

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2011-12 and
Determination of Fees and Charges for FY 2013-14

For

State Load Despatch Centre (SLDC)

**Case No.1263 of 2012
28th March 2013**

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(GERC)**

AHMEDABAD

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ABBREVIATIONS

A&G	Administration and General
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CTU	Central Transmission Utility
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
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 and Maintenance
RE	Revised Estimates
RLDC	Regional Load Despatch Centre
SCADA	Supervisory Control And Data Acquisition
SLDC	State Load Despatch Centre
STU	State Transmission Utility
UGVCL	Uttar Gujarat Vij Company Limited
ULDC	Unified Load Despatch and Communication
WAM	Wide Area Management
WRLDC	Western Regional Load Despatch Centre
WRPC	Western Region Power Committee



**State Load Despatch Centre
Truing Up for FY 2011-12 and
Determination of Fees and Charges for FY 2013-14**



Before the Gujarat Electricity Regulatory Commission at Ahmedabad

Case No. 1263 of 2012

Date of the Order: 28/03/2013

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 30th November, 2012, 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 2011-12 and for determination of SLDC fees and charges for the FY 2013-14.

The Commission admitted the petition on 12th December, 2012.



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 Centre, from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

Section 31 (1) of the Electricity Act, 2003, requires the State Government to establish a separate State Load Despatch Centre (SLDC). Section 31 (2) of the Electricity Act provides that the SLDC shall be operated by a Government company / authority / corporation constituted under any State Act and until such company / authority / corporation is notified by the State Government, the State Transmission Utility (STU) would operate the SLDC. Accordingly, in the State of Gujarat, the STU, viz., 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 a separate ARR for SLDC from FY 2009-10. The Commission had directed that the GETCO should initiate action to compile the data for filing a separate ARR petition for SLDC for FY 2010-11. As per directive of the Commission, SLDC filed its first ARR Petition 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 an 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 Commission's Tariff Order for FY 2012-13

SLDC filed a 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, in its Order on 7th April, 2012, approved the ARR for FY 2012-13 and SLDC fees and charges for FY 2012-13.

1.6 Admission of Current Petition and Public Hearing

The SLDC has filed the current petition for 'Truing up' for FY 2011-12 and determination of SLDC fees and charges for the FY 2013-14 on 30th November,



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2012. The Commission admitted the petition on 12th December, 2012 (under Case No. 1263/2012). The SLDC has also communicated the petition to the Generating Companies, Licensees and other beneficiaries.

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

A 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	Indian Express	English	20.12.2012
2	Sandesh	Gujarati	20.12.2012

The petitioner also placed a public notice and the petition on its website (www.sldcguj.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 19th January, 2013. However, the SLDC / Commission have not received objections / suggestions from any party.

1.7 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 the petition.
3. The **third** chapter deals with the 'Truing up' for FY 2011-12.
4. The **fourth** chapter deals with the SLDC fees and charges for FY 2013-14.
5. The **fifth** chapter deals with Compliance of Directives

1.8 Approach of this order

GERC MYT Regulations, 2011, provide for 'Truing up' of the previous year, and determination of tariff for the ensuing year. The Commission had approved the ARR for the MYT period FY 2011-12 to FY 2015-16 and SLDC fees and charges for FY 2011-12, vide order dated 31st March, 2011 and for truing-up for FY 2010-11 and SLDC fees and charges for FY 2012-13, vide the Commission's Order dated 7th April,



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2012.

The SLDC has now approached the Commission with the present petition for 'truing up' of the FY 2011-12, and determination of SLDC fees and charges for the FY 2013-14.

The Commission has undertaken 'Truing up' for the FY 2011-12, based on the submissions of the petitioner and segregated annual accounts from the audited annual accounts of GETCO. The determination of the fees and charges for FY 2013-14 has been considered as per Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005, and other relevant Regulations.



