

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2012-13 and
Determination of Fees and Charges for FY 2014-15

For

State Load Dispatch Centre (SLDC)

Case No. 1386 of 2013

29th April 2014

**6th Floor, GIFT ONE, Road 5C, GIFT City
Gandhinagar-382 335 (Gujarat), INDIA
Phone: +91-79-23602000 Fax: +91-79-23602054/55
E-mail: gerc@gercin.org : Website www.gercin.org**



सत्यमेव जयते

**GUJARAT ELECTRICITY REGULATORY COMMISSION
(GERC)**

GANDHINAGAR

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ABBREVIATIONS

A&G	Administration and General Expenses
ARR	Aggregate Revenue Requirement
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
Control Period	FY 2011-12 to FY 2015-16
DGVCL	Dakshin Gujarat Vij Company Limited
DISCOM	Distribution Company
EA	Electricity Act, 2003
EHV	Extra High Voltage
FPPPA	Fuel and Power Purchase Price Adjustment
FY	Financial Year
GEB	Gujarat Electricity Board
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GoG	Government of Gujarat
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HT	High Tension
JGY	Jyoti Gram Yojna
kV	Kilo Volt
kVA	Kilo Volt Ampere
kVAh	Kilo Volt Ampere Hour
kWh	Kilo Watt Hour
LT	Low Tension Power
MGVCL	Madhya Gujarat Vij Company Limited
MTR	Mid-term Review
MU	Million Units (Million kWh)
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
PF	Power Factor
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RLDC	Regional Load Despatch Centre
SBI	State Bank of India
SLDC	State Load Despatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Despatch Centre



**State Load Dispatch Centre
Truing up for FY 2012-13 and
Determination of Fees and Charges for FY 2014-15**



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1386 of 2013

Date of the Order: 29th April 2014

CORAM

Shri Pravinbhai Patel, Chairman
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 28th November, 2013, 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 2012-13 and for determination of SLDC fees and charges for the FY 2014-15.

The Commission admitted the petition on 11th December, 2013.



1.2 State Load Dispatch 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:

- iii) Dakshin Gujarat Vij Company Limited (DGVCL)
- iv) Madhya Gujarat Vij Company Limited (MGVCL)
- v) Uttar Gujarat Vij Company Limited (UGVCL)
- vi) Paschim Gujarat Vij Company Limited (PGVCL); and
- vii) 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 Dispatch 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 and Regional / State Load Dispatch Centre, from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

Section 31 (1) of the Electricity Act, 2003, requires the State Government to establish a separate State Load Dispatch Centre (SLDC). Section 31 (2) of the Electricity Act provides that the SLDC shall be operated by a Government company / authority / corporation constituted under any State Act and until such company / authority / corporation is notified by the State Government, the State Transmission Utility (STU) would operate the SLDC. Accordingly, in the State of Gujarat, the STU, viz., Gujarat Energy Transmission Corporation Limited (GETCO), has so far been operating the SLDC.

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 SLDC 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 and FY 2013-14

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 dated 7th April, 2012, approved the ARR for FY 2012-13 and SLDC fees and charges for FY 2012-13.

SLDC filed a Petition for truing up of FY 2011-12 and determination of Tariff for FY 2013-14 on 30th November 2012. The Commission in its order dated 28th March 2013, approved the ARR for FY 2013-14 and SLDC fees and charges for FY 2013-14.

1.6 Admission of Current Petition and Public Hearing

The SLDC has filed the current petition for 'Truing up' for FY 2012-13 and determination of SLDC fees and charges for the FY 2014-15 on 28th November, 2013. The Commission admitted the petition on 11th December, 2013 (under Case No. 1386/2013). 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.

Sl. No.	Name of the Newspaper	Language	Date of publication
1	The Indian Express	English	12.12.2013
2	Gujarat Samachar	Gujarati	12.12.2013

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 10th January, 2014. The SLDC / Commission have received objections / suggestions from one organization viz. OPGS Power Gujarat Private Ltd.

The Commission fixed the date for public hearing for the petition on 11th March 2014 at the Commission's Office, Gandhinagar and subsequently communication was sent to the objectors to take part in the public hearing process for presenting their views in person before the Commission. The public hearing was conducted in Commission's Office in Gandhinagar as scheduled on 11th February 2014. During the hearing nobody represented their objections / suggestions on the petition filed by SLDC.

