

GUJARAT ELECTRICITY REGULATORY COMMISSION



Aggregate Revenue Requirement for FY 2009-10

For

STATE LOAD DESPATCH CENTER

Case No. 976/2009

14 December 2009

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**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**

AHMEDABAD

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ABBREVIATIONS

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



BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION AT AHMEDABAD

Case No. 976/ 2009

Date of Order 14.12.2009

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 Dispatch Center (hereinafter referred to as 'SLDC' or the 'petitioner') on 27th August 2009 for the determination of Aggregate Revenue Requirement (ARR) for FY 2009-10 filed under Part VII (Section 61 to Section 66) 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 September 2009.

1.2. State Load Dispatch 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.

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. 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).

Accordingly, 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.

GETCO has now filed a separate petition for SLDC for determination of annual SLDC fees and charges for FY 2009-10.



2. Determination of ARR for FY 2009-10

2.1. Introduction

This section outlines the determination of Aggregate Revenue Requirement (ARR) for FY 2009-10. The petitioner has submitted the estimated expenses and income from fees & charges for FY 2009-10. The Commission has observed that the segregated financial accounts of SLDC for past period are not available. The Commission has examined the projections made by the petitioner for FY 2009-10 on merit and has provisionally determined the permissible fees and charges for FY 2009-10.

2.2. Principles for determination of ARR for FY 2009-10

The Commission has examined the estimations made by the petitioner for FY 2009-10 on the basis of the provisional estimates for FY 2008-09. For the Operation and maintenance expenses, the Commission has drawn reference from the MYT order for GETCO. The Commission has been guided by the principle adopted for the year on year escalations for O&M expenses for GETCO. In the case of the ULDC expenses, WAM charges, RLDC/WRPC charges, depreciation and interest on working capital and return on equity, the Commission has provisionally approved the projections made by the petitioner for FY 2009-10.

2.3. Annual Fixed Cost for FY 2009-10

The petitioner has submitted details of the fixed costs under the following heads:

- Operation and Maintenance Expenses
 - Employee cost
 - Repair and maintenance expenses
 - Administration and General expenses
- Interest and Finance Charges
- Depreciation
- Return on Equity
- Interest on Working Capital
- Taxes, if any

SLDC has submitted the Aggregate Revenue Requirement of Rs 17.94 crores for FY 2009-10.



The petitioner has further submitted that in accordance with GERC's Regulation on Levy and collection of fees and charges by SLDC, GETCO is required to maintain separate accounts for SLDC. However, the segregation of accounts for SLDC is underway. Therefore, in the absence of segregated accounts, the charges have been determined based on provisional allocation of each component of ARR.

In the following section the Commission has examined the submission of the petitioner for FY 2009-10.

2.4. Operation and Maintenance expenses

Petitioner's submission

The petitioner has estimated the operation and maintenance (O&M) expenses for FY 2009-10 based on the estimates of the following components:

- Employee cost
- Repair and maintenance expenses
- Administration and General expenses

A summary of the O&M expense submitted by the petitioner for FY 2009-10 is indicated in the table below:

Table 1 : O&M expense estimated by the petitioner for FY 2009-10

(Rs crores)

Sr. No.	Operation & Maintenance Expenses	SLDC Estimation for FY 2009-10
1	Employee Cost	5.62
2	Repair & Maintenance	0.11
3	Administration & General Charges (including e-urja charges of Rs. 1 Crore)	3.67
	Total O&M	9.40

The category wise details and break up submitted by the petitioner has been discussed in the following paragraphs.

Employee expenses

Petitioner's submission

The petitioner has estimated the total employee expense of Rs 5.62 crores for FY 2009-10. The petitioner has submitted that on the basis of the historical trends, the year on year increase in salary expense has been estimated at 8% in FY 2009-10 over that of FY 2008-09. A detailed break up of the manpower allocated to SLDC has been provided in the petition.