2. A Summary of SLDC's Petition

2.1 Introduction

The State Load Despatch Centre (SLDC) submitted the Petition on 30th November, 2012 seeking approval for 'Truing up' of FY 2011-12 and determination of SLDC fees and charges for the FY 2013-14. 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 2011-12 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 2011-12

Particulars	Claimed in True up for FY 2011-12
(Rs. lakh)	
O&M Expenses	
Employee Cost	898.65
R&M Cost	63.59
A&G Cost	146.49
Sub Total (O&M Expenses)	1108.73
Interest on Working Capital	26.60
RLDC Fees and charges	9.29
ULDC Charges & other related projects	858.20
WAM charges	-
Less: Other Income	312.88
Sub Total (operating costs) (a)	1689.94
Depreciation	66.00
Interest & Finance Charges	38.40
Return on Equity	33.72
Total Fixed Cost	138.12
Less: Expenses Capitalised	-
Add: Provision for tax	8.43
Sub Total(Capital Costs) (b)	146.55
Total Revenue Budget (a+b)	1836.49



2.3 Proposed SLDC Fees and Charges

SLDC has submitted Revised Proposal for FY 2013-14 vide its letter No. GETCO/SLDC/ARR/2013-14/71 dated 17th January, 2013. The details furnished by SLDC are given in the Table 2.2 below:

Table 2.2: Proposed SLDC Fees and Charges for the FY 2013-14

Particulars	Unit	2013-14
Total MW capacity (as approved in MYT)	MW	19877
Total MW allocation (As approved in MYT)	MW	25676
Revised SLDC Operating Charges Budget	Rs. lakh	2281.39
Add: Revenue Surplus/(Gap) in Operating Charges Budget in True-up for the FY 2011-12	Rs. lakh	(124.32)
Total Operating Charges	Rs. lakh	2405.71
Revised SLDC Charges	(Rs./MW/Month)	440.09
Revised SLDC Capital Charges Budget	Rs. lakh	912.71
Add: Revenue Surplus/(Gap) in capital charges budget in true-up for the FY 2011-12 Rs. lakh	Rs. lakh	50.02
Total Capital Charges	Rs. lakh	862.69
Revised SLDC Fees	(Rs.MW/Half year)	946.90

2.4 Request of SLDC

1. To admit this petition for approval of Truing-up for FY 2011-12 and Aggregate Revenue Requirement for FY 2013-14.
2. To approve the Tariff for the FY 2013-14 and permit recovery of charges from 1st April, 2013.
3. To accept the figures in Rupees lakh, as the figures of SLDC are comparatively smaller than those of other entities.
4. To approve the methodology for recovery of SLDC charges and fees from the 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.



3. True up for FY 2011-12

3.1 Introduction

This chapter deals with 'Truing up' of FY 2011-12 of SLDC. The Commission has analyzed each of the components of Truing-up for FY 2011-12 in the following sections.

3.2 Operations and Maintenance (O&M) Expenses for FY 2011-12

Petitioner's submission

The petitioner has claimed Rs. 1108.73 lakh towards actual O&M expenses in the Truing up for FY 2011-12, against Rs. 1060.90 lakh approved for FY 2011-12 in the MYT order for FY 2011-16, as shown in Table 3.1 below:

Table 3.1: Operations & Maintenance Expenses claimed for FY 2011-12

Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	(Rs. lakh)
			Deviation +/-
Employee Cost	775.94	898.65	(122.71)
Repairs & Maintenance	40.51	63.59	(23.08)
Administration & General Expense	244.45	146.49	97.96
Total	1060.90	1108.73	(47.83)

The petitioner has submitted that the 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 7% each time during FY 2011-12, which also contributed towards increase in Employee cost. GETCO has also mentioned that the actual employee cost during FY 2011-12 was Rs. 898.65 lakh.



Commission's analysis

The Commission has examined the submission made by SLDC. The Commission has obtained the details of O&M expenses for FY 2011-12. 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 audited annual accounts. As observed from the accounts, the expenses under terminal benefits are to the tune of Rs. 98.83 lakh and it has been 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 2011-12. These terminal benefits were earlier stated to have been included in the books of accounts of GETCO. The Commission has approved the employee cost at Rs. 819.20 Lakh in the Truing up for FY 2010-11.

The R&M expenses, as per the audited annual accounts, are Rs. 921.79 lakh. Out of this total expenses, Rs. 858.20 lakh relate to ULDC charges, which has been claimed by SLDC separately. SLDC has submitted that the main reason for increase of expenses in R & M is the purchase of RTU spares amounting to about Rs. 41.62 Lakh. The Commission, accordingly, approves R&M expenses to the tune of Rs. 63.59 lakh under O&M expenses and Rs. 858.20 lakh under the ULDC charges.

