

GUJARAT ELECTRICITY REGULATORY COMMISSION



Aggregate Revenue Requirement and Determination of Charges for FY 2010-11

For

STATE LOAD DESPATCH CENTER

Case No. 991/2010

31st March 2010



सत्यमेव जयते

**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**

AHMEDABAD

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and
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ABBREVIATIONS

1.	ARR	Aggregate Revenue Requirement
2.	CERC	Central Electricity Regulatory Commission
3.	Control Period	FY 2008-09, FY 2009-10, FY 2010-11
4.	CTU	Central Transmission Utility
5.	DGVCL	Dakshin Gujarat Vij Company Limited
6.	FY	Financial Year
7.	GEB	Gujarat Electricity Board
8.	GERC	Gujarat Electricity Regulatory Commission
9.	GETCO	Gujarat Energy Transmission Corporation Limited
10.	GoG	Government of Gujarat
11.	GSECL	Gujarat State Electricity Corporation Limited
12.	GUVNL	Gujarat Urja Vikas Nigam Limited
13.	kV	Kilo Volt
14.	LTOA	Long Term Open Access
15.	MGVCL	Madhya Gujarat Vij Company Limited
16.	MW	Mega Watt
17.	MYT	Multi Year Tariff
18.	O&M	Operation & Maintenance
19.	PGCIL	Power Grid Corporation of India Limited
20.	PGVCL	Paschim Gujarat Vij Company Limited
21.	R E	Revised Estimates
22.	RLDC	Regional Load Despatch Center
23.	SLDC	State Load Despatch Centre
24.	STOA	Short-term Open Access
25.	STU	State Transmission Utility
26.	T&C	GERC (Terms & Conditions of Tariff) Regulation, 2005
27.	UGVCL	Uttar Gujarat Vij Company Limited
28.	ULDC	Unified Load Despatch and Communication
29.	WAM	Wide Area Management
30.	WREB	Western Region Electricity Board
31.	WRLDC	Western Region Load Despatch Center
32.	WRPC	Western Region Power Committee





BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Case No. 991/ 2010

Date of the Order: 31st March 2010

CORAM

Dr. P. K. Mishra, Chairman

Shri Pravinbhai Patel, Member

ORDER

1. Background & brief history

1.1. Background

This Order relates to the petition filed by the State Load Despatch Centre (hereinafter referred to as 'SLDC' or the 'Petitioner') on 31st December 2009 for Determination of SLDC Charges and Fees and Annual Revenue Requirement (ARR) for FY 2010-11 under Part VII (Section 61 to Section 64) of the Electricity Act, 2003 read with applicable GERC Guidelines and Regulations including Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005 notified on 30th March 2005. Subsequent to the submission of the petition the Commission undertook technical validation and admitted the petition on 4th January 2010

1.2. State Load Despatch Center (SLDC)

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



- a) Gujarat State Electricity Corporation Limited (GSECL) - (A Generation Company)
- b) Gujarat Energy Transmission Corporation Limited (GETCO) - (A Transmission Company)

Four Distribution Companies:

- c) Dakshin Gujarat Vij Company Limited (DGVCL)
- d) Madhya Gujarat Vij Company Limited (MGVCL)
- e) Uttar Gujarat Vij Company Limited (UGVCL)
- f) Paschim Gujarat Vij Company Limited (PGVCL) and
- g) Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company and is also responsible for purchase of electricity from various sources and supply to Distribution Companies.

The transmission assets of the erstwhile GEB including the assets related to Load Dispatch Centre were transferred to the newly created entity, GETCO.

However, the Government of India, Ministry of Power has taken initiative to de-link the Central / State Load Despatch Centers for the Central Transmission Utility (CTU) / State Transmission Utilities (STU). The Electricity Act, 2003 requires the State Government to establish a separate State Load Dispatch Center (SLDC). Section 31(2) of the Electricity Act provides that the SLDC shall be operated by a Government company/authority/corporation constituted by or under any State Act and until such company/authority/corporation is notified by the State Government, the State Transmission Utility (STU) would operate SLDC. Accordingly, in the State of Gujarat the STU viz. Gujarat Energy Transmission Corporation Limited (GETCO), has so far been operating the SLDC.

In pursuance of GoI initiatives to de-link the operations of SLDC from STU, the Commission had in its MYT Order dated 17th January 2009 directed that GETCO may file separate ARR from FY 2009-10 for SLDC. The Commission had directed that GETCO may initiate action to compile the data for filing separate ARR petition for SLDC for FY 2009-10. Though, SLDC has not yet been created as a separate legal entity, yet the first petition was filed for SLDC for FY 2009-10. The order for the petition filed by SLDC was issued on December 14, 2009.

SLDC has now filed a separate petition for determination of annual SLDC fees and charges for FY 2010-11.



1.3. Admission of current petition and public hearing process

The Commission undertook a technical validation of the petition submitted by SLDC and admitted the current petition of SLDC for approval of Aggregate Revenue Requirement (ARR) for FY2010-11 (Case No 991 of 2010) on 4th January 2010

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 was published in the following newspapers on 7th January 2010 inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

1. Indian Express – in English
2. Divya Bhaskar – in Gujarati

The petitioner also placed the public notice and the petition on its website (www.sldcguj.com) for inviting objections and suggestions on its petition.

The interested parties/stakeholders were asked to file their objections and suggestions on the petition on or before 8th February 2010. However, SLDC /Commission have not received any objections/suggestions.

1.4. Contents of the Order

The order is arranged into **five** chapters as under:

1. The first chapter provides a background regarding the petitioner, petition and details of the public hearing process
2. The second chapter provides detailed account of the activities of SLDC
3. The third chapter outlines the capital expenditure planned by SLDC for FY 2010-11.
4. The fourth chapter details with the aggregate revenue requirement for FY 2010-11.
5. The fifth chapter deals with the compliance of directives

1.5. Approach of this Order

In this order the Commission has analyzed the petition with regard to the Determination of SLDC charges and fees to be recovered from the Generating Companies and Licensees for FY 2010-11. With respect to FY 2009-10, the Commission has only reviewed the capital expenditure planned by the Petitioner. For determination of SLDC charges and fees for FY 2010-11, the Commission has in line with the Regulation 4 of the SLDC Regulations for Levy and Collection of Fees and Charges, determined the recovery of the charges on the following expenses:



- a) Employee Cost
- b) Administration and general Charges
- c) Repairs and Maintenance Expenses
- d) Depreciation
- e) Interest and finance charges
- f) Interest on working capital, if any
- g) Any other expenses incidental to discharging the functions of SLDC.

In regard to the Determination of SLDC Charges and Fees for FY 2010-11, the Commission has analyzed the projections submitted by the Petitioner. Based on the review, the Commission determines the charges recoverable from the Generating Companies and the Licensees.



2. SLDC Activities

2.1. Introduction

In line with the Electricity Act 2003, the State Load Despatch Centre is required to undertake activities related to optimum scheduling and despatch of electricity within the area of its jurisdiction, monitor grid operations, maintain accounts of quantity of electricity transmitted through the state grid, etc. The Petitioner has highlighted in the Petition some of the activities which are carried on by the SLDC. In the following sections of this chapter, the activities of SLDC Gujarat have been described.

2.2. Energy catered in the system

Petitioner's submission

The Petitioner has submitted information on the energy which is catered into the system during FY 2009-10 and has also projected the expected levels for FY 2010-11. The Petitioner has stated that the energy catered by Gujarat is the summation of energy supplied from all sources including the unscheduled interchange drawl from central grid to balance demand and supply within the State. The Petitioner has further stated that for FY 2010-11, the energy demand has been estimated by assuming an increase of 10% over the demand levels of FY 2009-10.

The details of the energy catered in the system, the demand catered and the unrestricted demand has been detailed out in the Table 1

Table 1 : Energy / Demand catered during FY 2009-10 and projection for FY 2010-11

Sr. No.	Parameters (in MW)	2009-10 Estimated	2010-11 Anticipated
1	Energy Catered in System (in MUs)		
	Total Energy Catered	75859.3	83445.23
	Max Catered in a day	235.4	258.94
	Min Catered in a day	139.7	153.67
2	Demand Catered in system (in MW)		
	Average demand catered	9153.1	10068.41
	Max Catered in a day	10380.7	11418.77
	Min Catered in a day	5365.8	5902.38
3	Unrestricted demand (in MW)		
	Max unrestricted demand	13523.4	14875.74



Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the energy catered in the system during FY 2009-10 and the projections made for FY 2010-11.

