarat towards RLDC/WRPC charges for the control period for FY 2016-17 to FY 2020-21, as proposed by the petitioner.

The RLDC/WRPC charges approved by the Commission are given in the Table below:



Table 5.16: RLDC/WRPC charges approved for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
RLDC Charges	10.76	11.83	13.02	14.32	15.75

5.9 ULDC and other related project charges

Petitioner's submission

The petitioner has submitted that existing SCADA/EMS software has been installed and commissioned since 2004 and now it is necessary to upgrade/expansion of the existing SCADA system software with advanced technology. As the hardware are at end of life cycle and needs up-gradation/replacement, it was decided in 16th WRPC meeting to phase out the existing ULDC system at the end of 5 year LTSA (i.e. by 14th Oct. 2014). Also the new and old ULDC would operate in parallel for a year so as to evaluate the new system for its stability and reliability. A paradigm shift is expected in the SCADA/EMS system methodology as new regulations like WIND Generation forecasting, REC mechanism, POC charges, incorporation of WIND/SOLAR generation, increase in Open Access Users are SLDC's forthcoming challenges. Hence, this may require expansion/up-gradation SCADA/EMS system with high standard in terms of latest technology, handling large volume of data storage, processing for various reports, high speed data retrieval, high accuracy and elevated security, etc. Keeping the ULDC philosophy, on request of constituents of Western Region, WRLDC has proposed the up-gradation/replacement of existing SCADA/EMS system. Also, as on Oct'15, the contract for old SCADA system (GE) has concluded & SLDC is proposing to replace with new SCADA system. The proposed cost for ULDC to be borne by SLDC during the period for FY 2016-17 to FY 2020-21 is as given in the Table below:

Table 5.17: Proposed Cost of for ULDC & other related charges for the period 2016-17 to 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
New SCADA					
Supply of New SCADA	144.91	144.91	144.91	144.91	144.91
Service Charges for Supply of New SCADA	7.95	7.95	7.95	7.95	7.95
Annual Maintenance					



Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Proposed Maintenance charges	41.61	41.61	41.61	41.61	41.61
Communication					
Proposed Communication Charges	291.58	291.58	291.58	291.58	291.58
Charges for ULDC & Other related Projects	486.05	486.05	486.05	486.05	486.05

Commission's Analysis

The Commission has examined the submission made by the petitioner for payment of ULDC and other project related charges for the control period for FY 2016-17 to FY 2020-21. These charges are required to be paid by the petitioner based on the decisions of PGCIL, WRLDC & WRPC. The Commission has reviewed the various charges which have been submitted by the petitioner.

The Commission is of the view that these charges are required to be paid by SLDC as a member of the Western Regional system as per directives of PGCIL & WRLDC and WRPC. The estimated charges are approved by the Commission as detailed in the Table below:

Table 5.18: ULDC charges approved for FY 2016-17 to FY 2020-21

(Rs.lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
New SCADA					
Supply of New SCADA	144.91	144.91	144.91	144.91	144.91
Service Charges for Supply of New SCADA	7.95	7.95	7.95	7.95	7.95
Annual Maintenance					
Proposed Maintenance charges	41.61	41.61	41.61	41.61	41.61
Communication					
Proposed Communication Charges	291.58	291.58	291.58	291.58	291.58
Charges for ULDC & Other related Projects	486.05	486.05	486.05	486.05	486.05

The Commission approves the ULDC & related project charges as given in Table above for the Control period FY 2016-17 to FY 2020-21.



5.10 Provision for Tax

Petitioner's submission

The petitioner has submitted year wise provision for tax totaling to Rs.204.87 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.19: Provision for Tax on Income for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Provision for Tax	24.00	32.98	42.74	50.05	55.10

Petitioner has stated that as per the Annual Accounts 2015-16, the tax expense incurred by SLDC was NIL. However, SLDC has projected the tax for the third control period FY 2016-17 to FY 2020-21 by considering the RoE and existing MAT rate of 21.342%. Petitioner requested the Commission to approve the same.