SLDC has claimed the A&G expenses at Rs. 146.49 lakhs. The A&G expenses, as verified from the audited annual accounts for FY 2011-12, are Rs. 155.78 lakh. With reference to a query from the Commission SLDC has clarified in its letter no., GETCO / SLDC / ARR / 2013-14 /71 dated 17th January 2013 that an amount of Rs. 9.29 lakhs included in the A&G expenses under the head 'Expenses of Meetings & Conferences' in Audited Accounts, relate to RLDC charges. As there is no separate head for RLDC charges the same is depicted in A&G expenses. Accordingly SLDC has submitted A&G expenses to the tune of Rs. 146.49 lakhs and Rs. 9.29 lakhs under the head RLDC charges as detailed in para 3.7.

The amount of Rs. 146.49 lakh claimed by SLDC on account of A&G expenses, are normal A&G expenses. The Commission, accordingly, approves A&G expenses to the tune of Rs. 146.49 lakh under O&M expenses.

The Commission considers the O&M expenses at Rs. 1108.73 lakh as claimed by SLDC for FY 2011-12. The O&M expenses approved in the MYT Order for FY 2011-



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12 claimed by SLDC in the Truing up and approved by the Commission in the Truing up are detailed in Table 3.2 below:

Table 3.2: Operations & Maintenance Expenses approved for FY 2011-12

Particulars	(Rs. lakh)		
	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
Employee Cost	775.94	898.65	898.65
Repairs & Maintenance	40.51	63.59	63.59
Administration & General Expense	244.45	146.49	146.49
Total	1060.90	1108.73	1108.73

The Commission approves the O & M expenses at Rs. 1108.73 lakh in the Truing up for FY 2011-12.

3.3 Depreciation for FY 2011-12

Petitioner's submission

The petitioner has claimed Rs. 66 lakh towards depreciation for FY 2011-12, against Rs. 81.56 lakh approved by the Commission for FY 2011-12. The difference is due to lower capitalisation of assets in FY 2011-12. SLDC, in its Petition, has mentioned that it has calculated depreciation on fixed assets as per the rates specified in Schedule XIV of the Companies Act, 1956. The fixed assets related to SLDC have been transferred after detailed analysis of the books of accounts. SLDC has further submitted that it has a policy to write-off intangible assets in the year in which the amount has occurred and the same has been endorsed by the statutory auditor in the audit of the books of accounts of SLDC for FY 2011-12. The depreciation claimed by SLDC for FY 2011-12 and the depreciation as approved for the year in MYT order are given in the Table 3.3 below:

Table 3.3: Depreciation claimed for FY 2011-12

Particulars	(Rs. lakh)		
	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Deviation +/-
Depreciation	81.56	66.00	15.56

Commission's analysis

As per the audited annual accounts, the capitalisation of SLDC for the FY 2011-12 was Rs. 72.35 lakh. The actual depreciation, as per the audited accounts, is Rs.



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66.07 lakh. Depreciation has been claimed by SLDC under the Provisions of Company's Act 1956. This is in accordance with GERC, SLDC Regulations, 2005.

The commission accordingly approves the depreciation at Rs. 66.07 lakhs in the truing-up for FY 2011-12 as per the audited annual accounts as detailed in the table 3.4 below:

Table 3.4 approved depreciation for FY 2011-12

(Rs. lakh)			
Particulars	Approved for FY 2011-12 in MYT order	Actual claimed in Truing up for FY 2011-12	Approved in the Truing-up for FY 2011-12
Depreciation	81.56	66.00	66.07

3.4 Interest and Finance charges for FY 2011-12

Petitioner's submission

The petitioner has claimed Rs. 38.40 lakh towards interest and finance charges in the Truing up for FY 2011-12, as against Rs. 86.90 lakh approved for FY 2011-12 in the MYT order. The details of interest and finance charges approved in the MYT Order for FY 2011-12 and actuals now claimed by SLDC in its submission vide reference No. GETCO/SLDC/ARR/2013-14/71 dated 17th January, 2013 are given in Table 3.5 below:

Table 3.5 Interest and Finance charges claimed for FY 2011-12

(Rs. lakh)			
Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Deviation +/-)
Opening Loans	725.36	380.96	344.40
Addition During Year	294.00	42.69	169.75
Repayments During the Year	81.56	38.10	43.46
Closing Loans	937.80	385.55	552.25
Average Loans	831.58	383.26	448.32
Interest on Loans	86.90	38.40	48.50
Other Interest Charges	-	-	-
Total Interest & Finance Charges	86.90	38.40	48.50

The petitioner has submitted that interest on loans for the FY 2011-12 has been calculated at the rate of 10.02% on the closing balance of loans. Average tenure of



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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 2011-12. SLDC has furnished the addition of loan at Rs. 42.69 lakh for FY 2011-12.