1.7 Contents of the Order

The order is divided into **six** 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 Public hearing process including the Objections raised by Stake holders, SLDC's response and Commission views on the response.
4. The **fourth** chapter deals with the 'Truing up' for FY 2012-13.
5. The **fifth** chapter deals with the SLDC fees and charges for FY 2014-15.
6. The **sixth** 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. Subsequently, SLDC fees and charges for FY 2012-13 and FY 2013-14 were approved by the Commission vide its orders dated 7th April, 2012 and 28th March, 2013, respectively.

The SLDC has now approached the Commission with the present petition for 'truing up' of the FY 2012-13, and determination of SLDC fees and charges for the FY 2014-15.

The Commission has undertaken 'Truing up' for the FY 2012-13, based on the submissions of the petitioner and segregated and audited annual accounts from the accounts of GETCO. The determination of the fees and charges for FY 2014-15 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 28th November, 2013 seeking approval for 'Truing up' of FY 2012-13 and determination of SLDC fees and charges for the FY 2014-15. 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 2012-13 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 2012-13

Particulars	(Rs. Lakh)
O&M Expenses	
Employee Cost	961.66
R&M Cost	40.55
A&G Cost	182.55
Sub Total (O&M Expenses)	1184.76
Interest on Working Capital	30.26
RLDC Fees and charges	11.41
ULDC Charges & other related projects	950.54
WAM charges	-
Less: Other Income	108.72
Sub Total (operating costs) (a)	2068.25
Depreciation	48.59
Interest & Finance Charges	55.96
Return on Equity	43.38
Total Fixed Cost	147.93
Less: Expenses Capitalised	-
Add: Provision for tax	160.48
Sub Total (Capital Costs) (b)	308.41
Total Revenue Budget (a+b)	2376.66

2.3 Proposed SLDC Fees and Charges

SLDC has submitted Revised Proposal for FY 2014-15. The details furnished by SLDC are given in the Table 2.2 below:

Table 2.2: Proposed SLDC Fees and Charges for the FY 2014-15

Sl. No.	Particulars	Unit	FY 2014-15
1	ARR projected for FY 2014-15	Rs. Lakh	3261
2	Add Revenue gap for FY 2012-13	Rs. Lakh	377
3	Total SLDC charges	Rs. Lakh	3638
4	Grid connection fees	Rs.	10,000



2.4 Request of SLDC

1. To admit this petition for approval of Truing up for FY 2012-13 and Aggregate Revenue Requirement for FY 2014-15.
2. To approve the True-up for the FY 2012-13 and Tariff for FY 2014-15.
3. To accept the figures in Rupees Lakh, as the figures of SLDC are comparatively smaller than those of other entities.
4. To approve projected capital expenditure from FY 2013-14 to FY 2015-16.
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. Objections Raised by Various Stakeholders, SLDC Response and Commission's Comments

3.1 Public Response to the Petition

In response to the Public Notice inviting objections/suggestions from stakeholders on the petition filed by SLDC for true-up for FY 2012-13 and determination of tariff for FY 2014-15, one Organisation, namely OPGS Power Gujarat Private Ltd. has filed its objections/suggestions in writing.

The Commission has considered the objections/suggestions raised by the above mentioned stakeholder and the response of SLDC on the same.

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

3.2 Objector: OPGS Power Gujarat Private Ltd.

Objection 1: Other Income of FY 2012-13

As per Notes of Audited annual accounts of SLDC for FY 2012-13 income from sources other than SLDC fees and charges for FY2012-13 is as given below:

Particulars	Revenue (Rs. In Lakh)
Miscellaneous Charges from Consumers	946.58
Miscellaneous Revenue	8.65
Other Income	100.06
Total	1055.3

However, SLDC in its petition has not considered the "Miscellaneous charges from Consumers" as other income and considered "Other Income" of only 108.72 Rs. Lakh for the true-up of expenses for FY2012-13.