2.3. Generation availability

Petitioner's submission

The Petitioner has submitted details on the generation availability levels for FY 2009-10 and for FY 2010-11. The Petitioner has submitted that the total available generation level comprises state and central sector generating stations. The Petitioner has further stated that the generation from wind based plants is absorbed within the grid and the surplus capacity of captive power plant is also harnessed for injection into the grid. The details of the generation availability levels for the first half of FY 2009-10 and that envisaged for FY 2010-11 is presented in the following Table 2

Table 2 : Generation availability for FY 2009-10 & projection for FY 2010-11

Sr. No.	Parameters	2009-10 (upto Sept 09)	2010-11 Anticipated
1	Availability of generation		
	Available at peak (MW)	10242	11088
	Plant Availability Factor	74.10	-
	Plant Load Factor	71.08	-
2	Wind Generation		
	Total wind generation (MUs)	2303	2828
	Max generation (MW)	1183	1243
3	CPP generation harnessed		
	Total CPP generation (MW)	959	1050

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the generation availability for the FY 2009-10 and the projections made for the FY 2010-11.

2.4. Load curtailment by distribution licensee

Petitioner's submission

The Petitioner has submitted details on the load curtailment levels which are imposed by various distribution licensees. The load curtailment through automatic under frequency relay in State grid is imposed by the various distribution licensees at critical times for the purpose of maintaining a desirable frequency profile. The



Petitioner has stated that in such situations it needs to optimize generation by effectively balancing demand and supply. The details of the load curtailment estimated for FY 2009-10 and FY 2010-11 submitted by the Petitioner are represented in the following Table 3.

Table 3 : Load curtailment for FY 2009-10 and FY 2010-11 (in MW)

Sr. No.	Parameters	2009-10 Estimated	2010-11 Anticipated
1	Load shedding (in MW)	3140	2850

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the load curtailment levels of FY 2009-10 and the projections made for FY 2010-11.

2.5. Frequency Profile

Petitioner's submission

The Petitioner has submitted details on the frequency profile maintained. The Petitioner has stated that since it is a member of Western region, it is one among those responsible for the frequency profile. The Petitioner has stated that all the grid members strive to maintain standard frequency. This in turn is dependant on the effectiveness of the balancing function carried out by each Load dispatch centre. The Petitioner has submitted details of the frequency profile of the Integrated Transmission System upto September 2009 and the same are presented in the following Table 4

Table 4 : Frequency profile for first half of FY 2009-10 (in MW)

Sr. No.	Parameters	2009-10 (upto Sept '09)
1	Average frequency (in Hz)	49.55 Hz
2	Frequency below 49.20 Hz (in %)	15.186 %
3	Frequency between 49.20 – 49.50	28.845 %
4	Frequency between 49.50 – 49.80	30.980 %
5	Frequency between 49.80 – 50.20	22.81 %
6	Above 50.20 Hz	2.175%

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the frequency profile for the first half of FY 2009-10.



2.6. Implementation of the Intra-State Availability Based Tariff

Petitioner's submission:

The Petitioner has stated that from the 11th of August 2006, Intra-state ABT has been introduced in Gujarat on trial basis as per the order issued by the Commission. The Petitioner has stated that from 1st of December 2006, it has been issuing trial UI bills on weekly basis, by implementing round the clock scheduling as per directives of the Commission. The Petitioner has based on its experience and observation submitted to the Commission report for review of the commercial operation of Intra-State ABT within the State.

The Petitioner has shared a summary of the activities which have been carried out by it for the purpose of implementation of Intra- State ABT. The following is the summary of activities:

- a. **Installation of ABT compliant meter at inters face points:** The State Transmission Unit (STU) has installed total 750 (as on 30th Nov'2009) ABT meters within Intra State Grid for the purpose of accounting under Intra State ABT. All the meters have been configured by Petitioner with software for data polling and weekly energy accounting.
- b. **Installation of Data polling system:** The Data polling system has been established for furnishing meter data from all field units on weekly basis. The meters were also operated successfully during the trial exercise. Round the clock scheduling activities have been established at SLDC and trial bills have been issued to all participants.
- c. **Mock exercise:** A mock exercise has been carried out by SLDC as per the order issued by the Commission during which a review was conducted as per the representation of various entities. The feedback of the participating entities has also been noted by the Petitioner and shared with the Commission.
- d. **Allocation of generating capacity:** On the basis of the existing power purchase agreement, allocation of state and central generating capacity has been allocated to the various beneficiaries of the state.
- e. **Information sharing:** A systematic information system has been developed through the website of the Petitioner and all the requisite information has been posted on the portal in line with the Open Access Regulation, 2005 of the Commission

The Petitioner has further stated that it has submitted its preparedness for implementation of Intra State ABT.



Commission's Analysis

The Commission has noted the submission made by the Petitioner and the summary of the activities taken up by the Petitioner for implementation of Intra State ABT. The Commission will in due course of time take a decision on the commercial operation of Intra State ABT.

2.7. Implementation of Short-Term Open Access

Petitioner's submission:

The Petitioner has stated that since it is the nodal agency in the state for providing short-term open access, it has been undertaking activities for implementation of open access transaction under the short-term category. The activities stated by the Petitioner include:

- a. Approval of short-term open access within the state.
- b. Issuing 'No objection/Standing clearance' certificates for Inter State collective transaction through power exchange approved by appropriate commission.
- c. Issuing concurrence for Inter State bilateral transaction through inter State open access.

The Petitioner has further submitted that it has granted short-term open access at intra state level for different categories. The Petitioner has further shared information on the approvals which have been provided by it during FY 2008-09. The details of the same are indicated in the following Table 5

Table 5 : Open Access approved during FY 2008-09

Sr. No.	Category	Open Access Granted (MW)	Total MUs
1	Intra State Short-term open Access	25	25
2	Inter State Collective Transactions (PX)	85	86
3	Inter State bilateral Transaction	441	502
	Total	551	613

The Petitioner has further shared information on the approvals granted upto December,2009 during FY 2009-10 as indicated in the following Table 6



Table 6 : Open Access approved up till December 2009

Sr. No.	Category	Open Access Granted (MW)	Total MUs
1	Intra State Short-term open Access	555	3107
2	Inter State Collective Transactions (PX)	431	1946
3	Inter State bilateral Transaction	376	1562
	Total	1362	6615

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the approvals which have been granted under the short-term open access category. Further the Commission directs the Petitioner to submit regular monthly report of this activity.

2.8. Generating Capacity of the State

Petitioner's submission:

The Petitioner has stated that in accordance with the Regulation 5 of 2005 issued by GERC, SLDC fees and charges are to be recovered from generation station. In this regard the Petitioner has shared details of the generating capacity of the various State generating stations. The Petitioner has shared the following aspects of the generating capacity of the various stations:

- a. The Petitioner has stated that the generating capacity of Torrent power plant has been considered by it for estimating the charges applicable. The Petitioner has stated that Torrent generating stations are considered as integral part of Gujarat grid for the purpose of operational treatment.
- b. The Petitioner has submitted that the Adani Power Plant (4640 MW) is located within the Gujarat grid. The Petitioner has further stated that as per the CERC order, if capacity more than 50% is to be evacuated outside the state, the accounting and scheduling of the same is to be carried out by the regional load dispatch centre. The Petitioner also states that Adani Power had submitted to WRPC that their agreement with GUVNL is only for 2000 MW, and the additional power would be sold outside Gujarat. In case of Mundra Power Project of M/s Adani Power Ltd, the decision of the CERC is awaited as to whether it falls within the jurisdiction of WRLDC. The Petitioner has stated that since decision of CERC is pending, it is not considering the generating capacity of this station.



- c. The Petitioner has stated that in line with the CERC order dated 7th May 2009 and the revised Indian Electricity Grid Code issued by CERC determination of control area, the entire capacity generated by SUGEN falls under the jurisdiction of SLDC- Gujarat.

Based on the above, the Petitioner has furnished details of the generating capacity which has been considered for FY 2009-10 and FY 2010-11.

Table 7 : State generating capacity

Sr. No	Generating capacity (MW)	2009-10 Estimated	2010-11 Estimated
1	GSECL	5214.5	5714
2	GIPCL	145	145
3	GIPCL-II	165	165
4	SLPP	500	500
5	GSEG	156	507
6	GPEC	655	655
7	ESSAR	515	515
8	AKRIMOTA	250	250
9	ARYAN COAL LTD.	0	100
10	PIPAVAV JV CCGT	0	0
11	SUGEN MPP	1147.50	1147.50
12	TPAECL	500	500
13	FIRM CAPTIVE	0	0
14	CAPTIVE (W)	820	820
15	WIND FARM	1585	2435
	Total	11653	13453.5

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the state generating capacity of FY 2009-10 and that estimated for FY 2010-11.