The Commission has observed that there is a net addition of Rs. 72.35 lakh of assets during FY 2011-12, as per the audited annual accounts. SLDC has adopted the debt-equity of 59:41 and arrived at the normative loan at Rs. 42.69 lakhs as addition during FY 2011-12. SLDC Regulations, 2005 have not specified normative debt-equity and left this to the discretion of the SLDC. SLDC has considered the period of repayment as 10 years and the repayment is shown at 1/10th of the opening loan.

The existing SLDC regulations, 2005 have not specified normative debt-equity. However, the GERC MYT Regulations have specified the debt-equity ratio of 70:30. The Commission is in favour of adopting the debt-equity ratio of 70:30 for SLDC also.

The Commission approves the debt-equity ratio of 70: 30 in the truing up. Interest on loans has been considered at 10.02%, as has been taken for GETCO, based on its opening loan portfolio for the FY 2011-12. The Commission has however considered the repayment of loan as equivalent to the depreciation approved in line with the MYT Regulations, 2011. The interest and finance charges are worked out as detailed in Table 3.6 below:

The SLDC has not claimed any other interest charges.

Table 3.6: Approved Interest and Finance charges for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
Opening Loans	725.36	380.96	380.96
Addition During Year	294.00	42.69	50.65
Repayments During the Year	81.56	38.10	66.07
Closing Loans	937.80	385.55	365.54
Average Loans	831.58	383.26	373.25
Interest on Loans	86.90	38.40	37.40



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Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
Other Interest Charges	-	-	-
Rate of interest	10.02%		10.02%
Total Interest & Finance Charges	86.90	38.40	37.40

The Commission, accordingly, approves the interest and finance charges at Rs. 37.40 lakh in the truing up for FY 2011-12.

3.5 Return on Equity for FY 2011-12

The petitioner has claimed Rs. 33.72 lakh towards return on equity in the Truing up for FY 2011-12, as against Rs. 61.30 lakh approved in the MYT Order for FY 2011-12. The details of Return on Equity approved in the MYT Order for FY 2011-12 and actuals now claimed by SLDC in its submission vide Reference No. GETCO/SLDC/ARR/2013-14/71 dated 17th January, 2013 in the Truing up are given in Table 3.7 below:

Table 3.7: Return on Equity claimed by SLDC

Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Deviation +/-
Opening Equity Capital	374.84	226.00	148.84
Addition During the Year	126.00	29.66	96.34
Closing Equity	500.84	255.66	245.18
Average equity	437.84	240.83	197.01
Return on Equity	61.30	33.72	27.58

(Rs. lakh)

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 41% of capital expenditure is considered as addition to equity for the FY 2011-12. The return on equity has been calculated at 14%.



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Commission's analysis

The Commission has observed that there is a net addition of Rs. 72.35 lakh of assets during FY 2011-12, as per the Audited Annual Accounts. The Commission has taken the closing equity of FY 2010-11 as the opening equity for FY 2011-12 and considered new addition of assets of Rs. 72.35 lakh for SLDC during FY 2011-12 and allowed normative equity addition of Rs. 21.70 lakh towards 30% of capitalization of Rs. 72.35 lakh approved for FY 2011-12. The return on Equity has been calculated at the rate of 14%. The details are given in Table 3.8 below:

Table 3.8: Approved Return on Equity for FY 2011-12

Particulars	(Rs. lakh)		
	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
Opening Equity Capital	374.84	226.00	226.00
Addition / (Deduction) during the year	126.00	29.66	21.70
Closing Equity	500.84	255.66	247.70
Average equity	437.84	240.83	236.85
Return on Equity @ 14%	61.30	33.72	33.16

The Commission, accordingly, approves the return on equity at Rs. 33.16 lakh in the Truing up for FY 2011-12.

