

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2010-11 and
Determination of Fees and Charges
for FY 2012-13

For

State Load Despatch Centre (SLDC)

Case No.1151 of 2011

7th April, 2012

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(GERC)**

AHMEDABAD

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ABBREVIATIONS

ALDC	Area Load Despatch Centre
AMC	Annual Maintenance Contract
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
Capex	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Ckt. Km.	Circuit Kilometer
COH	Capital Overhauling
CPP	Captive Power Plant
CTU	Central Transmission Utility
CUF	Capacity Utilization Factor
DGVCL	Dakshin Gujarat Vij Company Limited
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
LTOA	Long-Term Open Access
MGVCL	Madhya Gujarat Vij Company Limited
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
PGVCL	Paschim Gujarat Vij Company Limited
R&M	Repairs & Maintenance
R E	Revised Estimates
REA	Regional Energy Account
RLDC	Regional Load Despatch Centre
SCADA	Supervisory Control And Data Acquisition
SEA	State Energy Account
SLDC	State Load Despatch Centre
STOA	Short-Term Open Access
STU	State Transmission Utility
UGVCL	Uttar Gujarat Vij Company Limited
ULDC	Unified Load Despatch and Control
WAM	Wide Area Management
WRLDC	Western Regional Load Despatch Centre
WRPC	Western Region Power Committee



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

Case No. 1151 of 2011

Date of the Order: 07/04/2012

CORAM

Dr. P. K. Mishra, Chairman
Shri Pravinbhai Patel, Member
Dr. M. K. Iyer, Member

ORDER

1. Background and 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 25th November 2011 under Section 62 of the Electricity Act, 2003 read with applicable Gujarat Electricity Regulatory Commission (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 for 'Truing up' of FY 2010-11 and for determination of SLDC fees and charges for the FY 2012-13.

The Commission admitted the petition on 17th December, 2011.



1.2 State Load Despatch Centre (SLDC)

The Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The generation, transmission and distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies.

The seven successor companies are listed below:

- i) Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company
- ii) Gujarat Energy Transmission Corporation Limited (GETCO) - A Transmission Company

Four Distribution Companies:

- i) Dakshin Gujarat Vij Company Limited (DGVCL)
- ii) Madhya Gujarat Vij Company Limited (MGVCL)
- iii) Uttar Gujarat Vij Company Limited (UGVCL)
- iv) Paschim Gujarat Vij Company Limited (PGVCL); and
- v) 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 Gujarat Electricity Board including the assets related to the State Load Despatch Centre were transferred to the newly created entity, GETCO. However, the Government of India, Ministry of Power has initiated steps to de-link the National / State Load Despatch Centres, from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

Section 31 (1) of the Electricity Act, 2003 requires the State Government to establish a separate State Load Despatch Centre (SLDC). Section 31 (2) of the Electricity Act provides that the SLDC shall be operated by a Government company / authority / corporation constituted under any State Act and until such company / authority / corporation is notified by the State Government, the State Transmission Utility (STU) would operate 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 Government of India initiatives to de-link the operation of SLDC from STU, the Commission in its MYT order dated 17th January, 2009 directed that GETCO may file separate ARR for SLDC from FY 2009-10. The Commission had directed that the GETCO should initiate action to compile the data for filing separate ARR petition for SLDC for FY 2010-11. Though the SLDC has not yet been created as a separate legal entity, the first ARR Petition was filed by the SLDC for the FY 2009-10.

1.3 Commission's Orders for the years FY 2009-10 and FY 2010-11

In accordance with the direction of the Commission in the MYT order dated 17th January, 2009, the GETCO had filed a separate petition for determination of Annual Revenue Requirement, and SLDC fees and charges for the FY 2009-10 on 27th August, 2009. The Commission issued order dated 14th December, 2009 approving the ARR and SLDC fees and charges for the FY 2009-10.

SLDC filed the petition for approval of ARR and SLDC fees and charges for the FY 2010-11 on 31st December, 2009. The Commission issued its order on 31st March, 2010 approving the ARR for FY 2010-11 and SLDC fees and charges for the FY 2010-11.

1.4 Commission's MYT Order for the years FY 2011-12 to FY 2015-16

SLDC filed the petition for approval of ARR for the MYT period 2011-16 and determination of SLDC fees and charges for the FY 2011-12 on 29th December, 2010. The Commission issued its order on 31st March, 2011 approving the ARR for MYT period FY 2011-12 to FY 2015-16 and SLDC fees and charges for the FY 2011-12.

1.5 Admission of Current Petition and Public Hearing

The SLDC has filed the current petition for 'Truing up' for FY 2010-11 and determination of SLDC fees and charges for the FY 2012-13 on 25th November 2011. The Commission admitted the petition on 17th December, 2011 (under Case No.1151). The SLDC has also communicated the petition to the Generating Companies, Licensees and other beneficiaries.



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

Public notice was published in the following newspapers inviting objections / suggestions from its stakeholders on the ARR petition filed by it.