The petitioner has further submitted that the employee pay revision on account of the Sixth Pay Commission is expected to be implemented during FY 2009-10. The petitioner has stated that a 28% revision in the pay scales of the employee due to the Sixth Pay Commission has been factored in while projecting the employee expenses for FY 2009-10. The employee cost submitted by the petitioner for FY 2009-10 is summarized in the table below:

Table 2 : Employee costs estimated by the petitioner for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Basic Employee Cost	3.49	3.77
2	Conveyance and Allowance	0.11	0.12
3	Terminal Benefit	0.43	0.47
4	Staff welfare expenses	0.03	0.03
5	Employee Cost on account of provisions for sixth pay commission for FY 2009-10	-	1.23
	Total costs	4.06	5.62
	Escalation rate		8%

Commission's Analysis

The Commission has examined the details of employee costs submitted by the petitioner for FY 2009-10. In the absence of segregated accounts for SLDC the Commission has examined the expense for SLDC from the accounts of GETCO. The Commission has verified whether the expense/income of SLDC has been excluded from GETCO. In this regard the Commission has verified the detailed estimates submitted by GETCO for its APR of FY 2008-09 and the projections for FY 2009-10. The Commission has observed that as per the provisional accounts shared by GETCO and the petition for GETCO, the SLDC costs have been separated and there is no double counting of expense items for FY 2009-10.

Pending the availability of segregated accounts, the Commission has provisionally considered the estimates for FY 2008-09 submitted by the petitioner as the base for the projections made for FY 2009-10.

The Commission has noted that the petitioner has made a provision of Rs 1.23 crores for payouts for the Sixth Pay Commission. The Commission directed the petitioner to clarify the computation of provisions for the impact of Sixth Pay Commission. The petitioner clarified that the provision has been made on the basis of the principles enunciated for pay scale revision under the Sixth Pay Commission. The petitioner further clarified to the Commission that the arrears are being planned to be paid out as a single instalment during FY 2009-10.



Based on the above observation, the Commission provisionally approves the projection made by the petitioner for the payouts on account of the Sixth Pay Commission.

The Commission has noted that the petitioner has escalated the estimates of FY 2008-09 by 8% for cost projections for FY 2009-10. The petitioner has stated that the increase of 8% has been assumed on the basis of the historical trends. The Commission has drawn reference from the MYT order issued on the 17th January 2009 for the transmission company GETCO, wherein for the control period, the Commission had considered an year on year increase of 6%. The 6% increase approved by the Commission in its order was meant to cover all components of variance in employee expense.

The Commission holds the view that the principle guiding the year on year increase in the employee costs under GETCO would also be applicable to SLDC. Therefore, the Commission considers the escalations approved as per the MYT order for GETCO to be also applicable to SLDC.

Based on the above analysis, the Commission approves the escalation of employee costs at 6%. Accordingly, the commission provisionally approves the total employee cost for FY 2009-10 as indicated in the table below:

Table 3 : Provisionally approved employee costs for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Basic Employee Cost	3.49	3.77	3.68
2	Conveyance and Allowance	0.11	0.12	0.12
3	Terminal Benefit	0.43	0.47	0.46
4	Staff welfare expenses	0.03	0.03	0.03
5	Employee Cost on account of provisions for sixth pay commission for FY 2009-10	-	1.23	1.23
	Total costs	4.06	5.62	5.52
	Escalation rate		8%	6%

Administration and General Expenses

Petitioner's submission

The petitioner has estimated the A&G expenses for FY 2009-10 at Rs 3.67 crores. The petitioner has submitted that the A&G expenses for FY 2009-10 have been estimated to increase @ 8% over the provisional estimates of FY 2008-09. The petitioner has further submitted that this increase has been based upon the historical trends in the increase of A&G expenses. The petitioner has further stated that, the



administration of SLDC is currently being overseen and managed by GETCO as per the Government of Gujarat's directive and therefore all the A&G expenses are currently being borne at GETCO's corporate office. The petitioner has also submitted that the above A&G expense includes an amount of Rs 1 crore towards e-Urja charges.

The A&G expenses estimated by the petitioner for FY 2009-10 are summarized in the table below:

Table 4 : A&G expenses estimated by the petitioner for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Administration & General Charges	2.32	3.51
2	E-Urja expense	-	1.00
	Total	2.32	3.67

Commission's Analysis

The Commission has examined the A&G expense submitted by the petitioner for FY 2009-10. The Commission has observed that the petitioner has estimated the expenses for FY 2009-10 at 8% over the provisional estimates of FY 2008-09. The Commission has drawn reference from the MYT order wherein escalations in A&G has been considered at the rate of 6% year on year. The Commission had considered this escalation after reviewing the detailed provisional accounts of GETCO and the historical trends of the same. The Commission in the case of SLDC is guided by the same principle of escalations permitted year on year in the case of A&G expense for GETCO.