3.6 Interest on working capital for FY 2011-12

Petitioner's submission

The petitioner has submitted that interest on working capital for FY 2011-12 is computed at Rs.26.60 lakh, as against the amount of Rs. 21.76 lakh approved in the MYT order for FY 2011-12, as detailed in Table 3.9. The interest on working capital is claimed at 14.00%, as the prime lending rate (PLR), as on 1st April 2011.

Table 3.9: Claimed Interest on working capital for FY 2011-12

Particulars	(Rs. lakh)	
	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12
O & M Expenses	88.41	92.39
Maintenance and Spares	11.82	24.20
Receivables	85.00	73.42
Total Working Capital	185.23	190.01
Rate of Interest	11.75%	14.00%
Interest on working capital	21.76	26.60



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. The working capital comprises of one month's O&M expenses, maintenance spares at 1% of opening GFA and receivables equivalent to 15 days of expected revenue from SLDC charges for FY 2011-12.

SLDC has submitted that it has considered the rate of interest of 14% as per Prime Lending Rate as on 1st April 2011 in accordance with SLDC Regulations 2005. The actual SBAR as on 1st April 2011 is 13% but not 14% as claimed by SLDC.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon are recalculated at 13%, i.e. SBAR as on 1st April 2011, as detailed in Table 3.10 below:

Table 3.10: Approved Interest on working capital for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
O & M Expenses (1 month)	12.36	92.39	92.39
Maintenance and Spares (1% of Opening GFA)	11.82	24.20	6.86
Receivables (15 days of expected revenue)	85.00	73.42	75.95
Total Working Capital	185.23	190.01	175.20
Rate of Interest	11.75%	14%	13%
Interest on working capital	21.76	26.60	22.77

The Commission, accordingly, approves the interest on working capital at Rs. 22.77 lakh for the Truing up for FY 2011-12.

3.7 RLDC Fees and Charges, ULDC charges and WAM Charges for FY 2011-12

Petitioner's submission

The petitioner has claimed the RLDC fees and charges, ULDC charges and WAM charges in the truing up for FY 2011-12, as detailed in Table 3.11 below:



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Table 3.11: RLDC charges, ULDC charges & WAM charges claimed for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Deviation +/-(-)
RLDC Fees and Charges	12.36	9.29	3.07
ULDC charges	814.98	858.20	(43.22)
WAM charges	22.66	-	22.66

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 Note 27 of the Audited Accounts and the ULDC charges have been taken from the R&M charges, as given in Note 27 of the Audited Annual Accounts. These charges have been considered separately in this Section and have been deducted from the O&M expenses approved for FY 2011-12.

Table 3.12: Approved RLDC charges, ULDC charges & WAM charges for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
RLDC Fees and Charges	12.36	9.29	9.29
ULDC charges	814.98	858.20	858.20
WAM charges	22.66	-	-

The Commission approves the RLDC charges at Rs. 9.29 lakh and ULDC charges at Rs. 858.20 lakh in the truing up for FY 2011-12.

3.8 Non-Tariff income for FY 2011-12

SLDC has furnished the actual other income at Rs.312.88 lakh in the Truing up for FY 2011-12, as against Rs.134.54 lakh approved in the MYT Order for FY 2011-12, as detailed in Table 3.13 below:

Table 3.13: Revenue from non-tariff income claimed for FY 2011-12

(Rs. lakh)

Sr. No.	Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Deviation +/-(-)
1	Interest on Staff Loans & Advances	6.85	5.63	(1.22)
2	Miscellaneous Receipts	2.32	58.86	56.54



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Sr. No.	Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Deviation +/-
3	Scheduling Charges	97.08	188.39	91.31
4	Application / registration Charges	28.29	56.54	28.25
5	Grid Connection Fee	-	3.46	3.46
	Total	134.54	312.88	178.34

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 that the above mentioned sources of income be included as a part of non-tariff income in the truing up for FY 2011-12.

Commission's analysis

The Commission, after detailed examination of the audited annual accounts for FY 2011-12, found that the other income of SLDC is Rs. 64.49 lakh, which includes Rs. 5.63 lakh towards interest on staff loans & advances and Rs. 58.86 lakh towards miscellaneous receipts. The Commission observed that the petitioner has included Scheduling Charges, Application / Registration Charges, Grid charges and miscellaneous charges in the non-tariff income, and the same has been shown as a part of revenue in the audited annual accounts. The Commission has considered the above charges as part of Non- tariff income.