Sr. No.	Name of the Newspaper	Language	Date of publication
1	Divya Bhaskar	Gujarati	25 th December, 2011
2	Indian Express	English	25 th December, 2011

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

The interested parties / stakeholders were asked to file their objections and suggestions on the petition on or before 24th January, 2012. However, the SLDC / Commission have not received objections / suggestions from any one.

1.6 Contents of the Order

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

1. The **first** chapter provides the background regarding the petitioner, the petition and details of the public hearing process
2. The **second** chapter provides the summary of ARR petition of the petitioner for the control period.
3. The **third** chapter deals with the 'Truing up' for FY 2010-11
4. The **fourth** chapter deals with the SLDC fees and charges for FY 2012-13
5. The **fifth** chapter deals with Compliance of Directives

1.7 Approach of this order

The Multi-Year Tariff Regulations, 2007 provide for 'Truing up' of the previous year, Annual Performance Review (APR) for the current year and determination of tariff for the ensuing year. The Commission had approved the ARR for the MYT period FY 2011-12 to FY 2015-16 and SLDC fees and charges for FY 2011-12 vide orders dated 31st March, 2011.

The SLDC has now approached the Commission with the present petition for 'truing up' of the FY 2010-11, and determination of SLDC fees and charges for the FY 2012-13.



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The Commission has undertaken 'Truing up' for the FY 2010-11, based on the submissions of the petitioner and the segregated annual accounts from the audited annual accounts of GETCO made available. The determination of the fees and charges for FY 2012-13 has been considered as per Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005, and other relevant regulations.



Chapter 2

A Summary of SLDC's Petition

2.1 Introduction

The State Load Despatch Centre (SLDC) has submitted the Petition on 25th November, 2011 seeking approval for 'Truing up' of FY 2010-11 and determination of SLDC fees and charges for the FY 2012-13. The SLDC fees and charges are to be recovered from each of the generating companies and other users as per the Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.

2.2 Actuals for FY 2010-11 submitted by SLDC

The details of expenses under various heads are given in Table 2.1 below:

Table 2.1: Actuals claimed by SLDC for FY 2010-11

(Rs. lakh)

Particulars	Claimed in True up for FY 2010-11
O&M Expenses	
Employee Cost	819.20
R&M Cost	22.15
A&G Cost	241.14
Sub Total (O&M Expenses)	1082.49
Interest on Working Capital	27.44
WRPC/RLDC Fees and charges	9.96
ULDC Charges	801.21
WAM charges	0.00
Less: Other Income	173.02



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Particulars	Claimed in True up for FY 2010-11
Add: prior period expenses	15.18
Sub Total(operating costs)	1,763.26
Depreciation	37.31
Interest & Finance Charges	47.66
Return on Equity	34.76
Total Fixed Cost	119.73
Less: Expenses Capitalised	0.00
Add: Provision for tax	4.47
Sub Total(Capital Costs)	124.20
Total Revenue Budget	1,887.46

2.3 Proposed SLDC Fees and Charges

SLDC has projected the SLDC fees and charges for the FY 2012-13 as detailed in Table 2.2 below:

Table 2.2: Proposed SLDC Fees and Charges for the FY 2012-13

Particulars	FY 2012-13
SLDC Operating Charges Budget , approved in MYT (Rs Lakh)	1848.46
Add: Revenue Gap in operating charges budget in True up for FY 2010-11(Rs Lakh)	255.53
Total Operating Charges(Rs Lakh)	2103.99
Total MW Capacity	18538.00
Total MW Allocation	23663.00
Revised SLDC Charges (Rs/MW/Month)	415.47
SLDC Capital Charges Budget (Rs lakh)	312.87
Add: Revenue Gap in capital charges budget in True up for FY 2010-11(Rs Lakh)	(71.38)
Total Capital Charges(Rs Lakh)	241.49
SLDC Fees (Rs/MW/Half Year)	286.12



2.4 Request of SLDC

1. To admit this petition for approval of annual revenue requirement of State Load Dispatch Centre of Gujarat
2. To approve the ARR for the FY 2012-13 and allow recovery of charges from 1st April, 2012.
3. To accept the figures in rupees lakh, as the figures of SLDC are comparatively smaller than other entities.
4. To approve methodology for recovery of SLDC charges and fees from existing intra state grid users.
5. To grant any other relief as the Commission may consider appropriate.
6. To allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
7. To pass any other order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.



Chapter 3

True up of FY 2010-11

3.1 Introduction

This chapter deals with 'Truing up' of FY 2010-11 of SLDC. The Commission has analyzed each of the components of True-up for FY 2010-11 in the following sections.