2.9. Allocation to Distribution Licensee/beneficiaries:

Petitioner's submission:

The Petitioner has submitted the details of the capacity allocation made to Long - Term Open Access Users. The Petitioner has submitted that capacity for which agreement executed by distribution licensee with GUVNL and wind farm generators is to be considered for recovery of SLDC fees and charges. In this regard, the Petitioner has shared details of the capacity which is to be considered for recovery of SLDC charges. The details are listed below:



- a. The Petitioner has stated that the distribution licensee of TPL-Ahmedabad & TPL-Surat is availing power from Torrent generating plant (500 MW) and Sugan Plant (1147.50 MW). The Petitioner has stated that for the operational and functional purpose from grid users point of view, generation capacity of these plants is allocated to TPSECL & TPAECL (in the ratio of 50:50) within their organization. The Petitioner has stated that the capacity allocated to TPSECL would have to be considered for the purpose of recovery of SLDC Charges and fees. Further the Petitioner has stated that the capacity allocated to TPAECL is supplied by TPL-Sugan under short-term open access. The unallocated/allocated capacity of TPL-Sugan which is supplied under short-term open access has been excluded while computing the applicable SLDC charges.
- b. The Petitioner has stated that GUVNL has executed power purchase agreement with Adani (1000 MW each through separate bid with aggregate contract capacity of 2000 MW) from Mundra power plant of M/s. Adani Power Ltd. The Petitioner has stated that the first unit of the plant has commenced operations and has started to supply power to GUVNL. The Petitioner has informed that this power is being sold by GUVNL intra state, however the allocation of the same is pending. Therefore, the Petitioner has considered a capacity of 330 MW for the purpose of tariff determination for FY 2009-10 and considered a capacity of 990 MW for FY 2010-11
- c. The Petitioner has stated that it has considered capacity of 500 MW from Sikka plant and 351 MW from GSEG (Hazira) plant for the FY 2010-11.
- d. The Petitioner has stated that though it is expected that loading from DD&DNH is expected to reduce, they continue to use intra state transmission network as 'intervening transmission facility'. The Petitioner has stated that it has estimated the drawl by DD& DNH from the GETCO network as 70 MW and 155 MW for FY 2009-10 and FY 2010-11 respectively.

Based on the above, the Petitioner has shared the details on capacity allocation to distribution licensee.

Table 8 : Allocation of Distribution Licensee/ beneficiaries

Sr. No	Capacity Allocation to distribution licensee		
	LTOA users/Beneficiaries	2009-10 Estimated	2010-11 Projected
1	DGVCL	1985	1985
2	MGVCL	1762	1762
3	UGVCL	2409	2409
4	PGVCL	3135	3135



Sr. No	Capacity Allocation to distribution licensee		
	LTOA users/Beneficiaries	2009-10 Estimated	2010-11 Projected
5	GUVNL	954	3125
6	GSFC Fibre	5	5
7	GSFC Polymer	2	2
8	GSFC Sikka	5	5
9	GSFC Vadodara	47	47
10	GACL Vadodara	41	41
11	GAIL	2	2
12	Diu & Daman	70	70
13	Dadra Nagar Haveli	155	155
14	ONGC Hazira	14	14
15	ONGC Ankleshwar	16	16
16	GACL Wheelng	12	12
17	SEARCHCHEM	11	11
18	NIRMA	0	0
19	ESSAR Steel LTD	751	751
20	SAL Steel LTD	14	14
21	NTPC Variav	1	1
22	TPAECL	909	500
23	TPSECL	554	500
24	TPAECL/TPSECL (SGN)	500	0
25	Wind Farm users(W)	898	1748
26	Heavy water plant (H)	18	18
	Total	14,270	16,328

Commission's Analysis

The Commission has noted the submission made by the Petitioner regarding the capacity allocation made to the distribution licensee and the capacity for both FY 2009-10 and FY 2010-11. The Commission has noted that in its petition, the Petitioner had estimated the capacity allocation for FY 2010-11 at 16309 MW. However, the Commission on verifying the same, has noted that the Petitioner had made an error in the summation, and had wrongly estimated the allocation at 16309 MW. The Commission has rectified this error and revised the same to 16,328 MW.

Further the Commission has noted that the SLDC has considered 225 MW (70+155) of power of Union Territories (DD&DNH) for recovery of SLDC charges. However,



scheduling of Central Sector Power allocated to these UTs is done by WRLDC. Hence, Commission is of the view that the 225 MW capacity of DD&DNH is not be considered in the total capacity projection for FY 2010-11. Similarly, the SLDC has considered a 1000 MW allocation of Torrent Power Distribution. However, the long-term allocation to Torrent Power Distribution is 1300 MW (500 MW from TPAECL and 800 MW from SUGEN). Accordingly, the long-term allocation for determination of SLDC charges should be as indicated in **Table 9**

Table 9: Revised capacity allocation for FY 2010-11

Sr. No.	Capacity allocation	Revised for FY 2010-11
1	Total submission of SLDC (MW)	16,328
2	Less: DD&DNH load (MW)	225
3	Add: TPL distribution (MW)	300
4	Final capacity allocation (MW)	16,403



3. Capital expenditure

3.1. Introduction

This section outlines the capital expenditure planned by the Petitioner for FY 2010-11. For FY 2009-10, the Commission has reviewed the capital expenditure proposed by the Petitioner. The Commission has also reviewed the capitalisation level for FY 2009-10 and FY 2010-11.

3.2. Capital expenditure and capitalisation for FY 2009-10 and FY 2010-11

Petitioner's submission

The Petitioner has submitted that for FY 2009-10, the capital expenditure to the tune of Rs 7.47 crores has been envisaged. In its earlier Petition for ARR of FY 2009-10, the Petitioner had projected capital expenditure to the tune of Rs 12.60 crores. However, for FY 2009-10, this has been now revised downwards to Rs 7.47 crores.

For FY 2010-11, the total capital expenditure planned by the Petitioner is Rs 9.83 crores. The Petitioner has further submitted that expenditure has been planned towards system improvements, IT applications and infrastructure, land acquisition etc. Further the Petitioner has stated that it is currently in the process of becoming an independent entity. The Petitioner has further stated that its capital expenditure plans also includes expenditure to be incurred for institutionalisation of SLDC.

The details of the capital expenditure planned by the Petitioner FY 2010-11 is presented in the following **Table 10**

Table 10: Details of capital expenditure proposed for FY 2010-11
(in Rs crores)

Sr. No.	Details of capital expenditure	Estimated by SDLC for FY 2010-11
1	Land Acquisition	0.10
	Augmentation/Up gradation of existing System	
2	Data Pooling System	0.80
3	Commercial & Accounting System	0.02
4	Information System	0.05
5	Energy Accounting Software	0.60
6	Strengthening of Communication Channels	2.25
7	Strengthening of commerce and billing centre	0.04
8	Website Improvement	0.12
	Additional System/Software Planning	



Sr. No.	Details of capital expenditure	Estimated by SDLC for FY 2010-11
9	Centralized Database Storage System	0.08
10	Simulator : Off line System Study Tools	0.20
11	Remote Access System	0.01
12	e-bidding % Electronic Cash Transfer System	0.01
13	Reporting Tools	0.02
14	IT Infrastructure	0.10
15	Application Software	0.10
16	Other Minor Projects	0.12
	Other Capital Planning	3.01
17	Other IT Related Software	0.15
18	Other Infrastructure facilities	0.75
	Sub Total	8.53
19	Addition	1.30
	Total	9.83

Commission's analysis

The Commission has reviewed the capital expenditure proposed by the Petitioner. The Commission has noted that capital expenditure proposed by the Petitioner for FY 2009-10 is towards system modernization and towards institutionalization of SLDC. The Commission therefore approves the capital expenditure proposed by the Petitioner for FY 2009-10. The Commission however is of the view that though Rs 7.47 crores has been proposed as the total capital expenditure planned for FY 2009-10, the entire planned expenditure would not be capitalized. The Commission has noted that as per the estimates shared by the Petitioner for FY 2009-10, the addition to assets considered for FY 2009-10 is to the tune of Rs 5.49 crores. Therefore, the Commission is of the view that the computation of debt and equity and the interest and finance charges etc are to be based on the amount capitalized for FY 2009-10 and not on the proposed capital expenditure for the year.

Similarly for FY 2010-11, the capital expenditure proposed by the Petitioner is for Rs.9.83 crores. Of this the Petitioner has stated that the net addition to assets envisaged for FY 2010-11 is Rs 4.92 crores. The Commission is of the view that in line with the earlier financial year, the debt and equity computation for FY 2010-11 is to be based on the capitalization for the year and not on the basis of the estimated capital expenditure.

The following Table 11 summarizes the capital expenditure and the capitalization approved by the Commission for FY 2009-10.



**Table 11 : Capital expenditure and capitalization approved for
FY 2009-10 and FY 2010-11**

(in Rs crores)

Sr. No	Particulars	Estimated by SDLC for FY 2009-10	Approved for FY 2009-10	Estimated by SDLC for FY 2010-11	Approved for FY 2010-11
1	Capital expenditure	7.47	7.47	9.83	9.83
2	Capitalization	-	5.49	-	4.92



4. Determination of Aggregate Revenue Requirement for FY 2010-11

4.1. Approach for FY 2010-11

For FY 2010-11, the Petitioner has approached the Commission for Determination of tariff for the recovery of SLDC charges and fees. The Commission has reviewed the Aggregate Revenue Requirement (ARR) filed by the Petitioner for FY 2010-11. The Petitioner has also approached the Commission through the petition to approve the methodology of recovery of SLDC charges and fees. The projection for FY 2010-11 has been based on the estimates of FY 2009-10 submitted by the Petitioner. In view of this background, the Commission has reviewed the ARR.