Table 3.14: Approved Revenue from non-tariff income for FY 2011-12

(Rs. lakh)

Sl. No.	Particulars	Approved in the MYT order for FY2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
1	Interest on Staff Loans & Advances	6.85	5.63	5.63
2	Miscellaneous Receipts	2.32	58.86	58.86
3	Scheduling Charges	97.08	188.39	188.39
4	Application / registration Charges	28.29	56.54	56.54
5	Grid Connection Fee	-	3.46	3.46
	Total	134.54	312.88	312.88

The Commission approves the non-tariff income at Rs. 312.88 lakh in the Truing up for FY 2011-12.



3.9 Income Tax for FY 2011-12

SLDC has furnished the income tax paid at Rs.8.43 lakh in the revised Truing up for FY 2011-12, as detailed in Table 3.15 below:

Table 3.15: Provision for Taxation claimed for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Deviation +/-
Income Tax	12.22	8.43	3.79

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 the provision for tax.

Commission's analysis

The Commission has verified the tax as claimed by SLDC from the audited annual accounts and found that it has not made any provision towards income tax.

The Commission approves the income tax as nil for the FY 2011-12, as given in Table 3.16 below:

Table 3.16: Approved income tax for FY 2011-12

(Rs. lakh)

Particulars	Approved in the MYT order for FY 2011-12	Actual expenses for FY 2011-12	Approved in Truing up for FY 2011-12
Income Tax	12.22	8.43	Nil

3.10 Proposed and Approved fixed costs for FY 2011-12

The fixed charges approved in the MYT order for FY 2011-12, claimed by SLDC in truing up and approved by the Commission, are summarised in Table 3.17 below:

Table 3.17: Approved fixed costs in Truing up for FY 2011-12

(Rs. lakh)

Sl. No	Annual Revenue Requirement	Approved for FY 2011-12 in the MYT order	Claimed in Truing up for FY 2011-12	Approved in Truing up for FY 2011-12
1	O&M Expense	1060.90	1108.73	1108.73
	Employee Cost	775.94	898.65	898.65
	R&M Cost	40.51	63.59	63.59
	A&G Cost	244.45	146.49	146.49



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Sl. No	Annual Revenue Requirement	Approved for FY 2011-12 in the MYT order	Claimed in Truing up for FY 2011-12	Approved in Truing up for FY 2011-12
2	Depreciation	81.56	66.00	66.07
3	Interest & Finance Charges	86.90	38.40	37.40
4	Interest on Working Capital	21.76	26.60	22.77
5	WRPC/RLDC Fees and charges	12.36	9.29	9.29
6	ULDC Charges	814.98	858.20	858.20
7	WAM charges	22.66	0.00	0.00
8	Return on Equity	61.30	33.72	33.16
9	Add: Provision for tax	12.22	8.43	
10	Total (1 + 9)	2174.64	2149.37	2135.62
11	Less: Other Income	134.54	312.88	312.88
12	Total Fixed Cost (10-11)	2040.10	1836.49	1822.74

3.11 Revenue Gap for FY 2011-12

Petitioner's submission

The petitioner has estimated a revenue gap in operating cost of Rs.124.32 lakh during FY 2011-12 and a revenue surplus of Rs.50.02 lakh in capital cost. The total revenue gap thus estimated by SLDC comes to Rs. 74.30 lakh, as given in Table 3.18 below:

Table 3.18: Revenue Gap claimed for FY 2011-12

Particulars	(Rs. lakh)
	Approved in Tariff Order for FY2011-12
Total Operating cost Budget approved by the Commission	1798.12
Actual Operating Expenses	1689.94
Actual Revenue from SLDC Charges (2011-12)	1565.62
Revenue Surplus/(Gap) in operating cost (a)	(124.32)
Total Capital cost Budget approved by the Commission	241.98
Actual Capital cost Expenses	146.55
Actual Revenue from SLDC Fees (2011-12)	196.57
Revenue Surplus/(Gap) in operating cost (b)	50.02
Total Revenue Surplus/(Gap) in the FY 2011-12	(74.30)

The Petitioner has requested the Commission to approve the revised ARR and consider the revenue gap for FY 2011-12 while deciding the Tariff for the FY 2013-14.