3.2 Operations and Maintenance (O&M) Expenses for FY 2010-11

Petitioner's submission

The petitioner has claimed Rs. 1,082.49 lakh towards actual O&M expenses in the Truing up for FY 2010-11 against Rs. 941 lakh approved in the Tariff Order for FY 2010-11 as shown in the Table 3.1 below:

Table 3.1: Operations & Maintenance Expenses claimed for FY 2010-11

(Rs. lakh)			
Particulars	Approved in the T.O. for FY 2010-11	Actual expenses for FY 2010-11	Deviation +/(-)
Employee Cost	610.00	819.20	(209.20)
Repairs & Maintenance	71.00	22.15	48.85
Administration & General Expense	260.00	241.14	18.86
Total	941.00	1,082.49	(141.49)

The petitioner has submitted that increase in the employee cost is mainly due to inclusion of "terminal benefits" in the books of SLDC which were recorded earlier in the books of GETCO. It is further mentioned that expenses relating to 'revision in pay scale' do not appear in the books of SLDC as these expenses have been accounted by GETCO in its books of accounts. Moreover, Dearness Allowance (DA) has been revised twice to the extent of 10% and 6% during FY 2010-11, which also contributed towards increase in Employee cost.



Commission's Analysis

The Commission has examined the submission made by SLDC. The Commission has obtained the details of O&M expenses for FY 2010-11. The O&M expenses comprise of Employee Cost, Repairs and Maintenance expenses and Administration and General expenses.

It is observed that the O&M expenses claimed by SLDC are as per segregated annual accounts. As observed from the accounts the expenses under terminal benefits are to the tune of Rs. 150.62 lakh and it is explained by SLDC that due to inclusion of these terminal benefits in the accounts of SLDC, there is an increase in the employee cost during FY 2010-11. Earlier these terminal benefits were stated to have been included in the books of accounts of GETCO.

The R&M expenses as per the audited annual accounts are Rs. 823.35 lakh. Out of this total expense, Rs. 801.21 lakh relate to ULDC charges which have been claimed by SLDC separately. The Commission accordingly approves R&M expenses to the tune of Rs. 22.15 lakh under O&M expenses and Rs. 801.21 lakh under the ULDC charges.

Out of the Rs. 241.14 lakh claimed by SLDC on account of A&G expense, Rs. 100 lakh has been allocated to SLDC by GUVNL for computerization and maintenance of the system as a part of the E-urja project. The Commission observed that the E-urja charges have not been included in the segregated annual accounts of SLDC. The Commission observed that as per the segregated audited annual accounts A&G charges are 141.14 lakh.

As per the discussions held with the SLDC officials on 24th February, 2012 the RLDC charges are a part of the A&G expenses as given in schedule 14 of the accounts. However, the Commission has approved RLDC expenses to the tune of Rs. 9.96 lakh separately under the head RLDC expenses and the same has not been included as part of the A&G expenses. The Commission accordingly approves A&G expenses to the tune of Rs. 131.18 lakh under O&M expenses and Rs. 9.96 lakh under RLDC charges.



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The Commission considers the O&M expenses at Rs. 972.53 lakh and has not approved the E-urja charges as claimed by SLDC for FY 2010-11. The O&M expenses approved in the Tariff Order for FY 2010-11 claimed by SLDC in the Truing up and approved by the Commission in the Truing up are detailed in the Table 3.2 below:

Table 3.2: Operation & Maintenance expenses approved for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expenses for FY 2010-11	Approved in Truing up (FY 2010-11)
Employee Cost	610.00	819.20	819.20
Repairs & Maintenance	71.00	22.15	22.15
Administration & General Expense	260.00	241.14	131.18
Total	941.00	1082.49	972.53

The Commission approves the O&M expenses at Rs. 972.53 lakh in the Truing up for FY 2010-11.

3.3 Depreciation for FY 2010-11

Petitioner's submission

The petitioner has claimed Rs. 37.31 lakh towards depreciation for FY 2010-11 against Rs. 63 lakh approved by the Commission for FY 2010-11. The difference is due to lower capitalization of assets in FY 2010-11. SLDC in its petition has mentioned that it has calculated depreciation on fixed assets as per the rate specified in Schedule XIV of the Companies Act, 1956. The fixed assets related to SLDC have been segregated after detailed analysis of the books of accounts.

Table 3.3: Depreciation claimed for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expenses for FY 2010-11	Deviation +/-
Depreciation	63.00	37.31	25.69



Commission's Analysis

As per the segregated annual accounts the capitalization of SLDC for the FY 2010-11 was Rs. 17.59 lakh. The actual depreciation as per the schedule 4 of the audited accounts works out to Rs. 29.31 lakh. Taking into account the opening GFA and capitalization, the actual weighted average rate of depreciation works out to 4.26% for the assets of SLDC for the year FY 2010-11, which is considered reasonable for SLDC assets.

Table 3.4: Approved Gross Fixed Assets and Depreciation for FY 2010-11

(Rs. lakh)	
Particulars	Approved in Truing up for FY 2010-11
Gross Fixed Assets at the beginning of the year	689.84
Capitalization (Assets added) during the year	17.59
Adjustments/Deductions	21.71
Closing GFA	685.72
Average Assets	687.78
Depreciation	29.31
Weighted average rate of depreciation (%)	4.26%

The Commission accordingly approves the depreciation charges at Rs. 29.31 lakh as per the segregated accounts in the truing up for FY 2010-11 as detailed in the Table 3.4.