4.2. Operations and Maintenance Expenses for FY 2010-11

Petitioner's submission

The Petitioner has estimated Rs 9.65 crores towards Operations and Maintenance expenditure for FY 2010-11. The O&M cost comprises of expenditure on employee cost, Administration and General Expenses and Repair and Maintenance expenses. The Petitioner has submitted that the estimated O&M expenses for FY 2010-11 are based on the revised estimates for FY 2009-10. The submission of the Petitioner is summarized in Table 12.

Table 12: O&M expense estimated by SLDC for FY 2010-11

(Rs in Crores)

Sr. No.	Operations & Maintenance Expenses	Revised estimation submitted by SLDC for FY 2009-10	Estimates submitted by SLDC for FY 2010-11
1	Employee Cost	5.76	6.22
2	Repair & Maintenance	0.64	0.71
3	Administration & General expenses	2.51	2.72
	Total O&M	8.91	9.65

The Petitioner has stated that it has estimated the O&M expense for FY 2010-11 by escalating the employee cost by 8%, the R&M expense by 10% and A&G expense by 8%. The Petitioner has stated that these escalations have been made after accounting for the trends in the same in the previous years.

The Petitioner has submitted that the employee costs which have been estimated is based on the past trends of increases in employee costs. The Petitioner has further stated the impact of the Sixth Pay Commission has also been considered while



estimating the employee costs. Further the Petitioner submitted that it has considered a year on year escalation of 8%.

With regard to the administration expenses, the Petitioner has stated that the total estimated expense is also inclusive of Rs 1 crore which needs to be paid each year for the e-urja project.

The Petitioner has submitted that with reference to the R&M expense that it is required to make payments to PGCIL for the O&M of ULDC scheme for the central portion. The Petitioner has also stated that as per the 10th WRPC meeting held on 30th May 2009, it has been informed that an Annual Maintenance Contract has been entered with a private service provider for the Wideband Communication equipment. The Petitioner has stated that the cost of such contract has not been included in the AMC of SCADA and the price is to be shared with all the WR- constituents.

The Petitioner has further stated that as per the WRPC meeting held on 3rd May 2008, back up communication links were to be provided by SLDC. Therefore, PGCIL proposed back up communication lines to be laid between Asoj to Jambua and from Jambua to Gotri. Accordingly the cost of these back up lines is to be shared by the beneficiaries of the WR. The Petitioner has further stated that the project is likely to be commissioned during FY 2010-11 and therefore the anticipated expense in this regard has been included in the total R&M estimates for FY 2010-11. Further, the Petitioner has stated that in the same WRPC meeting it was decided that cost of shifting of SLDC Bhilai to Raipur in the network of ULDC scheme is to be pooled and shared by WR beneficiaries. This shifting is expected to commence during FY 2010-11 and therefore the share in the costs for the same have also been included by in the R&M estimation for FY 2010-11.

Commission's Analysis

The Commission has examined the O&M estimations made by the Petitioner for FY 2010-11. The Commission has also noted that the Petitioner has accounted the increase in the employee costs due to increase in dearness allowance, sixth pay commission hike etc. The Petitioner has also noted that for FY 2009-10, the Petitioner had estimated an employee expense of Rs 5.76 crores. For FY 2010-11, the Commission is of the view that, the employee expense with an escalation of 6% is to be permitted. Accordingly, the Commission permits Rs 6.10 crores towards employee expense for FY 2010-11.

Towards R&M expense, the Commission has noted that the various factors which have been considered by the Petitioner while estimating the total costs. The Commission has taken note of the decisions made at the WRPC meetings and therefore, the additional costs which need to be borne by the Petitioner towards maintenance contract of the Wideband Communication system and for laying of



cables etc. The Commission is of the view that these additional costs are not in the control of the Petitioner and therefore should be permitted.

In the case of the A&G expenses, the Commission has noted that as per the Petitioner, the expenses for FY 2009-10 were estimated at Rs 2.51 crores. This was inclusive of Rs 1.51 crores towards A&G and Rs 1.00 crores towards e-urja payment. The Commission in line with the trend is of the opinion that an escalation of 6% is to be permitted over the estimated expenses of FY 2009-10 of A&G. Based on this rationale, the Commission approves Rs 2.60 crores as A&G expense.

For the increase in R&M costs, the Petitioner has stated that several of the assets are old requiring high level of repairs and maintenance expense. In the case of the A&G expenses, the Petitioner has estimated the higher expenses for FY 2010-11 purely on the basis of previous years' trend. The Commission therefore permits an escalation of 6% over the estimates of FY 2009-10. The revised estimates for FY 2010-11 are summarized in the Table 13 below:

Table 13 : Approved O&M expense for FY 2010-11

(Rs in crores)

Sr. No.	Operation & Maintenance Expenses	Estimates as submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Employee Cost	6.22	6.10
2	Repair & Maintenance	0.71	0.71
3	Administration & General Charges	2.72	2.60
	Total O&M	9.65	9.41

4.3. Interest and Finance charges for FY 2010-11

Petitioner's submission

The Petitioner has estimated Rs 1.15 crores towards interest and finance charges for FY 2010-11. The Petitioner has stated that the interest and finance charges estimated for FY 2010-11 has been based on the FY 2009-10 estimates. For FY 2010-11, the capital expenditure has been assumed to be funded on a normative debt: equity ratio of 70:30. The Petitioner has considered a weighted average interest rate of 10.45%.

Interest and finance charges submitted by the Petitioner for FY 2010-11 are summarized in the Table 14 below:



Table 14: Estimated Interest and Finance charges for FY 2010-11
(Rs crores)

Sr. No.	Particulars	Revised estimation submitted by SLDC for FY 2009-10	Estimates submitted by SLDC for FY 2010-11
1	Opening Loans	3.50	8.14
2	Loan Additions during the Year	5.22	6.88
3	Repayment during the Year	0.58	1.10
4	Closing Loans	8.14	13.92
5	Average Loans	5.82	11.03
6	Interest on Loan	0.60	1.15
7	Guarantee Charges	0.00	0.00
8	Total Interest & Financial Charges	0.60	1.15
9	Weighted Average Rate of Interest on Loan	10.34%	10.45%

Commission's analysis

The Commission has examined the submission of the Petitioner. The Commission has noted that for FY 2009-10, the Petitioner has computed the debt addition for the year on the basis of the total capital expenditure proposed instead of the envisaged capitalisation level. The Commission has noted that the net addition to assets envisaged by the Petitioner for FY 2009-10 is Rs 5.49 crores. The Commission is of the view that the computation for debt to be raised is to be based on the capitalisation level of Rs 5.49 crores. Therefore, the Commission has recomputed the loan requirement for FY 2009-10 as below:

Table 15: Debt requirement computed by Commission for FY 2009-10
(Rs crores)

Sr. No.	Particulars	Debt level computed for FY 2009-10 by Commission
1	Opening Loans	3.50
2	Loan Additions during the Year	3.84
3	Repayment during the Year	0.58
4	Closing Loans	6.76
5	Average Loans	5.13

Therefore, the closing loan estimate of Rs 6.76 crores for FY 2009-10 would be considered as opening loan for FY 2010-11.

The Commission is of the view that the interest and finance charges are to be estimated based on the actual levels of capitalization for FY 2010-11. The



Commission has noted that the capital expenditure planned by the Petitioner for FY 2010-11 is Rs 9.83 crores. The Commission has noted that the asset addition estimated by the Petitioner for FY 2010-11 is Rs 4.92 crores. The Commission therefore would consider Rs 4.92 crores as the expenditure to be capitalized by the end of FY 2010-11 and has estimated the debt equity component on normative 70:30 basis.

The Commission has therefore, revised the estimates for interest and finance charges as indicated in the following table:

Table 16 : Interest charges computed by Commission for FY 2010-11
(Rs crores)

Sr. No.	Particulars	Interest charges computed for FY 2010-11
1	Opening Loans	6.76
2	Loan Additions during the Year	3.44
3	Repayment during the Year	0.68
4	Closing Loans	9.52
5	Average Loans	8.14
6	Interest on Loan	0.85
7	Guarantee Charges	-
8	Total Interest & Financial Charges	0.85
9	Weighted average interest rate	10.45%

The Commission thereby approves the interest and finance charges of Rs 0.85 crores estimated by the Petitioner for FY 2010-11 and is indicated in the Table 17

Table 17 : Interest charges approved for FY 2010-11
(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Total Interest & Financial Charges	1.15	0.85

4.4. Asset Capitalisation and Depreciation for FY 2010-11

Petitioner's submission

The Petitioner has submitted that during FY 2010-11, the total expense towards depreciation of the asset would be Rs 0.72 crores. The Petitioner has stated that fixed assets related to SLDC were segregated after detailed analysis of the books of



accounts. Further, assets related to SLDC were identified along with the proportionate depreciation on the same from the fixed assets prepared at circle level and analyzed in detail.