Commission's Analysis

The GERC (Levy & Collection of Fees and Charges by SLDC) Regulations, 2005, does not provide for the computation of gains and losses for SLDC. Accordingly, the revised ARR for SLDC has been arrived at, taking into consideration the expenses and non-tariff income approved in the truing up for FY 2011-12, based on the audited



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annual accounts submitted by SLDC. The revenue gap is summarised in Table 3.19 below:

Table 3.19: Approved Revenue Gap for FY 2011-12

		(Rs. lakh)
Sl. No	Particulars	FY 2011-12
1	Approved Fixed Charges in Truing-up	1822.74
2	Revenue from SLDC Fees and Charges	1762.19
3	Revenue (Gap) / Surplus (2-1)	(60.55)

The Commission approves the revenue gap of Rs. 60.55 lakh in the truing up for FY 2011-12.



4. Determination of Fees and charges for FY 2013-14

4.1 Introduction

This Chapter deals with the revised Capital Expenditure and revised ARR for determination of SLDC fees and charges for the FY 2013-14. The Commission has considered the ARR approved in the MYT order dated 31st March 2011 for FY 2013-14 and the adjustment on account of truing up for FY 2011-12, while determining the SLDC fees and charges for FY 2013-14.

4.2 Revised ARR claimed for FY 2013-14

The SLDC has proposed revision of expenses approved for the year FY 2013-14 in the MYT order 2011-16 and claimed Rs. 3194.09 lakhs against Rs. 2271.66 lakhs approved for the year in MYT order, as detailed in Table 4.1 below:

Table 4.1: Revised ARR claimed for FY 2013-14

Particulars	(Rs. lakh)	
	Approved in MYT	Revised Proposed
Employee Cost	867.25	953.98
Repairs & Maintenance	45.27	45.27
Admin & General Expenses	273.22	273.22
Interest on Working Capital	25.16	40.17
RLDC Fees & charges	14.96	14.96
Charges for ULDC & Other related Projects	814.98	1116.20
WAM Charges	22.66	0.00
Less: Other Income	162.41	162.41
Operating cost Budget (a)	1901.09	2281.39
Depreciation	130.11	631.40
Interest & Finance charges	125.21	142.62
Return on Equity	96.09	115.56
Total Fixed Costs	351.41	889.58
Less: Expenses Capitalized	0.00	0.00
Add: Provision for Taxation	19.15	23.12
Capital Cost budget (b)	370.56	912.70
Total Revenue Budget (a+b)	2271.65	3194.09

Petitioner's submission

SLDC has proposed changes in some of the expenses, viz. Employee cost, Capital expenditure, Depreciation, Interest and finance charges, Return on Equity, ULDC charges and provision for taxation. SLDC has submitted that some of the expenses



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were not approved in the MYT Petition filed for FY 2011-12 to FY 2015-16. SLDC has submitted that two major capital projects (ABT software – Rs. 636 lakhs and WAMS – Rs. 892 lakhs), which were initiated in FY 2011-12, are spilling over to the FY 2013-14 without any cost being considered in the FY 2011-12. Therefore, SLDC is considering these costs in the FY 2013-14 and revising its CAPEX accordingly. SLDC has further submitted that, as per GETCO Policy, the depreciation is 100% for Software projects and 16.33% for the Hardware projects. Software project has been considered at Rs. 475 lakhs and Hardware cost at Rs. 161 lakhs and the depreciation worked out accordingly in the revised ARR, as it was not claimed in FY 2012-13. SLDC has also submitted that it has considered the interest cost and RoE only on ABT software project and not on WAMS project, as the WAMs project is likely to be extended to FY 2014-15.

Commission's Analysis

The Commission has observed that the proposed revised ARR for FY 2013-14 is on account of the revision proposed in the capital expenditure and the consequent effect on the fixed charges, viz. depreciation, interest charges and return on equity. GERC MYT Regulations provided for Truing-up only and there is no provision for revision of ARR approved for the MYT Period.

The revised ARR for FY 2013-14 proposed by SLDC has not been considered, since it is not in line with the provisions of GERC (MYT) Regulations, 2011.