Commission's Analysis

The Commission has examined the submission of SLDC. The SLDC has projected the tax for the third control period FY 2016-17 to FY 2020-21 by considering the RoE and existing MAT rate of 21.34%. The provision for income tax payable for each year of the control period is to be considered based on the actual income tax paid as per the latest audited accounts available for the applicant in accordance with the GERC (MYT) Regulations, 2016. However, the SLDC has not incurred any tax expense for the FY 2015-16.

Hence, the tax projections are now considered as per the GERC (MYT) Regulations, 2016. The tax amount of latest available audited annual accounts is considered for each year of the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.20: Approved provision for Tax on Income for FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Tax	0.00	0.00	0.00	0.00	0.00

The Commission approves the tax on income as detailed in the above Table for the control period for FY 2016-17 to FY 2020-21.



5.11 Non-tariff Income

The petitioner has projected year wise Non-tariff Income totaling to Rs. 5000 lakhs for the control period for FY 2016-17 to FY 2020-21 as detailed in the Table below:

Table 5.21: Projected Revenue from Other Sources

(Rs.lakhs)					
Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Non-tariff Income	1000	1000	1000	1000	1000

Petitioner's submission

The petitioner has submitted that SLDC is collecting scheduling charges and application charges from various short term open access users. Such revenue collection by SLDC-Gujarat is to be accounted as revenue from other sources. Hence, it is appropriate to consider scheduling charges and application charges collected from short term open access users as revenue from other sources.

SLDC has projected non-tariff income for the third control period FY 2016-17 to 2020-21 Lacs taking into account the actual non-tariff income earned during FY 2015-16.

Commission's Analysis

The Commission has examined the submission of the petitioner on the income from other sources and the sources from which the revenue would be realized. Since these are legitimate charges to be recovered, the Commission approves the Non-tariff Income as given in Table below at level of actuals approved for FY 2015-16:

Table 5.22: Approved Non-tariff Income

(Rs. Lakhs)						
Sr. No.	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
1	Non-tariff Income	1166.50	1166.50	1166.50	1166.50	1166.50

The Commission approves the income from other sources as given in the above Table for the control period for FY 2016-17 to FY 2020-21.

5.12 Total Aggregate Revenue Requirement

The details of the petitioner's submission of the total revenue requirement for the period FY 2016-17 to FY 2020-21 are summarized in the Table below:



Table 5.23: Projected Aggregate Revenue Requirement for the period FY 2016-17 to FY 2020-21

(Rs. Lakhs)

Sr. No.	Particulars	Projected				
		2016-17	2017-18	2018-19	2019-20	2020-21
1	O&M Expense	1749.36	1849.42	1955.21	2067.04	2185.28
1.1	Employee Cost	1443.41	1525.97	1613.26	1705.53	1803.09
1.2	Repairs & Maintenance	67.83	71.71	75.81	80.15	84.73
1.3	Admin & General Expenses	238.12	251.74	266.14	281.36	297.46
2	Interest on Working Capital	27.81	31.50	35.60	38.63	39.60
3	RLDC Fees & Charges	10.76	11.83	13.02	14.32	15.75
4	Charges for ULDC & other Related Projects	486.05	486.05	486.05	486.05	486.05
6	Less : Non-tariff Income	1000.00	1000.00	1000.00	1000.00	1000.00
7	Operating Cost Budget (a)	1273.97	1378.80	1489.87	1606.04	1726.68
8	Depreciation	254.41	408.29	586.90	572.65	251.68
9	Interest & Finance Charges	132.83	167.76	192.55	191.16	188.90
10	Return on Equity	112.47	154.53	200.25	234.52	258.17
11	Total Fixed Costs	499.71	730.59	979.69	998.33	698.74
12	Less : Expenses Capitalized	-	-	-	-	-
13	Add : Provision for Tax	24.00	32.98	42.74	50.05	55.10
14	Capital Cost Budget(b)	523.72	763.57	1022.43	1048.38	753.84
15	Total Revenue Budget (a+b)	1797.69	2142.37	2512.30	2654.43	2480.52

Based on the analysis and decision in the earlier paras the Commission approves the Annual Revenue Requirement for the FY 2016-17 to FY 2020-21 as given in Table below:



**Table 5.24: Approved Aggregate Revenue Requirement for the period FY 2016-17 to
FY 2020-21**

(Rs. Lakhs)