3.4 Interest and Finance charges for FY 2010-11

Petitioner's submission

The petitioner has claimed Rs. 47.66 lakh towards interest and finance charges in the Truing up for FY 2010-11 against Rs. 85.00 lakh approved in the Tariff Order for FY 2010-11. The details of interest and finance charges approved in the Tariff Order for FY 2010-11 and actuals now claimed by SLDC are given in the Table 3.5 below:



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Table 3.5 Interest and Finance charges claimed for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Deviation +/(-)
Opening Loans	676.00	257.50	418.50
Addition During Year	344.00	147.06	196.94
Repayment During the Year	68.00	25.94	42.06
Closing Loans	952.00	378.62	573.38
Average Loans	814.00	318.06	495.94
Interest on Loans	85.06	41.64	43.36
Other Interest Charges	0	6.02	(6.02)
Total Interest & Finance Charges	85.00	47.66	37.34

The petitioner has submitted that interest on loans for the FY 2010-11 has been calculated at the rate of 10.998% on the closing balance of loans. Average tenure of loan has been assumed to be 10 years for all loans allocated to SLDC by GETCO for the purpose of repayment.

Commission's Analysis

The Commission has examined the details of opening loans, additions and repayment during FY 2010-11. SLDC has furnished the additions of loan at Rs. 147.46 lakh for FY 2010-11.

The commission has observed that there is a net deduction of Rs. 4.12 lakh of assets during FY 2010-11 as per the segregated annual accounts. Therefore, Commission has not considered new addition of assets in SLDC during FY 2010-11 and has not allowed new normative borrowings during FY 2010-11. Interest on loans on the opening loans after deducting the repayment during the year has been considered at 9.57%, as has been taken for GETCO based on its opening loan portfolio for the FY 2010-11.

The SLDC has also claimed the other interest charges of Rs. 6.02 lakh comprises of Rs. 5.87 lakh on account of Discount to consumers for timely payment of bills. Since SLDC is already getting interest on working capital on a normative basis considering



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15 days of expected revenue, the Commission has not considered the discount to consumers for timely payment of bills in the truing up for FY 2010-11.

Table 3.6: Approved Interest and Finance charges for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Approved in Truing up (FY 2010-11)
Opening Loans	676.00	257.50	423.29
Addition During Year	344.00	147.06	0.00
Repayment During the Year	68.00	25.94	42.33
Closing Loans	952.00	378.62	380.96
Average Loans	814.00	318.06	402.13
Interest on Loans	85.00	41.64	38.48
Other Interest Charges	0	6.02	0.15
Rate of interest	10.45%		9.57%
Total Interest & Finance Charges	85.00	47.66	38.63

The Commission accordingly approves the interest and finance charges at Rs. 38.63 lakh in the Truing up for FY 2010-11.

3.5 Return on Equity for FY 2010-11

The petitioner has claimed Rs. 34.76 lakh towards return on equity in the Truing up for FY 2010-11 against Rs. 66.00 lakh approved in the Tariff Order for FY 2010-11. The details of return on equity approved in the Tariff Order for FY 2010-11 and actuals now claimed by SLDC in the Truing up are given in the Table 3.7 below:

Table 3.7: Return on Equity claimed by SLDC

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Deviation +/-
Opening Equity Capital	398.00	216.76	181.24
Addition During the Year	147.00	63.02	83.98
Closing Equity	545.00	279.78	265.22



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Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Deviation +/-
Average equity	471.50	248.27	223.23
Return on Equity	66.00	34.76	31.24

Petitioner's submission

The petitioner has submitted that equity and liabilities are to be allocated to SLDC during the initial period. As no long term loans have been availed by SLDC, it is considering transfer of equity on the basis of overall debt: equity ratio of GETCO. It is further submitted that equity at the rate of 30% of capital expenditure is considered as addition to equity for the FY 2010-11. The return on equity has been calculated at 14%.

Commission's Analysis

The commission has observed that there is a net deduction of Rs. 4.12 lakh of assets during FY 2010-11 as per the segregated annual accounts. Therefore, Commission has not considered new addition of assets in SLDC during FY 2010-11 and has not allowed new normative capitalization of 30% during FY 2010-11. Further, Commission has deducted Rs. 1.24 lakh of equity from the opening equity capital, based on the 30% of assets funded through equity from the net deduction of assets during FY 2010-11. The rate of return has been calculated at the rate of 14%. The details have been given in the Table 3.8 below:

Table 3.8: Approved Return on Equity for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Approved in Truing up (FY 2010-11)
Opening Equity Capital	398.00	216.76	227.24*
Addition / (Deduction) during the Year	147.00	63.02	(1.24)
Closing Equity	545.00	279.78	226.00
Average equity	471.50	248.27	226.62
Return on Equity	66.00	34.76	31.73

*The closing equity of FY 2009-10 as per the truing up



The Commission accordingly approves the return on equity at Rs. 31.73 lakh in the Truing up for FY 2010-11.