The Petitioner has estimated the Gross opening Fixed Assets (GFA) for FY 2010-11 at Rs 11.82 crores. The Petitioner has further submitted that during FY 2010-11, the new additions to the GFA would be Rs 4.92 crores.

The details of depreciation charges submitted by the Petitioner are summarized in the table below:

Table 18 : Asset Capitalization and Depreciation for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11
1	Gross Fixed Assets at the beginning of the year	11.82
2	Less: Accumulated Depreciation	3.46
3	New Additions during year	4.92
4	Net Fixed Assets	13.28
5	Capital expenditure in process	6.88
6	Depreciation	0.72
7	Weighted Average Rate of Depreciation	4.41%

Commission's analysis

The Commission has noted that the Petitioner has estimated a capital expenditure level of Rs 9.83 crores for FY 2010-11. The Petitioner has stated that it is estimated that 50% of the proposed capital expenditure would be capitalised. The Petitioner has therefore estimated net additions of Rs 4.92 crores for FY 2010-11. The Commission has also noted that for FY 2009-10, the capitalisation level was estimated to be Rs 5.48 crores.

The Commission has noted that as per the submissions made by the Petitioner for FY 2009-10, the closing GFA for the year was Rs 11.82 crores. The same amount therefore has been considered as the opening GFA for FY 2010-11. Further as per the submission of the Petitioner, net asset addition of Rs 4.92 crores has been envisaged for FY 2010-11. The Commission has computed the depreciation @ 4.41% and has estimated the depreciation at Rs 0.63 crores. The Commission has noted that the Petitioner has made an error in the computation of the depreciation expense. The Commission has therefore revised the depreciation expense to Rs 0.63 crores and approves the same for FY 2010-11.



The depreciation charges approved by the Commission for FY 2010-11 are presented in the Table 19 below:

Table 19: Depreciation charges approved for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Depreciation	0.72	0.63

4.5. Return on Equity for FY 2010-11

Petitioner's submission

The Petitioner has estimated Rs 0.84 crores as return on equity for the FY 2010-11. The details of the return on equity submitted by the Petitioner for FY 2010-11 are summarized in the table below:

Table 20 : Return on Equity estimated by the petitioner for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Revised estimation submitted by SLDC for FY 2009-10	Estimates submitted by SLDC for FY 2010-11
1	Opening Equity Capital	2.33	4.57
2	Equity Additions during the Year	2.24	2.94
3	Closing Equity	4.57	7.52
4	Average Equity	3.45	6.04
	Return on Equity	0.48	0.84

Commission's analysis

The Commission has examined the capital expenditure plans submitted by the Petitioner for FY 2010-11. The Commission has noted that the Petitioner has estimated the equity addition for FY 2010-11 on the basis of the proposed capital expenditure planned for the year. The Commission has noted that the Petitioner has envisaged a net addition to equity at Rs 2.94 crores for FY 2010-11.

The Commission has however taken the approach that debt and equity would be computed only on the basis of the actual capitalisation for FY 2010-11 and not the planned capital expenditure. On the basis of this, the equity addition to be considered for FY 2010-11 is computed to be Rs 1.47 crores.



The Commission has noted that for FY 2009-10, the Petitioner has computed the equity addition for the year on the basis of the total capital expenditure proposed instead of the envisaged capitalisation level. The Commission has noted that the net addition to assets envisaged by the Petitioner for FY 2009-10 is Rs 5.49 crores. The Commission is of the view that the computation for equity is to be based on the capitalisation level of Rs 5.49 crores. The Commission has recomputed the equity requirement for FY 2009-10 as below:

Table 21 : Return on Equity computed for FY 2009-10

(Rs crores)

Sr. No.	Particulars	Equity level computed for FY 2009-10 by Commission
1	Opening Equity Capital	2.33
2	Equity Additions during the Year	1.65
3	Closing Equity	3.98
4	Average Equity	3.15

The opening equity capital considered by the Petitioner for FY 2010-11 is the closing equity capital of Rs 3.98 crores computed by the Commission for FY 2009-10. Based on the above approach and considering a rate of return on equity of 14% the Commission has revised the ROE for FY 2010-11 as indicated below:

Table 22 : Return on Equity computed for FY 2010-11

(Rs crores)

Sr. No.	Particulars	ROE computed by Commission for FY 2010-11
1	Opening Equity Capital	3.98
2	Equity Additions during the Year	1.47
3	Closing Equity	5.45
4	Average Equity	4.71
5	Rate of Return on Equity	14%
	Return on Equity	0.66

The Commission approves ROE of Rs 0.66 crores for FY 2010-11. The approved RoE is summarized in the table below:



Table 23 : Return on Equity approved for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Opening Equity Capital	4.57	3.98
2	Equity Additions during the Year	2.94	1.47
3	Closing Equity	7.52	5.45
4	Average Equity	6.04	4.71
5	Return on Equity	0.84	0.66

4.6. Interest on Working capital for FY 2010-11

Petitioner's submission

The Petitioner has estimated an amount of Rs 0.29 crores towards interest on working capital for FY 2010-11. The Petitioner has submitted that interest on working capital has been estimated on a normative basis and is in line with the GERC's Regulations for the Levy and collection of SLDC charges and fees. The Petitioner has further stated that for the computation of the interest on working capital, 1/12th of the O&M costs, 1% of the maintenance spares cost computed at 6% escalation, and receivables equivalent to 15 days of expected revenue from SLDC charges for FY 2010-11 has been considered. Based on this, the interest on working capital estimated by the Petitioner for FY 2010-11 is presented in the following table:

Table 24: Estimated Interest on working capital for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11
1	O & M expenses (1 Month)	1.76
2	Maintenance Spares (1% of Cost @ 6 % Escalation)	0.18
3	Receivables (15 days)	0.84
4	Total Working Capital	2.79
5	Rate of Interest on Working Capital	10.25%
6	Interest on Working Capital	0.28



Commission's analysis

The Commission has examined the submission for the interest on working capital charges for FY 2010-11. The Commission has for the computation of the interest on working capital revised the estimates of the O&M charges which are to be considered. The Commission has further considered the revised estimates of maintenance spares and receivables which have been shared by the Petitioner.

The Commission has therefore revised the O&M cost to be considered for computation of the interest on working capital. The Commission has noted that the interest rate of 10.25% assumed by the petitioner is in line with the Regulations.

Based on the above analysis the Commission approves the interest charges. The approved interest on working capital is indicated in the Table 25 below:

Table 25 : Approved Interest on working capital for FY 2010-11
(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	O & M expenses (1 Month)	1.76	0.78
2	Maintenance Spares (1% of Cost @ 6 % Escalation)	0.18	0.18
3	Receivables (15 days)	0.84	0.85
4	Total Working Capital	2.79	1.81
5	Rate of Interest on Working Capital	10.25%	10.25%
	Interest on Working Capital	0.29	0.18

4.7. ULDC and charges relating to other projects for FY 10-11

Petitioner's submission

ULDC Charges

The Petitioner has submitted that it is required to pay the ULDC charges as per the approval accorded by CERC. The Petitioner has stated that, as per the approval, the Petitioner is required to make payment towards the charges for the central portion, which are to be shared by the beneficiaries of the Western Region (WR) in the ratio of allocation from the Central sector projects.

The Petitioner has also stated that as per the WRPC meeting held on the 12th September 2008 it was decided to enter into a Long-Term Service Agreement with a private service provider for maintenance of SCADA/EMS system in the western region. The cost of the contract has to be shared by the beneficiaries. Therefore, the Petitioner has stated that PGCIL estimated GETCO's share in the same at 17.36%.



The Petitioner has submitted the details of the proposed cost of AMC and the share of Gujarat in the same. The details are presented in the following Table 26.