Sr. No.	Fixed Charges	2016-17	2017-18	2018-19	2019-20	2020-21
1	Operation & Maintenance Expenses	1489.48	1574.68	1664.75	1759.97	1860.64
1.1	Employee Cost	1183.53	1251.23	1322.80	1398.46	1478.45
1.2	Repair & Maintenance	67.83	71.71	75.81	80.15	84.73
1.3	Admin & General Charges	238.12	251.74	266.14	281.36	297.46
2	Interest on Working Capital	22.33	23.79	26.65	28.52	29.27
3	RLDC fees and charges	10.76	11.83	13.02	14.32	15.75
4	Charges for ULDC & other related projects	486.05	486.05	486.05	486.05	486.05
5	Less : Non-tariff Income	1166.50	1166.50	1166.50	1166.50	1166.50
6	Operating Cost budget (a)	842.12	929.85	1023.97	1122.36	1225.21
7	Depreciation	205.21	171.60	350.83	321.70	134.80
8	Interest & Finance charges	53.86	58.36	65.81	55.75	44.08
9	Return on Equity	83.63	98.20	118.76	132.87	139.51
10	Total Fixed Costs	342.69	328.16	535.40	510.32	318.39
11	Less: Expenses Capitalized	0.00	0.00	0.00	0.00	0.00
12	Add: Provision for Tax	0.00	0.00	0.00	0.00	0.00
13	Capital Cost Budget (b)	342.69	328.16	535.40	510.32	318.39
14	Total Revenue Budget (a+b)	1184.81	1258.01	1559.37	1632.69	1543.60

5.13 SLDC fees and charges

Petitioners' submission

The petitioner has submitted the methodology for recovery of SLDC fees and charges from the generation and distribution licensees / beneficiaries as below:

Methodology of recovery of SLDC fees and charges

The petitioner has proposed methodology for recovery of SLDC charges and fees as under:

Section 32(3) of the Electricity Act, 2003 provides for levy and collection of such fees and charges from the generating companies and licensees engaged in the intra-state



transmission of electricity as may be specified by the State Commission reproduced as under:

“The State Load Dispatch Centre may levy and collect such fee and charges from the generating companies and licensees engaged in intra-State transmission of electricity as may be specified by the State Commission.”

As per Clause 81 of Chapter 6 of GERC MYT Regulations 2016, expenses incurred by the SLDC related with the discharge of its functions as specified in Section 32 of the Electricity Act shall be recovered from the Generating Companies, the Licensees and MTOA beneficiaries through Charges.

In accordance with the aforesaid Regulation, SLDC proposes ‘principles’ for levy and recovery of ‘SLDC Fees and Charges’ to meet with the revenue requirements of SLDC as under :

- **Registration or Connection Fees:** Corresponding to Clause 83 of Chapter 6 of GERC MYT regulations, 2016 and as per Grid Connection procedure proposed by SLDC.
- **Annual SLDC Fees & Charges:** Corresponding to proposed annual revenue budget to be incurred during ‘specified control period’ to be payable by the generating companies and distribution licensees.

The billing and collection of SLDC Charges shall be carried out as per Clause 82 of the GERC Multi-Year Tariff Regulations, 2016

Commission’s Analysis

The Commission has taken note of the methodology proposed by the Petitioner for recovery of Annual SLDC fees and charges and found that the methodology is not in accordance with Regulation 82 of GERC MYT Regulations, 2016, as the methodology proposed is as per GERC Levy and collection of fees and charges by SLDC Regulations, 2005 which is now repealed by GERC (MYT) Regulations, 2016. Regulation 82 of the GERC (MYT) Regulations, 2016 specifies the methodology for levy of SLDC charges from Generating Companies, Licensees, and MTOA beneficiaries. The Commission allows Petitioner to recover SLDC charges in accordance with the methodology specified in Regulation 82 of the GERC MYT Regulations, 2016.



The Petitioner has proposed to recover charges for application for connection to grid in accordance with Regulation 83 of the GERC MYT Regulations 2016. The Commission accordingly allows the petitioner to recover charges for application for connection to grid in accordance with Regulation 83 of GERC MYT Regulations 2016. The Commission accordingly approves the grid connection charges of Rs. 10,000.