3.6 Interest on working capital for FY 2010-11

Petitioner's submission

The petitioner has submitted that interest on working capital for FY 2010-11 is computed at Rs.27.44 lakh as against the amount of Rs.18.00 lakh approved in the Tariff order for FY 2010-11 as detailed in table 3.9. The interest on working capital is claimed at 11.75%, as the prime lending rate (PLR) as on 1st April 2010.

Table 3.9: Claimed Interest on working capital for FY 2010-11

Particulars	(Rs. lakh)	
	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11
O & M Expenses	78.00	157.8
Maintenance and Spares	18.00	3.54
Receivables	85.00	72.22
Total Working Capital	181.00	233.57
Rate of Interest	10.25%	11.75%
Interest on working capital	18.00	27.44

Commission's Analysis

The Commission has examined the submission made by the petitioner. Interest on working capital is to be allowed on normative basis as per the Regulations. It comprises of one month's O&M expenses, maintenance spares at 1% of opening GFA and receivables equivalent to 15 days of expected revenue from SLDC charges for FY 2010-11. Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon are recalculated at 10.25% i.e. SBI PLR as on 1st April 2004 as detailed in the Table 3.10 below:



Table 3.10: Approved Interest on working capital for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Approved in Truing up (FY 2010-11)
O & M Expenses (1 month)	78.00	157.80	81.04
Maintenance and Spares (1% of Opening GFA)	18.00	3.54	6.90
Receivables (15 days of expected revenue)	85.00	72.22	78.93
Total Working Capital	181.00	233.57	166.88
Rate of Interest	10.25%	11.75%	10.25%
Interest on working capital	18.00	27.44	17.10

The Commission accordingly approves the interest on working capital at Rs.17.10 lakh for the Truing up for FY 2010-11.

3.7 RLDC Fees and Charges, ULDC charges and WAM Charges for FY 2010-11

Petitioner's submission

The petitioner has claimed the RLDC fees and charges, ULDC charges and WAM charges in the truing up for FY 2010-11 as detailed in the Table 3.11 below:

Table 3.11: RLDC charges, ULDC charges & WAM charges claimed for FY 2010-11

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Deviation +/-
RLDC Fees and Charges	12.00	9.96	2.04
ULDC charges	1021.00	801.21	218.38
WAM charges	22.00	0.00	22.00



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Commission's Analysis

The commission has examined the annual accounts of SLDC to verify the RLDC and ULDC charges as claimed in the petition. As per the discussions held with the SLDC officials on 24th February, 2012 the RLDC charges are a part of the A&G expenses as given in schedule 14 of the segregated accounts and the ULDC charges have been taken from the R&M charges as given in schedule 12 of the segregated annual accounts. These charges have been considered separately in this section and have been deducted from the O&M expenses approved for FY 2010-11.

**Table 3.12: Approved RLDC charges, ULDC charges and WAM charges
for FY 2010-11**

(Rs. lakh)

Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Approved in Truing up (FY 2010-11)
RLDC Fees and Charges	12.00	9.96	9.96
ULDC charges	1021.00	801.21	801.21
WAM charges	22.00	0.00	0.00

The Commission approves the RLDC charges at Rs. 9.96 lakh and ULDC charges at Rs. 801.21 lakh in the truing up for FY 2010-11.

3.8 Non-tariff income for FY 2010-11

SLDC has furnished the actual other income at Rs.173.02 lakh in the Truing up for FY 2010-11 against Rs.156.00 lakh approved in the Tariff Order for FY 2010-11 as detailed in the Table 3.13 below:

Table 3.13: Revenue from non-tariff income for FY 2010-11

(Rs. lakh)

Sr. No.	Particulars	Approved in the T.O. for FY 2010-11	Actual for FY 2010-11	Deviation +/-
1	Interest on Staff Loans & Advances	4.00	4.01	(0.01)
2	Miscellaneous Receipts	50.00	6.69	43.31
3	Scheduling Charges	68.00	139.85	(71.85)
4	Application / registration Charges	34.00	22.47	11.53
	Total	156.00	173.02	(17.02)



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Petitioner's submission

The petitioner has submitted that it is collecting scheduling charges, application charges from various short term open access users. Further, it is also earning revenue from sources which include interest on staff loans, interest on investments, income from sale of stores etc. The petitioner has submitted to include the above mentioned sources of income as a part of non tariff income in the truing up for FY 2010-11.

Commission's Analysis

The commission after detailed examination of the segregated annual accounts for FY 2010-11 found that the actual non tariff income of SLDC is Rs. 10.55 lakh. The Commission observed that the petitioner has included Rs. 162.32 lakh (Scheduling charges of Rs. 139.85 lakh & Application/registration charges of Rs. 22.47 lakh) of miscellaneous charges in the non-tariff income whereas the same has shown as a part of revenue in the segregated annual account. While approving the non tariff income, Commission has not considered the miscellaneous charges as a part of non tariff income.