Table 26 : Proposed cost of AMC for ULDC

Sr. No.	Particulars	Amount
1	Proposed cost of the contract (in crores)	32.50
2	% share of GETCO	17.36
3	Share of GETCO(in crores)	5.64
4	Proposed period of contract	5
5	Annual cost of GETCO	1.12
6	Actual date of commencement	14/8/09
7	Anticipated sharing for 09-10	1.12

Maintenance contract for Wideband Communication

The Petitioner has shared the details of the cost which needs to be borne by the state of Gujarat towards the Annual Maintenance Contract for Wideband Telecommunication equipment under the ULDC project. The Petitioner has in this regard given the details of the cost which needs to be borne by GETCO. The same are summarized in the following Table 27

Table 27 : AMC for wideband telecommunication equipment

Sr. No.	Particulars	Amount
1	Total cost of the project (in crores)	6.59
2	Share of GETCO (in crores)	0.77
3	Service agreement for period (in years)	3
4	Annual Payment (in crores)	0.25

Back up communication links from SLDC and other strategic locations

The Petitioner has stated that in order to improve the reliability of data communication between WRLDC and SLDCs, a scheme for backup communication links from SLDCs and strategic locations in the networks of ULDC had been proposed by WRLDC/PGCIL and which was ratified by WRPC. In this regard the cost associated with laying of the cables for this back up communication is to be shared by the constituents. In this regard, the share of Gujarat in the same has been computed and the details of the same are presented in the following Table 28



Table 28 : Back up communication link

Sr. No.	Particulars	Amount
1	Total cost of the project (in Rs crores)	2.33
2	Share of GETCO (%)	25.10%
3	Recovery period	1
4	Amount to be paid by GETCO (in Rs crores)	0.58

Shifting of SLDC under ULDC scheme

The Petitioner has stated that as per the WRPC meeting held on 3rd May'2008, it was decided to shift SLDC from Bhilai to Raipur under the ULDC scheme network and the cost associated with the network & data communication link is to be pooled to regional system. The cost associated with the same needs to be shared by all the constituents of WR including Gujarat. The Petitioner has submitted the following details with respect to the costs which need to be shared in this regard:

Table 29 : Shifting of SLDC under ULDC scheme

Sr. No.	Particulars	Amount
1	Total cost of the project (in Rs crores)	5.16
2	Share of GETCO (%)	25.10%
3	Recovery period	1
4	Amount to be paid by GETCO (in Rs crores)	1.29

Based on the above mentioned ULDC and related project costs, the Petitioner has submitted a comprehensive table and the same is indicated in the Table 30 below:

Table 30 : ULDC charges estimated by the Petitioner for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Revised estimation submitted by SLDC for FY 2009-10	Estimates submitted by SLDC for FY 2010-11
1	Central Portion of ULDC project		
	Total ULDC Charges in Rs. Crore (Central Portion)	19.80	19.80
	Weighted average (as per Oct '09 REA)	25.10%	25.10%
	Recovery of ULDC Charges (Rs. Crore)	4.96	4.96



Sr. No.	Particulars	Revised estimation submitted by SLDC for FY 2009-10	Estimates submitted by SLDC for FY 2010-11
2	State Portion of ULDC project		
	Total ULDC Charges in Rs. Crore (State Portion)	8.01	8.01
	Ratio of Sharing (As per CERC order)	24.67%	24.67%
	Recovery of Capital Charges in Rs. Crore (State)	1.97	1.97
3	Annual Maintenance Charges		
	Proposed maintenance charges	0.75	1.12
	Total annual ULDC Charges	7.69	8.07
4	Maintenance of wideband communication		
	Proposed maintenance charges	0.25	0.25
5	Sharing in shifting of SLDC under ULD&C		
	Proposed sharing of charges	0.00	1.30
6	Back up Communication to ULDC scheme		
	Proposed sharing in Charges	0.00	0.58
	Total Annual ULDC Charges	7.95	10.21

Commission's Analysis

The Commission has examined the submission made by the Petitioner for payment of the ULDC charges and other project related charges for FY 2010-11. The Commission is of the view that these charges are paid by the Petitioner based on the direction of the PGCIL, WRLDC, WRPC. The Commission has in detail reviewed the various other project related details which have been submitted by the Petitioner.

The Commission is of the view that since these charges are not decided by SLDC and are as per directions received by it, the proposed ULDC and other project related charges estimated by the Petitioner for FY 2010-11 is to be permitted. The approved charges are presented in the following table.

Table 31 : ULDC charges approved for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Central Portion of ULDC project		
	Total ULDC Charges (Central Portion)	19.80	19.80
	Weighted average (as per Oct '09 REA)	25.10%	25.10%
	Recovery of ULDC Charges	4.96	4.97
2	State Portion of ULDC project		
	Total ULDC Charges (State Portion)	8.01	8.01
	Ratio of Sharing (As per CERC order)	24.67%	24.67%



Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
	Recovery of Capital Charges (State)	1.97	1.98
3	Annual Maintenance Charges		
	Proposed maintenance charges	1.12	1.12
4	Maintenance of wideband communication		
	Proposed maintenance charges	0.25	0.25
5	Sharing in shifting of SLDC under ULD&C		
	Proposed sharing of charges	1.29	1.30
6	Back up Communication to ULDC scheme		
	Proposed sharing in Charges	0.58	0.58
	Total Annual ULDC Charges	10.21	10.21

4.8. WRPC charges for FY 2010-11

Petitioner's submission

The Petitioner has submitted that as per the Government of India's (GOI's) directive, the expenditure on WRPC secretariat has to be borne by its constituent members.

The Petitioner has further stated that as per the WRPC meeting held on the 15th May 2008, it was decided that annual expenditure of the WRPC secretariat is to be shared by each member of WRPC. The Petitioner has further stated that since SLDC-Gujarat is a member of WRPC, it is required to pay its share towards the secretariat expenses. Accordingly, the Petitioner has estimated Rs 0.12 crores to be paid towards WRPC charges for FY 2010-11. The details of the same are summarized below in Table 32

Table 32 : WRPC charges estimated by the Petitioner for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11
1	WRPC Charges	0.12
2	Other charges related to RLDC	-
	Total charges	0.12



Commission's Analysis

The Commission has analyzed the WRPC charges estimated by the Petitioner for FY 2010-11. The Commission has further noted that the WRPC charges are payable based on the direction of WRPC.

The Commission therefore approves the WRPC charges as submitted by the Petitioner. The approved WRPC charges are indicated in the Table 33 below:

Table 33 : WRPC charges approved for FY 2010-11

(Rs in crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	WRPC Charges	0.12	0.12

4.9. Wide Area Measurement (WAM) system

Petitioner's submission

The Petitioner has stated that in the 10th WRPC meeting, the WAM system proposed by PGCIL for the Western Region had been approved. Accordingly, the project cost for the same is to be pooled and has to be shared by the constituents of the region. Further the Petitioner has stated that the sharing would be undertaken in line with the allocation under the ULDC scheme. The Petitioner has on the basis of this, computed the charges applicable to it for FY 2010-11. The details of the same have been summarized by the Petitioner in the following Table 34

Table 34 : WAM Charges FY 2010-11

Sr. No.	Particulars	Estimated for FY 2010-11
1	Annual installment (Rs in crores)	0.90
2	% Allocation Average (As per Oct '09 REA)	25.0%
3	Share of GETCO(Rs in crores)	0.22

Commission's Analysis

The Commission has analyzed the submission made by the Petitioner regarding the payment to be made towards the WAM system. The Commission has also noted that the share in the cost towards the project is as directed by WRPC. The Commission is of the opinion that since these charges are not under the direct control of SLDC, and are decided by WRPC, the same should be approved. Therefore, based on this approach, the Commission has approved the WAM charges as indicated in the following table:



Table 35 : WAM Charges approved for FY 2010-11

Sr. No.	Particulars	Estimated for FY 2010-11
1	Annual installment (Rs in crores)	0.90
2	% Allocation Average (As per Oct '09 REA)	25.0%
3	Share of GETCO(Rs in crores)	0.22

4.10. Revenue from other source for FY 2010-11

Petitioner's submission

The Petitioner has estimated Rs 2.73 crores as income from other revenue sources for FY 2010-11. In its computation of income from other sources, the Petitioner has included the revenue income earned through interest on staff loans, interest on investments, income from sales, scheduling charges, application charges from various STOA consumers etc.

The Petitioner has further submitted that in addition to scheduling charges levied on short-term open access (STOA) users; it also proposes to levy rescheduling charges on the long-term open access users (LTOA). The Petitioner has stated that while the scheduling charges for STOA as directed by CERC is Rs 2000 per scheduling, it is proposed that for the LTOA, the charges would be at Rs 4000 per reschedule.

The Petitioner has stated that it has assumed that out of the 28 generation stations and licensees covered under scheduling, 25% of the entities are rescheduled per day. Assuming the proposed rescheduling charges of Rs 4000, the petitioner has estimated Rs 1.16 crores as the income from the rescheduling charges. The detailed income from other sources estimated by the Petitioner for FY 2010-11 summarized in the table below:

Table 36 : Estimated Income from other sources for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11
1	Interest on Staff Loans and Advances.	0.04
2	Miscellaneous Receipts.	0.50
3	Scheduling charges	0.68
4	Application/ registration charges	0.34
5	Rescheduling charges	1.16
	Total	2.72

Commission's Analysis

The Commission has examined the submission made by the Petitioner in regard to the income from other sources for FY 2010-11. The Commission has noted that the



Petitioner has made submission with regard to rescheduling charges to be used for development purposes and to be considered as part of income from other sources. The Commission has noted that in its last order dated 14th December 2009, it had disallowed the request for levying of rescheduling charges on the LTOA consumers. The Commission has further observed that as per the Gujarat Electricity Regulatory Commission's (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005 there is no provision for rescheduling charges as proposed by the Petitioner. Therefore, in line with its earlier order, the Commission disallows the inclusion of revenue from rescheduling charges as a source of other income. Accordingly, the Commission rejects the proposal for rescheduling charges.