6 Revised True-up Gap/Surplus for FY 2013-14

State Load Dispatch Centre (hereafter referred to as 'SLDC' or 'the Petitioner') filed its petition as Petition No. 1462/2014 before the Commission on 28.11.2014 for truing up of FY 2013-14 and determination of fees and charges for FY 2015-16. Subsequently, the Commission had issued the order on 31.03.2015.

Aggrieved by the said order, SLDC filed Appeal No. 33/2015 and 146/2015 before the Tribunal challenging the Commission's order dated 31.03.2015. In the said appeal, the petitioner had amongst other, raised the following issues:

- 1) Consideration of Scheduling Charges and Application charges as a part of revenues for adjustment as Income from other sources.
- 2) Non-consideration of Prior period expenses in the True-up for FY 2013-14 in the Income from Other Sources.

The Tribunal in its judgement dated 14.03.2016 in Appeal No. 146 of 2015 has passed the Order as under:

- 1) As per the judgment of Appellate Tribunal, Issue 1 has been decided in favor of the appellant and accordingly, the matter is decided in favour of the appellant.
- 2) For Issue 2, both the parties agree to the situation that the same shall be considered in the true up for the FY 2015-16 thus this issue is decided in favor of the appellant.

To implement the order of the Hon'ble APTEL, the Commission has now revised Non-tariff Income, Fixed Costs, and Gap/Surplus for truing up of FY 2013-14 in Petition No. 1462/2014 dated 31st March 2015 as shown in tables below:

Table 6.1: Revised Approved Non-tariff Income for FY 2013-14

(Rs. Lakhs)

Sl. No.	Particulars	Approved in the MYT order for 2013-14	Claimed in truing up for 2013-14	Approved in Truing up for 2013-14	Revised Approved in Truing up for 2013-14
1	Interest on Staff Loans & Advances	7.99	10.91	8.97	0.00
2	Miscellaneous Receipts	2.71	69.57	81.73	81.73



Sl. No.	Particulars	Approved in the MYT order for 2013-14	Claimed in truing up for 2013-14	Approved in Truing up for 2013-14	Revised Approved in Truing up for 2013-14
3	Scheduling Charges and other operating Revenue	117.46	0.00	2053.47	0.00
4	Grid Connection Fee	34.25	0.00	0.00	0.00
5	Less :Prior period expense	0.00	0.00	0.00	10.22
	Total	162.41	80.48	2144.17	71.51

Table 6.2: Revised Approved fixed costs in Truing Up for FY 2013-14

(Rs. Lakhs)

Sl. No	Annual Revenue Requirement	Approved for 2013-14 in the MYT Order	Claimed in Truing Up for 2013-14	Approved in Truing Up for 2013-14	Revised Approved in Truing Up for 2013-14
1	O&M Expense	1185.74	1251.86	1251.86	1251.86
1.1	Employee Cost	867.25	992.12	992.12	992.12
1.2	R&M Cost	45.27	52.39	52.39	52.39
1.3	A&G Cost	273.22	207.35	207.35	207.35
2	Interest on Working Capital	25.16	33.15	20.50	31.79
3	WRPC/RLDC Fees and charges	14.96	15.84	15.84	15.84
4	ULDC Charges	814.98	1011.91	1011.91	1011.91
5	WAM charges	22.66	0.00	0.00	0.00
6	Less: non-tariff Income	162.41	80.48	2144.17	71.51
7	Operating Cost Budget (a)	1901.09	2232.28	155.94	2239.89
8	Depreciation	130.11	44.28	44.28	44.28
9	Interest & Finance Charges	125.21	60.53	43.99	34.57
10	Return on Equity	96.09	44.94	36.12	36.12
11	Total Fixed Costs (8+9+10)	351.41	149.75	124.39	114.97
12	Less: Expenses Capitalised	0.00	0.00	0.00	0.00
13	Add: Provision for tax	19.15	435.77	435.77	235.87
14	Capital Cost Budget (b)	370.56	585.52	552.67	350.84
15	Total Revenue (a+b)	2271.65	2817.80	716.10	2590.72



Table 6.3: Revised Approved Revenue (Gap)/Surplus for FY 2013-14

(Rs. Lakhs)