Table 3.14: Approved Revenue from non-tariff income for FY 2010-11

(Rs. lakh)				
Sr. No.	Particulars	Approved in the T.O. for FY 2010-11	Actual for FY 2010-11	Approved in Truing up (FY 2010-11)
1	Interest on Staff Loans & Advances	4.00	4.01	4.01
2	Miscellaneous Receipts	50.00	6.69	6.54
3	Scheduling Charges	68.00	139.85	**
4	Application / registration Charges	34.00	22.47	**
	Total	156.00	173.02	10.55

** Considered by the Commission as a part of revenue of SLDC under Table 3.19

The Commission approves the non-tariff income at Rs. 10.55 lakh in the Truing up for FY 2010-11.



3.9 Income Tax for FY 2010-11

SLDC has furnished the income tax paid at Rs.4.47 lakh out of the consolidated income tax paid by GETCO of Rs. 10.94 Crore for FY 2010-11, as detailed in the Table 3.15 below:

Table 3.15: Provision for Taxation for FY 2010-11

(Rs. lakh)			
Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Deviation +/-
Income Tax	10.00	4.47	5.53

Petitioner's submission

The petitioner has submitted that tax at the rate of 19.9305%, as per the Minimum Alternate Tax (MAT) rate, has been considered to calculate provision for tax.

Commission's Analysis

The commission has verified the tax as claimed by SLDC from the segregated annual accounts and found that it has made the provision of Rs. 4.47 lakh as income tax. SLDC has paid this tax through the consolidated tax payment made by GETCO. During FY 2010-11 GETCO has actually paid Rs. 10.94 Crore as income tax out of which Rs. 4.47 lakh is approved as income tax for SLDC and the balance amount for GETCO.

The commission thus approves the income tax at Rs. 4.47 lakh for the FY 2010-11 as given in the table below.

Table 3.16: Approved Income Tax for FY 2010-11

(Rs. lakh)			
Particulars	Approved in the T.O. for FY 2010-11	Actual expense for FY 2010-11	Approved in Truing up (FY 2010-11)
Income Tax	10.00	4.47	4.47

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3.10 Proposed and Approved fixed costs for FY 2010-11

SLDC has claimed net prior period charges and other debits to the tune of Rs. 15.18 lakh in the truing up for FY 2010-11. As per the provision of the regulations there is no head under which the net prior period charges and other debits are allowed. Further the ARR is worked out on a normative basis therefore the Commission does not approve the net prior period charges and other debits as claimed by the petitioner.

The fixed charges approved in the Tariff order for FY 2010-11, claimed by SLDC in truing up and approved by the Commission are summarized in the Table 3.17 below:

Table 3.17: Approved fixed costs in Truing up for FY 2010-11

(Rs lakh)				
S.No.	Annual Revenue Requirement	Approved in the T.O. for FY 2010-11	Claimed in True up for FY 2010-11	Approved in Truing up (FY 2010-11)
1	O&M Expense	941.00	1,082.49	972.53
1.1	Employee Cost	610.00	819.20	819.20
1.2	R&M Cost	71.00	22.15	22.15
1.3	A&G Cost	260.00	241.14	131.18
2	Interest on Working Capital	18.00	27.44	17.10
3	WRPC/RLDC Fees and charges	12.00	9.96	9.96
4	ULDC Charges	1,021.00	801.21	801.21
5	WAM charges	22.00	0.00	0.00
6	Less: Other Income	156.00	173.02	10.55
7	Add: prior period expenses		15.18	0.00
8	Sub Total (operating costs)(a)	1,858.00	1,763.26	1,790.25
9	Depreciation	63.00	37.31	29.31
10	Interest & Finance Charges	85.00	47.66	38.63
11	Return on Equity	66.00	34.76	31.73
12	Total Fixed Cost	214.00	119.73	99.67
13	Less: Expenses Capitalised	0.00	0.00	0.00
14	Add: Provision for tax	10.00	4.47	4.47
15	Sub Total(Capital Costs)(b)	224.00	124.20	104.14
16	Total Revenue Budget(a+b)	2,082.00	1,887.46	1,894.40



3.11 Revenue Gap for FY 2010-11

Petitioner's Submission

The petitioner has estimated a revenue gap in operating cost of Rs.255.53 lakh during FY 2010-11 taking into account the gains and losses of Rs. 63.91 lakh due to actual expenses and a revenue surplus of Rs.71.38 lakh in capital cost taking into account gains and losses of Rs. 99.87 lakh. The total revenue gap thus estimated by SLDC comes to Rs. 184.15 lakh as given in the Table 3.18 below:

Table 3.18: Revenue Gap projected for FY 2010-11

(Rs. lakh)		
S.No.	Particulars	FY 2010-11
1	Operating Cost Budget Approved by the Commission (a)	1,857.14
	Gain/(Loss) on account of Uncontrollable factor to be passed on to the consumer for operating cost (b)	41.34
	Gain/(Loss) on account of controllable factor to be passed on to the consumer for operating cost (c)	22.57
	Revised operating cost (a-b-c)	1793.23
	Less: actual revenue from SLDC charges	1537.70
	Revenue Gap/(surplus) in operating cost	255.53
2	Capital Cost Budget Approved by the Commission (a)	224.07
	Gain/(Loss) on account of Uncontrollable factor to be passed on to the consumer for capital cost (b)	99.87
	Gain/(Loss) on account of controllable factor to be passed on to the consumer for capital cost (c)	0.00
	Revised capital cost (a-b-c)	124.20
	Less: actual revenue from SLDC fees	195.58
	Revenue gap/(surplus) in capital cost	(71.38)
	Total revenue gap/(surplus) in FY 2010-11	184.15

The petitioner has requested the Commission to approve the revised ARR and considered the revenue gap obtained after treating gains/losses for FY 2010-11 in the next financial year.