Based on the above approach the Commission approves the revenue from other sources excluding the revenue to be collected from rescheduling charges as proposed by the Petitioner. The approved revenue from other sources is indicated in the Table 37 below.

Table 37 : Income from other sources approved for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11	Approved for FY 2010-11
1	Interest on Staff Loans and Advances.	0.04	0.04
2	Miscellaneous Receipts.	0.50	0.50
3	Scheduling charges	0.68	0.68
4	Application/ registration charges	0.34	0.34
5	Re scheduling charges	1.16	-
	Total	2.72	1.56

4.11. Provision for Tax

Petitioner's submission

The Petitioner has stated that currently tax expense is being incurred by it through consolidated tax payment made by GETCO. The Petitioner states that the same needs to be recovered. The Petitioner has further stated that it is to commence its revenue stream from January 2009, and therefore projections based on historical data relating to tax payments has not been computed. Further the Petitioner proposes computing tax at the rate of 15.45% on ROE. The provision for tax computed by the Petitioner is stated in the following table:



Table 38 : Provision tax estimated for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Estimates submitted by SLDC for FY 2010-11
1	Provision for tax	0.13
	Total	0.13

Commission's Analysis

The Commission has taken note of the submission made by the Petitioner. The Commission has noted that the Petitioner has computed the tax component at the rate of 15.45%. On the basis of the revision in the ROE estimated by the Commission, the revised approved tax for FY 2010-11 is Rs 0.10 crores. The tax approved by the Commission approved for FY 2010-11 by the Commission is as under:

Table 39 Provision for tax approved for FY 2010-11

(Rs crores)

Sr. No.	Particulars	Approved for FY 2010-11
1	Provision for tax	0.10
	Total	0.10

4.12. Total Annual Revenue Requirement

Petitioner's submission

The Petitioner has estimated the total revenue requirement of Rs 20.63 crores for FY 2010-11. The details of the Petitioner's submission of the total revenue requirement for FY 2010-11 summarized in the table below:

Table 40 : ARR estimated by the Petitioner for FY 2010-11

(Rs crores)

Particulars	Estimates submitted by SLDC for FY 2010-11
Employee Cost	6.22
Repair & Maintenance	0.71
Administration & General Charges	2.72
Interest on working capital	0.28
WRPC/RLDC Fees and charges	0.12
ULDC Charges	10.21
WAM charges	0.22



Particulars	Estimates submitted by SLDC for FY 2010-11
Less: Other income	2.73
Sub Total (Operating costs)	17.77
Depreciation	0.72
Interest and finance charges	1.15
Return on equity	0.84
Total fixed costs	2.72
Less: Expenses capitalized	-
Add: Provision for Tax	0.13
Sub Total (Capital costs)	2.85
Total revenue budget	20.63

Commission's Analysis

The Commission has examined the total ARR for FY 2010-11 submitted by the Petitioner. Based on the observation in the previous sections the Commission approves the Annual revenue requirement of Rs 20.82 crores for FY 2010-11. The details of the Annual Revenue estimates approved by the Commission are indicated in the table below:

Table 41 : ARR approved for FY 2010-11

(Rs in crores)

Particulars	Estimates submitted by SLDC for FY 2010-11	Revised Approved for FY 2010-11
Employee Cost	6.22	6.10
Repair & Maintenance	0.71	0.71
Administration & General Charges	2.72	2.60
Interest on working capital	0.28	0.18
WRPC/RLDC Fees and charges	0.12	0.12
ULDC Charges	10.21	10.21
WAM charges	0.22	0.22
Less: Other income	2.73	1.56
Sub Total (Operating costs)	17.77	18.58
Depreciation	0.72	0.63
Interest and finance charges	1.15	0.85
Return on equity	0.84	0.66



Particulars	Estimates submitted by SLDC for FY 2010-11	Revised Approved for FY 2010-11
Total fixed costs	2.72	2.14
Less: Expenses capitalized	-	-
Add: Provision for tax	0.13	0.10
Sub Total (Capital costs)	2.85	2.24
Total revenue budget	20.63	20.82

4.13. Method of recovery of SLDC fees and charges

Petitioner's submission

The Petitioner has submitted a revised methodology for recovery of SLDC fees and charges. The summary of the methodology proposed by the Petitioner is stated below:

- a. **Registration or Connection Fees:** The Petitioner has stated that in line with the clause no.3 of Regulation 5 of 2005 issued by GERC and as per Grid Connection procedure prepared by SLDC-Gujarat, the connection fees are to be recovered as per directives from the Commission. The Petitioner has further stated that registration or the connection fees are to be paid in line with the 'Grid Connection Procedure'.
- b. **Recovery of SLDC Fees:** The Petitioner has stated that fixed costs of SLDC shall be recovered as SLDC fees from generating stations and distribution licensee/beneficiaries in proportion to their installed capacity and capacity allocation to distribution licensee on semi annual basis. The Petitioner has submitted the following computation method:
 - SLDC fees for generating companies (for six months)
= (SLDC fees per MW per Six Month) x (Installed Capacity)
 - SLDC fees for distribution licensee/beneficiaries:
= (SLDC charges per MW per Six Month) x (Allocated Capacity)

The Petitioner has stated that SLDC fees are to be recovered from each of the generating companies, distribution licensee/beneficiaries on six monthly basis on 10th April'09 and 10th October'09. Further, the following aspects would be taken into account while calculating and recovering SLDC fees:



- i. If any beneficiary/generating station enters as Long-term open access users within part of six months, proportionate fees shall be recovered for equivalent period.
 - ii. If any beneficiary/generating company enters within part of month (i.e. for few days), same will be consider equivalent to one month for the purpose of recovery of SLDC fees.
 - iii. In case of any upward revision occurred in capacity/allocation during the part of six months, the additional SLDC fees shall be recovered for the remaining period for the additional capacity.
- c. **Recovery of SLDC Charges:** The Petitioner has stated that the operating costs of SLDC shall be recovered as monthly SLDC charges for generating companies and distribution licensees. The Petitioner has indicated the following computation for the recovery of SLDC charges:
- SLDC fees for generating companies (for one month)
= (SLDC charges per MW per Month) x (Installed Capacity)
 - SLDC fees for distribution licensee/beneficiaries:
= (SLDC charges per MW per Month) x (Allocated Capacity)

The Petitioner has stated that SLDC charges are to be recovered from each of the generating companies, distribution licensee/beneficiaries as per billing procedure prescribed by commission vide clause 5.0 of the Regulation. The following aspects are to be taken into account while calculating and recovering SLDC charges

1. If any generating station / beneficiaries enters as Long-term open access users during any part of a month, their charges shall be reduced proportionately for equivalent period.
 2. If any beneficiary/generating company is enters during any part of the day, same will be considered equivalent to one day for the purpose of recovery of SLDC fees.
 3. In case of any upward revision occurred in capacity/allocation during the part of months, the additional SLDC charges shall be recovered for the remaining period for the additional capacity.
- b. **Rescheduling charges:** The Petitioner has stated that the current fees and charges do not cover any charges towards system study or additional efforts required by the system operator for accommodating rescheduling requests and to carry necessary revision thereof. The Petitioner has specified that currently scheduling charges are being levied for short-term



open access users. (Rs 1000 x 2= 2000). In line with CERC's direction, the same is recovered by the Petitioner.

The Petitioner has stated that the transmission charges for short-term open access user are determined as 1/4th of Long-term open access users. The Petitioner further states that by applying same criteria in case of rescheduling charges inversely, rescheduling charges for Long-term open access users is proposed at four times of short-term open access users i.e. $1000 \times 4 = \text{Rs. } 4000/-$ for rescheduling.

The Petitioner has further stated that Rescheduling charges will also be collected from intra state entities for non submission of schedule which is to be submitted by intra state entities as per State Grid Code/Tariff regulation.

- c. **Grid connection charges:** The Petitioner has proposed an upward revision in the fee charged for grid registration. The Petitioner has proposed a revision to Rs. 1,00,000/- from the current level of Rs 10,000/-.

The Petitioner has stated that this upward revision has been proposed in order to meet the costs associated with preparation of various agreements, legal documents, verification of technical information, visits to several sites etc.

Commission's Analysis

The Commission has reviewed the various suggestions made by the Petitioner for recovery of SLDC fees and charges. The Commission has the following observations to make in this regard:

- a. With reference to the methodology of recovery suggested for SLDC fees and charges, the Commission has taken note of the arrangement proposed by the Petitioner. The Commission has also noted that it has not received any objection/suggestion from any of the beneficiary on the arrangement suggested by the Petitioner. The Commission is therefore of the opinion that the recovery arrangement suggested by the Petitioner can be permitted.
- b. With reference to the rescheduling charges the Commission had in the earlier order of 14th December 2009 disallowed the proposal of the Petitioner to levy rescheduling charges for Long-Term Open Access users. In line with the order, the Commission is of the view that the rescheduling charges proposed cannot be permitted to be levied.
- c. The revision in the grid connection charges proposed by the Petitioner has been noted. However, the Commission is of the view that no such revision is to be permitted for FY 2010-11 and hence, the existing grid connection charge of Rs 10,000/- would continue.