Based on the above observation, the Commission provisionally approves A&G expense with a 6% escalation over the provisional estimates of FY 2008-09. The Commission takes note of the projection for payment towards e-Urja charges and provisionally approves the same for FY 2009-10.

The A&G expenses provisionally approved by the Commission are summarized in the table below:



Table 5 : Provisionally approved A&G expenses for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009- 10	Provisionally approved for FY 2009-10
1	Administration & General Charges	2.32	3.51	2.46
2	E-Urja expense	-	1.00	1.00
	Total	2.32	3.67	3.46

Repair and maintenance expenses

Petitioner's submission

The petitioner has estimated Rs 0.11 crores towards R&M expense for FY 2009-10. The petitioner has submitted that subsequent to separation of the SLDC, there are several civil works and related infrastructure development & modification which are scheduled for FY 2009-10. The petitioner has considered year on year escalation of 10% for FY 2009-10 over FY 2008-09. The R&M expense estimated by the petitioner is summarized in the table below:

Table 6 : R&M cost estimated by the petitioner FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Repair & Maintenance	0.10	0.11

Commission's Analysis

The Commission has examined the projection for R&M expenditure submitted by the petitioner for FY 2009-10. The Commission has observed that the petitioner has escalated the R&M expense by 10% over the provisional estimates of FY 2008-09. The Commission has drawn reference to the R&M expense as approved for GETCO for FY 2009-10 in the MYT order. Under the MYT order, the Commission had approved a year on year escalation of 6% after taking into account the historical trends for GETCO. The Commission is being guided by the same principle as per the MYT order and considers an R&M escalation of 6%.

Based on the above analysis the Commission provisionally approves the R&M expense as indicated in the table below:



Table 7 : Provisionally approved R&M expenses for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Repair & Maintenance	0.10	0.11	0.11

Total O&M expense provisionally approved by the Commission is summarized in the table below:

Table 8 : Provisionally approved O&M expenses for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Employee Expense	4.06	5.62	5.52
2	A&G Expense	2.32	3.67	3.46
3	R&M Expense	0.10	0.11	0.11
	Total	6.48	9.40	9.09

2.5. Interest and Finance charges for FY 2009-10

Petitioner's submission

The petitioner has estimated Rs 0.78 crores towards interest and finance charges for FY 2009-10.

The petitioner has submitted that for FY 2008-09, the Debt: Equity ratio had been considered on 60:40 basis which was in line with the GERC's Regulation on Levy of charges and fees by SLDC. For FY 2009-10 the capital expenditure has been assumed to be funded on a normative debt: equity ratio of 70:30. The petitioner has considered an interest rate of 10.50%.

Interest and finance charges submitted by the petitioner for FY 2009-10 are summarized in the table below:

Table 9 : Estimated Interest and Finance charges for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Opening Loans	-	3.50
2	Loan Additions during the Year	3.50	8.82
3	Repayment during the Year	-	0.75
4	Closing Loans	3.50	11.56



Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
5	Average Loans	1.75	7.53
6	Interest on Loan	0.17	0.78
7	Guarantee Charges	-	-
8	Total Interest & Financial Charges	0.17	0.78
9	Cost of addition loan		10.50%
10	Weighted Average Rate of Interest on Loan	10.23%	10.36%

Commission's analysis

The Commission has examined the submission of the petitioner. For analyzing the interest and finance charges during FY 2009-10, the Commission has reviewed the provisional estimates of FY 2008-09.

For computing interest and finance charges for FY 2009-10, the Commission has analyzed the capital expenditure plans as submitted by the petitioner. As per the capital expenditure plans submitted by the petitioner, Rs 12.60 crores of investment would be made during FY 2009-10. The petitioner has submitted that the funding of this capital expenditure would be on a normative Debt: Equity basis of 70:30. The details of the proposed capital expenditure funding as submitted by the petitioner are given in the table below:

Table 10 : Funding of estimated capital expenditure for FY 2009-10

(Rs crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10
1	Estimated capital expenditure	12.60
2	Debt	8.82
3	Equity	3.78

The Commission observes that the petitioner has considered interest & finance charges on the total amount of capital expenditure. Commission is of the view that interest & finance charges shall be permitted only on the amount of capitalization. Accordingly, the Commission has observed the amount of Capitalization for the FY 2009-10 is Rs. 6.30 crores.