Commission's Analysis

As GERC (Levy & Collection of Fees and Charges by SLDC) Regulations, 2005 does not provide for the computation of gains and losses for SLDC, Commission asked SLDC to clarify the same. Subsequently through letter dated 21.02.2012, SLDC requested the Commission to true up the ARR of FY 2010-11 on actual basis without computing the gains and losses. Accordingly the revised ARR for SLDC is arrived at taking into consideration the expenses and non tariff income approved in the truing up for FY 2010-11 based on the segregated annual accounts submitted by SLDC. The revenue gap is summarized in the table 3.19 below:

Table 3.19: Approved Revenue Gap for FY 2010-11

(Rs. lakh)

Particulars	FY 2010-11
Operating Cost Budget Approved by the Commission	1,790.25
Actual revenue from SLDC charges	1700.16
Revenue (Gap)/surplus in Operating Cost (a)	(90.09)
Capital Cost Budget Approved by the Commission	104.14
Actual revenue from SLDC fees	195.58
Revenue (Gap)/surplus in Capital Cost (b)	91.44
Total revenue(gap)/surplus in FY 2010-11 (a+b)	1.34

The Commission approves the revenue surplus of Rs.1.34 lakh in the truing up for FY 2010-11.



Chapter 4

Determination of Fees and Charges for FY 2012-13

4.1 Introduction

This chapter deals with the revised Capital Expenditure and determination of SLDC fees and charges for the FY 2012-13. The Commission has considered the ARR approved in the MYT order dated 31st March, 2011 for FY 12-13 and the adjustment on account of true up for FY 2010-11 while determining the SLDC fees and charges for FY 2012-13.

4.2 Revised Capital Expenditure for the FY 2012-13

In the MYT order dated 31st March, 2011, capital expenditure of Rs. 460 lacs was approved by the Commission as proposed by the SLDC. The SLDC has now revised its Capital Expenditure Plan for the FY 2012-13, as shown in Table 4.1 below, owing to inclusion of three ambitious projects which will help improving entire system and overall efficiency by strengthening communication systems and software support.

Table 4.1: Revised CAPEX Plan for the FY 2012-13

Sl. No.	Particulars (Rs. In Lacs)	2012-13 (Rs. Lacs)	
		Approved	Revised
1	Land Acquisition Cost	20	20
2	Augmentation / Upgradation of Existing System	145	-
	Revised as: Augmentation / Upgradation of Existing System including Installation and Commissioning of 17 Nos. of RTUs	-	375
3	Strengthening of Communication Channels & WAMS	50	-
	Revised as: Wide Area Measurements (WAMS) through Phasor Measurement Units (PMUs)	-	1150
4	Additional System / Software Planning	40	-
	Revised as: Software for Energy Accounting and Scheduling for State Pool Account with EMR Support	-	887
5	IT Infrastructure	20	20
6	SLDC Building Development	120	50
7	Office Equipment	50	50
8	Staff Recreation Facilities	15	0
	Total Capital Expenditure	460	2552



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The revised CAPEX plan for FY 2012-13 has not been considered by SLDC to revise the ARR for FY 2012-13 in line with the provisions of MYT Regulations, 2011.

4.3 Proposed SLDC fees and charges for FY 2012-13

Petitioner's submission

The proposed SLDC fees and charges by the petitioner as given in the petition for the FY 2012-13 are as given in Table 4.2 below:

Table 4.2: Proposed SLDC fees & charges for FY 2012-13

Particulars	FY 2012-13
SLDC Operating Charges Budget , approved in MYT (Rs Lakh)	1848.46
Add: Revenue Gap in operating charges budget in True up for FY 2010-11(Rs Lakh)	255.53
Total Operating Charges(Rs Lakh)	2103.99
Total MW Capacity (as approved in MYT Order)	18538.00
Total MW Allocation (as approved in MYT Order)	23663.00
Revised SLDC Charges (Rs/MW/Month)	415.47
SLDC Capital Charges Budget (Rs lakh)	312.87
Add: Revenue Gap in capital charges budget in True up for FY 2010-11(Rs Lakh)	(71.38)
Total Capital Charges(Rs Lakh)	241.49
SLDC Fees (Rs/MW/Half Year)	286.12

The SLDC vide a letter dated 21.02.2012 has submitted that it would like to migrate to the cost plus structure from Multi-Year Tariff structure as the MYT tariff structure was not suitable to it. The new mechanism as proposed by SLDC is given below:

Total expenses approved should be divided in 12 months and further it should be divided by the available capacity on actual basis to get the tariff for the month and that tariff should be considered to collect Charges/Fees from the parties.