4.14. SLDC Charges and Fees

Petitioner's submission

The Petitioner has submitted the SLDC charges and fees as indicated in the table below:

Table 42 : SLDC Fees and Charges estimated by the Petitioner FY 2010-11

SI No.	SLDC Fees and Charges	SLDC Estimation for FY 2010-11
1	SLDC Operating Charges Budget (Rs. Crore)	17.78
2	Total MW Capacity (Generating Station)	13453.50
3	Total MW Allocation (Beneficiaries)	16309.00
4	SLDC Charges (Rs/MW/Month)	497.96
5	SLDC Capital Charges Budget (Rs. Crore)	2.85
6	SLDC Fees (Rs/MW/Half year)	480.23
7	Grid Connection Fees (Rs.)	1,00,000.00
8	Re-scheduling Charges (Rs.)	4000.00

Commission's Analysis

The Commission, on the basis of the approved estimates, has determined the SLDC Charges and fees as indicated in the table below:

Table 43 : SLDC Fees and Charges approved for FY 2010-11

SI No.	SLDC Fees and Charges	SLDC Estimation for FY 2010-11	Approved for FY 2010-11
1	SLDC Operating Charges Budget (Rs. Crore)	17.78	18.58
2	Total MW Capacity (Generating Station)	13,453.50	13,453.50
3	Total MW Allocation (Beneficiaries)	16,328.00	16,403
4	SLDC Charges (Rs/MW/Month)	497.96	518.59
5	SLDC Capital Charges Budget (Rs. Crore)	2.85	2.24
6	SLDC Fees (Rs/MW/Half year)	480.23	375.13
7	Grid Connection Fees (Rs.)	1,00,000	10,000



5. Compliance on Directives

5.1. Directives issued by the Commission

The Ministry of Power, Government of Gujarat and the Commission, had issued directives to the Petitioner for the autonomous functioning of SLDC. SLDC has now submitted a report on compliances of the Directives issued by the Commission. The Comments of the Commission on the submission of the Petitioner is given below:

The Commission has the following directives for the Petitioner:

Directive No.1 : Intra State ABT implementation

The Commission had issued order for implementation of intra state ABT and in this regard utilities had initiated necessary action. It is understood that trial operations are being conducted. It is necessary to ensure that the identification of interface points is undertaken and proper monitoring and control mechanism should be in place for effective implementation of ABT and for avoiding over-drawl from Regional system and consequently heavy UI charge.

Compliance / Action Taken:

The Petitioner has stated that in line with the directive it has taken the following action to ensure compliance. The activities undertaken are listed below:

- a. **Round the clock Scheduling Activities:** SLDC has established round the clock scheduling in pursuant to Intra State ABT order issued by the Commission dated 11th August'2006. During the mock trial period, SLDC has been issuing information regarding Day Ahead Scheduling, Intra day revision and rescheduling to all the intra state entities. Also, information on the implemented schedule has also been shared.
- b. **Data base configuration for scheduling and energy accounting:** SDLC has been modeling and configuring data base with details of inter face points, generating stations, metering system etc.
- c. **Preparation of Trial Accounting :** SLDC has issued trial energy accounting for Unscheduled Interchange, Reactive Energy Accounting, State Energy Accounting based on participation by intra State entities in mock trial exercise.
- d. **Formulation of Energy Accounting Committee:** The energy accounting committee has been formulated by SLDC in pursuance with the Intra State ABT order. As per SLDC, periodic meetings are being conducted for updation and verification of energy accounting.
- e. **Pool Account Settlement System:** The Petitioner has stated that it has has strengthened accounting and commercial mechanism in order to comply quick disposal and settlement of pool account under Intra State ABT.



Presently, same mechanism is utilized for the purpose of settlement under Short-term Open Access.

- f. **Establishment of communication media:** SLDC has developed independent, dedicated web server and leased line with a service provider which provides all grid users access to database through the website. It also provides platform for integrating and sharing the large database. The Petitioner further states that the communication during mock trial period had been carried out successfully through SLDC website
- g. **Submission of Compliance:** In pursuance of Intra State ABT order, the Petitioner has stated that it has taken necessary steps as directed by the Commission to carry out mock trial and other relevant steps. In this regard, the Petitioner has submitted a report to the Commission along with confirmation on the willingness and readiness of the state entities for implementation of Intra State ABT.
- h. **Action Plan for launching commercial implementation:** The Petitioner has stated that it has circulated an action plan which was finalized with all intra state entities for launching commercial implementation of ABT in the State.

Commission's Comment: *The Commission has taken note of the submission made by the Petitioner.*

Directive No.2 : Ring Fencing and autonomy of SLDC :

GoG had directed SLDC/STU vide letter dated 6th November'2008 to ensure that SLDCs are ring fenced by March'2009 and further ensure that no direct /indirect operational and management links are maintained with STUs and the Discoms.

Compliance / Action Taken:

The Petitioner has stated that in line with the directive, it has taken the following steps to de-link operations and management of SLDC. The measures taken in this regard are listed below:

- a. Load Management has been separated by SLDC and is independently handled by respective distribution licensee
- b. Measures have been instituted for formation of a separate company and a representative structure for the board has been also identified
- c. SLDC assets and accounts have been separated from STU in order to ensure a separate determination of SLDC charges and fees.

Commission's Comment: *The Commission has taken note of the submission made by the Petitioner.*



Directive No.3 : Open access implementation :

The Commission had issued orders for implementation of Open Access at Intra-State level vide Notification No.13 of 2005.

Compliance / Action Taken:

The Petitioner has stated that in order to ensure smooth implementation and as per open access regulation, SLDC has taken the following steps:

- a. Procedure for reservation of transmission capacity has been formulated and approval received from the Commission for implementation of open access within State,
- b. Quasi pool account system has been formulated by SLDC in order to account for imbalance in charges by using established infrastructure of Intra State ABT,
- c. Necessary infrastructure has been established in order to issue open access within three days from receipt of application by SLDC. Further, in anticipation of probable increase in short-term market volumes at Intra State level, augmentation and strengthening of existing system has been planned for the year 2010-11.
- d. The Petitioner has stated that the the total capacity granted under short-term open access was up to 551 MW during year 2008-09 and 114 applications had been processed. The applications for open access have increased during current year 2009-10 and as on 20th December 2009, 472 applications were processed.

Commission's Comment: *The Commission has taken note of the submission made by the Petitioner.*

5.2. Fresh Directives

Directive No.1: Monthly reporting of activities relating to STOA users

The Commission directs the Petitioner to submit on a monthly basis the activities being undertaken with reference to the STOA consumers. The Commission directs the Petitioner to report on a monthly basis the details of the STOA consumers being served, the number of applications received, the number of applications processed and the permissions granted. SLDC may initiate action to ensure that such information with respect to the STOA consumers is shared with the Commission on a monthly basis.



Directive No.2 : Ring fencing and autonomy of SLDC

As per the directive from the Ministry of Power (MOP), ring fencing and autonomy of SLDC had to be undertaken and activities to this effect had to be pursued. Further, a Task Force was formed which provided recommendations on the activities to be undertaken in order to ensure ring fencing and for ensuring autonomy of SLDC. The Commission directs the Petitioner to share information on the recommendations of the Task Force and also a status report on the recommendations which have been adopted by the Petitioner.

Directive No.3 : Implementation of Intra-state ABT

With respect to the mock exercise which has been carried out by the Petitioner for the implementation of the intra-state ABT, it is understood by the Commission that a few of the participating entities have raised issues/concerns. These issues relate to technical problems at certain bus bars, inconsistency with provisions in the existing power purchase agreements, etc. Further, the Commission had during the course of the State Coordination Forum Meeting, advised the Petitioner to arrive at amicable solutions addressing the issues raised by the participating entities. The Commission directs the Petitioner to submit a report on the issues which have been raised by the participating entities during the course of the mock exercise and to indicate the solutions which the Petitioner may have provided to resolve the issues raised.



COMMISSION'S ORDER

The Commission approves SLDC charges and fees as indicated in the table below:

Table 44 : SLDC Fees and Charges approved for FY 2010-11

SI No.	SLDC Fees and Charges	Approved for FY 2010-11
1	SLDC Operating Charges Budget (Rs. Crore)	18.58
2	Total MW Capacity (Generating Station)	13,453.50
3	Total MW Allocation (Beneficiaries)	16,403
4	SLDC Charges (Rs/MW/Month)*	520
5	SLDC Capital Charges Budget (Rs. Crore)	2.24
6	SLDC Fees (Rs/MW/Half year)*	375
7	Grid Connection Fees (Rs.)	10,000

** rounded off to the nearest multiple of five*

The order shall come into force with effect from 1st April 2010.

Sd/-

Sd/-

DR. P. K. MISHRA

Chairman

SHRI PRAVINBHAI PATEL

Member

Date: 31st March 2010

Ahmedabad