Sl. No.	Particulars	Approved in Truing-up of 2013-14	Revised Approved in Truing-up of 2013-14
1	Approved Fixed Charges in Truing up	716.10	2590.72
2	Revenue from SLDC Fees and Charges	2332.18	2332.18
3	Revenue (Gap) / Surplus (2-1)	1616.08	(258.54)

The Commission, while truing up of FY 2013-14, had approved surplus of Rs. 1616.08 Lakh before implementation of Hon'ble APTEL order dated 14/03/2016, where scheduling and operation charges were considered in the Non-tariff Income. Thus, SLDC was not able to recover Rs. 1616.08 Lakhs being surplus. While in the revised true up of FY 2013-14 Gap is worked out to Rs. 258.54 Lakh after implementation of Hon'ble APTEL Order dated 14/03/2016. Therefore, the the actual pending recovery works out to Rs. 1874.62 Lakh (Rs. 1616.08 Lakh + Rs. 258.54 Lakh) which is now considered while truing up of FY 2015-16.

The Commission hereby directs SLDC to maintain a separate account in respect of Other Operating Revenue consisting of Scheduling and System Operation Charges income of Rs. 1853.57 Lakh net off proportionate Income Tax (Rs. 2053.47 Lakh – Rs. 199.90 Lakh Income Tax).

SLDC shall create a reserve out of this income and make corresponding investment in the securities as recognized under Indian Trusts Act, 1882. Interest earned on such securities shall be passed on to the beneficiaries through ARR. Withdrawal from the reserve shall be for capex only and with prior approval of the Commission and such contribution from this reserve towards financing capex shall not be held eligible for Return on Equity.

The directions contained in the judgement of the Tribunal dated 14.03.2016 in Appeal No. 146 of 2015 stand implemented by this Order.



7 Approval of Final ARR of FY 2016-17 And Determination of Fees and charges for FY 2017-18

7.1 Introduction

This chapter deals with the determination of final ARR of FY 2016-17 and fees and charges for the FY 2017-18 for SLDC. The Commission vide Order dated 02.12.2015 in the suo-motu petition had decided to consider the ARR of FY 2015-16 as the provisional ARR for FY 2016-17 in view of delay in finalization of MYT Regulations for the new Control Period FY 2016-17 to FY 2020-21. The Commission had also decided in the same order that the licensee/generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations, 2016 for FY 2016-17 to FY 2020-21 and the true up for the same shall also be governed as per the new MYT Regulations, 2016. Accordingly, the Commission has approved the final ARR for FY 2016-17 in terms of MYT Regulations, 2016 as given in the Table below:

Table 7.1: Projected and Approved ARR for FY 2016-17

(Rs. LAKH)

Sr. No.	Fixed Charges	2016-17 (Projected)	2016-17 (Approved)
1	Operation & Maintenance Expenses	1749.36	1489.48
1.1	Employee Cost	1443.41	1183.53
1.2	Repair & Maintenance	67.83	67.83
1.3	Admin & General Charges	238.12	238.12
2	Interest on Working Capital	27.81	22.33
3	RLDC fees and charges	10.76	10.76
4	Charges for ULDC & other related projects	486.05	486.05
5	Less : Non-tariff Income	1000.00	1166.50
6	Operating Cost budget (a)	1273.97	842.12
7	Depreciation	254.41	205.21
8	Interest & Finance charges	132.83	53.86
9	Return on Equity	112.47	83.63
10	Total Fixed Costs	499.71	342.69
11	Less: Expenses Capitalized	0.00	0.00
12	Add: Provision for Tax	24.00	0.00
13	Capital Cost Budget (b)	523.72	342.69
14	Total Revenue (a+b)	1797.69	1184.81



The Commission shall consider the final approved ARR of Rs. 1184.81 Lakh while truing up of FY 2016-17.

Determination of fees and charges for FY 2017-18

Based on the above approach the Table given below summarises the ARR projected by SLDC and approved by the Commission for FY 2017-18.