SLDC has proposed the following formula to compute SLDC Charges:



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SLDC Charges for Power System Operation payable for a month by a Long Term Open Access customer of the Gujarat Grid

$$(\text{SCB}/12) * (\text{ATCi}/\text{SATCi})$$

where,

SCB = Annual SLDC charges Budget for the year

ATCi = Actual Total Capacity of the customer (Generator or Distributor) for the Month i,

SATCi = Sum of Actual Total Capacity (Generation + Allocation) for the Month i.

Commission's Analysis

The Commission has taken note of the suggestions made by the Petitioner for recovery of SLDC charges. The cost plus structure was submitted by SLDC after the public hearing and so the beneficiaries of SLDC are not aware of the new mechanism proposed by SLDC. Therefore, the Commission has decided to continue the existing methodology for FY 2012-13, for recovery of SLDC fees and charges as approved for the MYT control period in its order dated 31st March, 2011. The charges to be recovered from generation / distribution licensees / beneficiaries as computed by the Commission are given in the table 4.4 below:

Table 4.3: Revenue Gap /Surplus for FY 2010-11

(Rs Lakh)	
Particulars	FY 2010-11
Operating Cost Budget Approved by the Commission	1,790.25
Actual revenue from SLDC charges	1700.16
Revenue (Gap)/surplus in Operating Cost (a)	(90.09)
Capital Cost Budget Approved by the Commission	104.14
Actual revenue from SLDC fees	195.58
Revenue (Gap)/surplus in Capital Cost (b)	91.44



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Particulars	FY 2010-11
Total revenue (Gap)/Surplus in FY 2010-11 (a+b)	1.34

Table 4.4: Computed SLDC fees & charges for the FY 2012-13

Particulars	FY 2012-13
SLDC Operating Charges Budget , approved in MYT (Rs Lakh)	1848.46
Add: Revenue Gap in operating charges budget in True up for FY 2010-11(Rs Lakh)	90.09
Total Operating Charges(Rs Lakh)	1,938.55
Total MW Capacity	18538.00
Total MW Allocation	23663.00
Revised SLDC Charges (Rs/MW/Month)*	380.00
SLDC Capital Charges Budget approved in MYT (Rs lakh)	312.87
Less: Revenue Surplus in capital charges budget in True up for FY 2010-11(Rs Lakh)	91.44
Total Capital Charges(Rs Lakh)	221.43
SLDC Fees (Rs/MW/Half Year)*	260.00
Grid Connection Fees(Rs.)	10000.00

* Rounded off to the nearest multiple of ten.

The Commission accordingly approves the annual fees and charges of SLDC for the FY 2012-13 as above.



Chapter 5

Compliance of Directives

The commission has issued certain directives in the Tariff order dated 31st March 2011 for FY 2011-12. Some of the directives have been complied with by SLDC. SLDC has now submitted a report on compliance of the directives issued. The comments of the commission on the compliance by SLDC and some fresh directives are given below:

Directive1: Auditing of SLDC Accounts

SLDC continues to be part of GETCO though separate accounts are maintained for SLDC activities. No separate audit is done for SLDC Accounts.

SLDC shall get its assets duly certified by a Statutory Auditor. Also accounts of SLDC should be audited by Statutory Auditor and duly certified by the auditor. The Truing up for FY 2010-11 would be approved only based on such certificate by the Statutory Auditor.

Compliance/ Action Taken

SLDC has got its assets and books of accounts certified by Statutory Auditor. A copy of the same has been attached as with in the petition for commissions reference.

Commission's Comments

Action taken is noted. The same should be made available along with the True up and Tariff petition in ensuing years also.



COMMISSION'S ORDER

The Commission approves SLDC charges and fees as indicated below for FY 2012-13.

Particulars	FY 2012-13
SLDC Operating Charges Budget , approved in MYT (Rs Lakh)	1848.46
Add: Revenue Gap in operating charges budget in True up for FY 2010-11(Rs Lakh)	90.09
Total Operating Charges(Rs Lakh)	1,938.55
Total MW Capacity	18538.00
Total MW Allocation	23663.00
Revised SLDC Charges (Rs/MW/Month)*	380.00
SLDC Capital Charges Budget approved in MYT (Rs lakh)	312.87
Less: Revenue Surplus in capital charges budget in True up for FY 2010-11(Rs Lakh)	91.44
Total Capital Charges(Rs Lakh)	221.43
SLDC Fees (Rs/MW/Half Year)*	260.00
Grid Connection Fees(Rs.)	10000.00

* Rounded off to the nearest multiple of ten.

This order shall come into force with effect from 1st April, 2012.

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Member

Sd/-

DR. P.K. MISHRA
Chairman

Place: Ahmedabad
Date: 07/04/2012