Based on the above observation the Commission approves an amount of Rs. 0.56 crores towards interest & finance charges which is summarized in the table below:



Table 11 : Interest charges provisionally approved for FY 2009-10

(Rs crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Opening Loans	3.50	3.50
2	Loan Additions during the Year	8.82	4.41
3	Repayment during the Year	0.75	0.75
4	Closing Loans	11.56	7.16
5	Average Loans	7.53	5.33
6	Interest on Loan	0.78	0.56
7	Guarantee Charges	-	-
8	Total Interest & Financial Charges	0.78	0.56
9	Cost of addition loan	10.50%	10.50%

2.6. Asset Capitalisation and Depreciation

Petitioner's submission

The petitioner has submitted that during FY 2009-10, the total expense towards depreciation of the asset would be Rs 0.44 crores. The petitioner has estimated the Gross opening Fixed Assets (GFA) for FY 2009-10 at Rs 6.67 crores. The petitioner has further submitted that during FY 2009-10, the new additions to the GFA would be Rs 6.30 crores.

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

Table 12 : Asset Capitalization and Depreciation for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Gross Fixed Assets at the beginning of the year	6.40	6.67
2	Less: Accumulated Depreciation	0.63	0.92
3	New Additions during year	0.26	6.30
4	Net Fixed Assets	6.04	12.04
5	Capital expenditure in process	-	6.30
6	Depreciation	0.29	0.43
7	Weighted Average Rate of Depreciation	4.47%	4.47%



Commission's analysis

The Commission has noted that the petitioner has estimated a substantial increase in new asset addition for FY 2009-10 which is Rs. 6.30 crores over the provisional estimates of Rs 0.26 crores for FY 2008-09.

The Commission considers that the capitalization rate estimated by the petitioner at 50% is on the higher side. The Commission accordingly sought clarification from the petitioner on the same.

The petitioner has clarified that during FY 2009-10, SLDC would be constituted as a separate Company and land parcels would be acquired in connection with the same. The higher asset addition during FY 2009-10 and the higher capitalization rate assumed during the year has been attributed to addition of such assets pursuant to creation of a new legal entity.

On the basis of this information the Commission provisionally approves the depreciation charges estimated by the petitioner for FY 2009-10. The depreciation charges approved by the Commission for FY 2009-10 are presented in the table below:

Table 13 : Depreciation charges provisionally approved for FY 2009-10

(Rs crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Depreciation	0.43	0.43

2.7. Return on Equity

Petitioner's submission

The petitioner has estimated Rs 0.42 crores as return on equity for FY 2009-10. The details of the return on equity submitted by the petitioner for FY 2009-10 are summarized in the table below:

Table 14 : Return on Equity estimated by the petitioner for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Opening Equity Capital	-	2.33
2	Equity Additions during the Year	2.33	3.78
3	Closing Equity	2.33	6.11
4	Average Equity	1.16	3.05
5	Return on Equity	0.16	0.42



Commission's analysis

The Commission has examined the capital expenditure plans submitted by the petitioner for FY 2009-10. On the basis of normative debt to equity ratio, the equity additions during FY 2009-10 has been estimated at Rs 3.78 crores considering the capital expenditure proposed by the petitioner for FY 2009-10 at Rs 6.30 crores. The Commission has observed that the petitioner has incorrectly considered return on equity on the amount of capital works in progress also. The Commission has considered return on equity only on the amount of capitalization during the year.

Based on the above approach and considering a rate of return on equity of 14% the Commission provisionally approves ROE of Rs 0.46 crores for FY 2009-10. The approved RoE is summarized in the table below:

Table 15 : Return on Equity provisionally approved for FY 2009-10

(Rs crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Opening Equity Capital	2.33	2.33
2	Equity Additions during the Year	3.78	1.89
3	Closing Equity	6.11	4.22
4	Average Equity	3.05	3.27
5	Return on Equity	0.42	0.46

2.8. Interest on Working capital for FY 2009-10

Petitioner's submission

The petitioner has estimated an amount of Rs 0.24 crores towards interest on working capital charge for FY 2009-10. 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 estimated interest on working capital is summarized in the table below:

Table 16 : Estimated Interest on working capital for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	O & M expenses (1 Month)	1.08	1.44
2	Maintenance Spares (1% of Cost @ 6 % Escalation)	0.13	0.20
3	Receivables (15 days)	0.55	0.73
4	Total Working Capital	1.76	2.38
5	Rate of Interest on Working Capital	10.25%	10.25%
6	Interest on Working Capital	0.18	0.24



Commission's analysis

The Commission has examined the submission for the interest on working capital charges for FY 2009-10. The Commission has noted that the petitioner has computed the O&M expenses, the maintenance spares and the receivables as per the estimates for FY 2009-10. Further, 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 provisionally approves the interest charges. The provisionally approved interest on working capital is indicated in the table below:

Table 17 : Provisionally approved Interest on working capital for FY 2009-10
(Rs crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	O & M expenses (1 Month)	1.44	0.76
2	Maintenance Spares (1% of Cost @ 6 % Escalation)	0.2	0.2
3	Receivables (15 days)	0.73	0.73
4	Total Working Capital	2.37	1.69
5	Rate of Interest on Working Capital	10.25%	10.25%
	Interest on Working Capital	0.24	0.17

2.9. ULDC charges for FY 2009-10

Petitioner's submission

The petitioner has submitted that it is required to pay the ULDC charges. The sharing of the charges is in proportion of the central generating capacity allocation and state capacity allocation. The petitioner has accordingly submitted the sharing of ULDC charges for SLDC Gujarat. The petitioner has stated that it has considered the capacity allocation as per the Regional Energy Account issued by WRPC in the month of April 2009. The ULDC charges payable by the petitioner are summarized in the table below:

Table 18 : ULDC charges estimated by the petitioner for FY 2009-10
(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
	Central Portion		
1	Total ULDC Charges in Rs. Crore (Central Portion)	19.80	19.80
2	Allocation to Gujarat (MW)	----	2413.41



Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
3	Total Capacity of Central Sector in WR (MW)	----	10827.08
4	% Allocation Average (Mar'09 REA)	22.2297%	22.2297%
5	Recovery of ULDC Charges (Rs. Crore)	4.40	4.42
	State Portion		
6	Total ULDC Charges in Rs. Crore (State Portion)	8.01	8.01
7	Ratio of Sharing (As per CERC order)	24.6748%	24.6748%
8	Recovery of Capital Charges in Rs. Crore (State)	1.97	1.97
9	Annual Maintenance Charges		
10	Proposed maintenance charges	----	1.40
	Total Annual ULDC Charges (5+8+10)	6.37	7.79

Commission's Analysis

The Commission has examined the submission made by the petitioner for payment of the ULDC charges for FY 2009-10. The Commission has also analyzed the provisional expenditure incurred by the petitioner for FY 2008-09 for ULDC charges at Rs 6.37 crores. The Commission is of the view that these charges are paid by the petitioner based on the direction of the WRLDC. The Commission therefore provisionally approves the ULDC charges submitted by the petitioner.

Table 19 : ULDC charges provisionally approved for FY 2009-10

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
	Central Portion		
1	Total ULDC Charges in Rs. Crore (Central Portion)	19.80	19.80
2	Allocation to Gujarat (MW)	2413.41	2413.41
3	Total Capacity of Central Sector in WR (MW)	10827.08	10827.08
4	% Allocation Average (Mar'09 REA)	22.2297%	22.29%
5	Recovery of ULDC Charges (Rs. Crore)	4.41	4.41
	State Portion		
6	Total ULDC Charges in Rs. Crore (State Portion)	8.01	8.01
7	Ratio of Sharing (As per CERC order)	24.6748%	24.6748%
8	Recovery of Capital Charges in Rs. Crore (State)	1.97	1.97
9	Annual Maintenance Charges		
10	Proposed maintenance charges	1.40	1.40
	Total Annual ULDC Charges (5+8+10)	7.79	7.79



2.10. RLDC/WRPC charges for FY 2009-10

Petitioner's submission

The petitioner has submitted that as per Section 32(2) of the Electricity Act 2003, SLDC is required to undertake supervision and control of intra-State transmission system, co-ordinate with RLDC and also ensure compliance of the directions issued by RLDC. The petitioner has stated that on account of this, the fees and charges pertaining to RLDC would form a component of the SLDC budget. The petitioner has further stated that this charge would be recovered by WRPC/RLDC fees and charges as may be specified by the Commission. The petitioner has further submitted that as per directive from WRPC, the SLDC-Gujarat would be required to pay the secretariat charges of WRPC. The petitioner has estimated Rs 0.12 crores as the WRPC charge which needs to be paid for FY 2009-10. The petitioner has escalated the provisional charges of WRPC of FY 2008-09 by 10% for FY 2009-10. The WRPC charges as estimated by the petitioner are summarized in the table below:

Table 20 : WRPC charges estimated by the petitioner for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	WRPC Charges	0.11	0.12
	Escalation rate		10%

Commission's Analysis

The Commission has analyzed the WRPC charges estimated by the petitioner for FY 2009-10. The Commission has noted that the petitioner has escalated the WRPC charges for FY 2009-10 by 10%. The Commission has stated that the WRPC charges are payable based on the direction of WRPC.

The Commission therefore provisionally approves the WRPC charges as submitted by the petitioner. The provisionally approved WRPC charges are indicated in the table below:

Table 21 : WRPC charges provisionally approved for FY 2009-10

(Rs in crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	WRPC Charges	0.11	0.12
	Escalation rate		10%



2.11. Revenue from other source for FY 2009-10

Petitioner's submission

The petitioner has estimated Rs 1.30 crores as income from other revenue sources for FY 2009-10. The petitioner has included the income from interest on staff loans, interest on investments, income from sales etc as a component of the revenue from other sources. Additionally, the petitioner has submitted that it has included the revenue from scheduling charges and application charges from various short-term open access users as part of the income from other sources.

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 1.02 crores as the income from the rescheduling charges. The detailed income from other sources estimated by the petitioner for FY 2009-10 summarized in the table below:

Table 22 : Estimated Income from other sources for FY 2009-10

(Rs crores)

Sr. No.	Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
1	Interest on Staff Loans and Advances.	0.03	0.04
8	Miscellaneous Receipts.	0.09	0.10
9	Scheduling charges	0.07	0.08
10	Application/ registration charges	0.05	0.05
11	Rescheduling charges		1.02
	Total	0.26	1.30

Commission's Analysis

The Commission has examined the submission made by the petitioner in regard to the income from other sources for FY 2009-10. 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 observed that as per the Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005 there is no provision for charges as proposed by the petitioner. The Commission is



therefore of the opinion that for any such new charges, the petitioner should submit a separate petition. Accordingly, the Commission rejects the proposal for rescheduling charges.

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

Table 23 : Income from other sources provisionally approved for FY 2009-10
(Rs crores)

Sr. No.	Particulars	Provisionally approved for FY 2009-10
1	Interest on Staff Loans and Advances.	0.04
2	Miscellaneous Receipts.	0.10
3	Scheduling charges	0.08
4	Application/ registration charges	0.05
	Total	0.27

2.12. Wide Area Measurement (WAM) System

Petitioner's submission

The petitioner has submitted that as per the approval received on the WAM project, SLDC Gujarat would be required to make payment to the PGCIL and the sharing of the costs would be in line with the cost sharing principles under the ULDC scheme. The petitioner has estimated the WAM charges of Rs 0.20 crores for FY 2009-10. The details of the same are as presented under:

Table 24 : WAM charges estimated by the petitioner FY 2009-10

(Rs in crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10
1	Annual Installment	0.90
	% Allocation Average	22.29%
	Sharing by GETCO	0.20

Commission's Analysis

The Commission has analysed the WAM charges as estimated by the petitioner for FY 2009-10. The Commission has noted that SLDC has been required to make payments towards the WAM scheme. The Commission accordingly provisionally approves the WAM charges estimated by the petitioner. The provisionally approved WAM charges for FY 2009-10 are indicated in the table below.



Table 25 : WAM charges provisionally approved for FY 2009-10

(Rs in crores)

Sr. No.	Particulars	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
1	Annual Installment	0.90	0.90
	% Allocation Average	22.29%	22.29%
	Sharing by GETCO	0.20	0.20

2.13. Total Annual Revenue Requirement

Petitioner's submission

The petitioner has estimated the total revenue requirement of Rs 17.94 crores for FY 2009-10. The details of the petitioner's submission of the total revenue requirement for FY 2009-10 summarized in the table below:

Table 26 : ARR estimated by the petitioner for FY 2009-10

(Rs crores)

Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10
Employee Cost	4.06	5.62
Repair & Maintenance	0.10	0.11
Administration & General Charges	2.32	3.51
Interest on working capital	0.18	0.24
WRPC/RLDC Fees and charges	0.10	0.11
ULDC Charges	6.37	7.79
WAM charges	0	0.20
Less: Other income	0.26	1.30
Sub Total (Operating costs)	12.89	16.29
Depreciation	0.29	0.43
Interest and finance charges	0.17	0.78
Return on equity	0.16	0.42
Total fixed costs	0.63	1.64
Less: Expenses capitalized	0	0
Sub Total (Capital costs)	0.63	1.64
Total revenue budget	13.53	17.94

Commission's Analysis

The Commission has examined the total ARR for FY 2009-10 submitted by the petitioner. Based on the observation in the previous sections the Commission provisionally approves the Annual revenue requirement of Rs 18.54 crores for FY 2009-10.



The details of the Annual Revenue estimates provisionally approved by the Commission are indicated in the table below:

Table 27 : ARR provisionally approved for FY 2009-10

(Rs in crores)

Particulars	FY 2008-09 Provisional	SLDC Estimation for FY 2009-10	Provisionally approved for FY 2009-10
Employee Cost	4.06	5.62	5.52
Repair & Maintenance	0.1	0.11	0.11
Administration & General Charges	2.32	3.51	3.46
Interest on working capital	0.18	0.24	0.17
WRPC Fees and charges	0.1	0.11	0.11
ULDC Charges	6.37	7.79	7.79
WAM charges	0	0.20	0.20
Less: Other income	0.26	1.30	0.27
Sub Total (Operating costs)	12.89	16.29	17.09
Depreciation	0.29	0.43	0.43
Interest and finance charges	0.17	0.78	0.56
Return on equity	0.16	0.42	0.46
Total fixed costs	0.63	1.64	1.45
Less: Expenses capitalized	0	0	0
Sub Total (Capital costs)	0.63	1.64	1.45
Total revenue budget	13.53	17.94	18.54

2.14. SLDC Charges and Fees

Petitioner's submission

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

Table 28 : SLDC Fees and Charges estimated by the petitioner FY 2009-10

Sl No.	SLDC Fees and Charges	SLDC Estimation for FY 2009-10
1	SLDC Operating Charges Budget (Rs. Crore)	16.29
2	Total MW Capacity (Generating Station)	11,686.10
3	Total MW Allocation (Beneficiaries)	14,688.60
4	SLDC Charges (Rs/MW/Month)	514.80
5	SLDC Capital Charges Budget (Rs. Crore)	1.65
6	SLDC Fees (Rs/MW/Half year)	312.44
7	Grid Connection Fees (Rs.)	10,000.00
8	Re-scheduling Charges (Rs.)	4,000.00



Commission's Analysis

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

Table 29 : SLDC Fees and Charges provisionally approved for FY 2009-10

SI No.	SLDC Fees and Charges	FY 2009-10 Estimated	Provisionally Approved for FY 2009-10
1	SLDC Operating Charges Budget (Rs. Crore)	16.29	17.09
2	Total MW Capacity (Generating Station)	11,686.10	11,686.10
3	Total MW Allocation (Beneficiaries)	14,688.60	14,688.60
4	SLDC Charges (Rs/MW/Month)	514.80	539.97
5	SLDC Capital Charges Budget (Rs. Crore)	1.64	1.45
6	SLDC Fees (Rs/MW/Half year)	312.44	274.88
7	Grid Connection Fees (Rs.)	10,000.00	10,000.00



COMMISSION'S ORDER

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

Table 30 : Approved SLDC Fees and Charges for FY 2009-10

SI No.	SLDC Fees and Charges	Provisionally Approved for FY 2009-10
1	SLDC Operating Charges Budget (Rs. Crore)	17.09
2	Total MW Capacity (Generating Station)	11,686.10
3	Total MW Allocation (Beneficiaries)	14,688.60
4	SLDC Charges (Rs/MW/Month)*	540
5	SLDC Capital Charges Budget (Rs. Crore)	1.45
6	SLDC Fees (Rs/MW/Half year)*	275
7	Grid Connection Fees (Rs.)	10,000.00

* rounded to nearest unit

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

Sd/-

Sd/-

DR. P K MISHRA

Chairman

SHRI PRAVINBHAI PATEL

Member

Date: 14th December 2009

Ahmedabad