Table 7.2: ARR claimed & approved for FY 2017-18

(Rs. Lakh)

Particulars	Projected	Approved
O&M Expense	1849.42	1574.68
Employee Cost	1525.97	1251.23
R&M Cost	71.71	71.71
A&G Cost	251.74	251.74
Interest on Working Capital	31.50	23.79
RLDC Fees and charges	11.83	11.83
ULDC Charges	486.05	486.05
Less: Non-tariff Income	1000.00	1166.50
Operating Cost Budget (a)	1378.80	929.85
Depreciation	408.29	171.60
Interest & Finance Charges	167.76	58.36
Return on Equity	154.53	98.20
Total Fixed Costs	730.59	328.16
Less: Expenses Capitalised	0.00	0.00
Add: Provision for tax	32.98	0.00
Capital Cost Budget (b)	763.57	328.16
Total ARR (a+b)	2142.37	1258.01

Table 7.3: Approved SLDC Fees & Charges for the FY 2017-18

Particulars	Projected by SLDC	Approved by the Commission
ARR approved for 2017-18 (Rs. Lakh)	2142.37	1258.01
Add: Revenue Gap approved in truing up for 2015-16 (Rs. Lakh) after adjustment of past period Gap	2287.50	1978.00
Total SLDC Charges (Rs. Lakh)	4429.87	3236.01
Grid Connection Fee (Rs.)	10000.00	10000.00

The Commission, accordingly, approves the annual charges of SLDC at Rs 3236.01 Lakh for the FY 2017-18, and the grid connection fees at Rs. 10,000/- (Rupees Ten



thousand only). The total annual SLDC Charges, as approved above, shall be recoverable as per the formula specified in Regulation 82 of the GERC (Multi-Year Tariff) Regulations, 2016.



8 New Directives

8.1 New Directives by the Commission

Following directives are issued by the Commission for SLDC. SLDC should submit the compliance as per the directions mentioned below:

8.1.1 Directive 1: Cost-benefit analysis and status of benefits of approved capital expenditure schemes

SLDC has submitted CAPEX for the third Control period FY 2016-17 to FY 2020-21 totalling to Rs. 4205.90 Lakhs. Though the Commission has approved the CAPEX, SLDC is directed to submit a detailed cost-benefit analysis for each of the schemes or a group of scheme along with progress report on implementation of these schemes. SLDC is also directed to submit actual benefits accrued by implementing the said schemes while truing up.

Directive 2: Status report on compliance of recommendations of Girish Pradhan Committee on Manpower, Certification and Incentives for system operation and ring fencing the load dispatch centres

A Committee was constituted by Ministry of Power, Government of India in the year 2008 under the chairmanship of Shri Girish Pradhan to examine issues relating to manpower, certification and incentives for the personnel employed on System Operation at various levels and also for ring-fencing the Load Dispatch Centres to ensure their functional autonomy. The Committee vide report dated 11th August, 2008 gave five recommendations for strengthening the Load Dispatch Centres. One of the recommendations of the Report is deputing certified professionals to run SLDC. There should be adequate training and subsequent certification to the Operators of SLDC. Importance must also be given on the continuous professional development of the Operators so that they keep abreast with the latest technological developments and equip them with the newer skills.

SLDC is required to submit a detailed report on compliance of the above recommendation with other recommendations of the Committee by 30.06.2017.



Directive 3: Scheduling of TPL-G(APP)

SLDC is directed to obtain schedule of station wise generation from TPL-G (APP) from 1st April 2017 in accordance with the ABT Order of the Commission and amendments thereof from time to time.

SLDC shall issue certificate of annual PLF for each station to TPL-G (APP).



COMMISSION'S ORDER

The Commission approves SLDC charges for FY 2017-18 as shown in the Table below:

Particulars	Unit	Amount
ARR approved for FY 2017-18	Rs. Lakh	1258.01
Add: Revenue Gap approved in truing up for FY 2015-16	Rs. Lakh	1978.00
Total SLDC Charges	Rs. Lakh	3236.01
Grid Connection Fees	Rupees	10000

This order shall come into force with effect from 1st April, 2017.

Sd/-

P. J. THAKKAR
Member

Sd/-

K. M. SHRINGARPURE
Member

Sd/-

ANAND KUMAR
Chairman

Place: Gandhinagar

Date: 31/03/2017