4.3 Proposed SLDC fees and charges for FY 2013-14

Petitioner's submission

The proposed SLDC fees and charges by the petitioner, as given in the petition for the FY 2013-14, are as given in Table 4.2 below:

Table 4.2: Proposed SLDC Fees and Charges for FY 2013-14

Particulars	FY 2013-14
SLDC Operating Charges Budget, Revised proposed (Rs. Lakh)	2281.39
Add: Revenue Gap in operating charges budget in Truing up for FY 2011-12 (Rs Lakh)	124.32
Total Operating Charges (Rs. Lakh)	2405.71
Total MW Capacity (as approved in MYT Order)	19877
Total MW Allocation (as approved in MYT Order)	25676
Revised SLDC Charges (Rs./MW/Month)	440.09



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Particulars	FY 2013-14
SLDC Capital Charges Budget (Rs. lakh)	912.71
Add: Revenue Gap in capital charges budget in Truing up for FY 2011-12 (Rs. Lakh)	(50.02)
Total Capital Charges (Rs. Lakh)	862.69
SLDC Fees (Rs/MW/Half Year)	946.90

The SLDC in its petition has submitted that the tariff computation mechanism is required to be revised to reduce the under recovery of SLDC Revenue. Under the current recovery mechanism, all the proposed expenses are divided by projected capacities (Generation + Allocation) in order to derive the tariff rate which may result into under recovery of the SLDC expenses if the projects are not completed in time.

The SLDC has proposed that total expenses approved should be spread over into 12 months and further these 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 beneficiaries.

SLDC has proposed the following formula to compute SLDC Charges:

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

$$(SCB/12) * (ATCi/SATCi)$$

where,

SCB = SLDC Aggregate Revenue Requirement 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.

Commission's analysis

The Commission has taken note of the suggestions made by the Petitioner for recovery of SLDC charges. The Commission has decided to accept the proposed



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methodology for FY 2013-14, for recovery of SLDC fees and charges. The Charges to be recovered from generation / distribution licensee / beneficiaries, as computed by the Commission, are given in Table 4.3 below:

Table 4.3: Revenue Gap / Surplus for FY 2011-12

		(Rs. Lakhs)
Sl. No	Particulars	FY 2011-12
1	Approved Fixed Charges in Truing-up	1822.74
2	Revenue from SLDC Fees and Charges	1762.19
3	Revenue (Gap) / Surplus (2-1)	(60.55)

Table 4.4 Computed SLDC Fees & Charges for the FY 2013-14

		(Rs. Lakhs)
Particulars	FY 2013-14	
ARR approved in the MYT order for FY 2013-14	2271.65	
Add revenue gap approved in truing-up for FY 2011-12	60.55	
Total SLDC Charges	2332.20	
Grid Connection Fees (Rupees)	10000.00	

* Rounded off to the nearest multiple of ten.

The Commission, accordingly, approves the annual charges of SLDC at Rs. 2332.20 Lakhs for the FY 2013-14, and the grid connection fees at Rs. 10,000/- (Rupees Ten thousand only). The total annual SLDC Charges, as approved above, shall be recoverable in 12 equal monthly instalments according to the formula proposed by the SLDC.



5. Compliance of Directives

The Commission has issued directive on auditing of SLDC account in the Tariff Order dated 7th April, 2012 for FY 2012-13. The directive has been complied with by SLDC. SLDC has now submitted a report on compliance of the directive issued. The comments of the Commission on the compliance by SLDC are given below:

Directive: Auditing of SLDC Accounts

The Commission had stated that SLDC continues to be a part of GETCO and maintains separate books of accounts, but no separate audit is done for SLDC accounts.

Therefore, the Commission had instructed SLDC to get its assets duly certified by a statutory Auditor. Also, accounts of SLDC should be audited by the Statutory Auditor and duly certified by that authority. The Truing-up for FY 2011-12 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 the Statutory Auditor. A copy of the same has been attached with the petition for the Commission's reference.

Commission's Comments

Action taken is noted.



COMMISSION'S ORDER

The Commission approves SLDC charges, as indicated below, for FY 2013-14

Particulars	Unit	Amount
ARR approved in the MYT order for FY 2013-14	Rs. Lakhs	2271.65
Add revenue gap approved in truing-up for FY 2011-12	Rs. Lakhs	60.55
Total SLDC Charges	Rs. Lakhs	2332.20
Grid Connection Fees	Rupees	10000.00

This order shall come into force with effect from 1st April, 2013.

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Member

Sd/-

DR. P.K. MISHRA
Chairman

Place: Ahmedabad
Date: 28/03/2013