"Miscellaneous charges from Consumers" seems to be the scheduling charges and application charges collected from the STOA Consumers. SLDC has submitted the following justification regarding the exclusion of these charges:

"3.15.2. Revenue from other income is deducted from the total expenses of SLDC to arrive at Net expenses of SLDC for the FY 2012-13. The interest on staff loans, interest on investment, income for sale of stores etc. is to be covered in other income. But the income from scheduling charges and application charges from Short Term Open Access users will not be part of other income as per SLDC "Levy and

collection of fees and charges regulations 2005". The relevant clause of the same is reproduced here below:

*"4. Levy and Collection of Charges from Generating Companies and Licensees.....
xviii. Scheduling and system operation Charges recovered from Short-Term Open Access users of the Grid shall not be considered in the determination of the Charges of the SLDC."*

Provision of SLDC Levy and collection of fees and charges regulation 2005 regarding exclusion of scheduling and system operation charges collected from STOA consumers is only with regard to the "determination of the Charges" for a particular year, in this case FY 2014-15. However, for truing up/revising the revenue requirement of FY 2012-13, such revenue shall not be excluded. If the entire revenue of SLDC is not considered in determining the revenue gap, revenue from scheduling and system operation charges collected from STOA consumers will become an additional profit item beyond the Return on Equity, without the benefits being passed on to the beneficiaries of SLDC.

Therefore, the entire revenue as reflected in the audited accounts of SLDC be considered for the determination of revenue gap for FY 2012-13.

Response of SLDC:

As per GERC (Levy and Collection of Fees and Charges by SLDC) Regulation 5 of 2005 for Scheduling and System Operation Charges to be recovered from Short-Term Open Access users shall not be considered in determination of SLDC Charge. Section 5 (xviii) of GERC Levy and Collection of Fees and Charges by SLDC Regulation 5 of 2005 is quoted below:

*"4. Levy and collection of charges from Generating Companies and Licensees
(xviii) Scheduling and system operation Charges recovered from Short-Term Open Access users of the Grid shall not be considered in the determination of the Charges of the SLDC."*

Accordingly, SLDC has filed its Petition.

Commission's View:

The actual Other Income recovered by way of scheduling and system operation charges from Short-Term Open Access users is a part of the total revenue and is



required to be considered in the truing up exercise. The Commission has considered the amount as part of Other Income.

Objection 2: Tax

SLDC has proposed a provision of income tax of Rs. 160.48 Lakh for FY 12-13 against the approved tax expenses of Rs. 15.93 Lakh. However, this has been computed on the basis of MAT and the SLDC has not provided any details of whether any actual tax has been paid.

It is requested the Commission may consider only the official proof of actual tax paid as the basis for approval of tax while truing up the expenses for FY 2012-13.

Response of SLDC:

SLDC stated that it is still a part of GETCO and therefore all the statutory payments of SLDC are done by GETCO.

Income Tax of Rs. 160.48 Lakh for the FY 2012-13 has been calculated on MAT and the amount has been paid by GETCO along with total tax payment. There is no separate payment made by SLDC in this matter.

Commission's View:

The Income Tax paid by GETCO/SLDC has been verified and admissible amount has been allowed in the True-up for FY 2012-13.

Objection 3: Capacity to be displayed on SLDC/GETCO website

Commission may direct SLDC to display up-to-date information on availability and allotment of the LTOA/MTOA/STOA on the websites of GETCO & SLDC in public domain. This is extremely necessary to ensure fairness and transparency on this matter considering the provisions under the EA'03/NEP for de-linking the transmission business from Generation and Distribution businesses at least till the Transmission/SLDC Companies are made independent in real sense.

Response of SLDC:

It is submitted that information pertaining to LTOA/MTOA/STOA granted is already available on SLDC website and accessible to everyone.

Commission's View:

The response of SLDC is noted.

4. True-up for FY 2012-13

4.0 Introduction

This chapter deals with 'Truing up' of FY 2012-13 of SLDC. The Commission has analysed each of the components of Truing up for FY 2012-13 in the following sections.

4.1 Capital Expenditure

SLDC has furnished the capital expenditure of Rs. 13.03 Lakh in the truing up for FY 2012-13 against Rs. 460 Lakh approved in the MYT order. The details are given in the table below:

Table 4.1: Capital Expenditure claimed for FY 2012-13
(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13
Land Acquisition cost	20	-
Augmentation/ Upgradation of existing customers	145	1.31
Strengthening of communication channels	50	2.00
Additional system / Software planning	40	5.22
IT Infrastructure	20	3.70
SLDC Building development	120	-
Office Equipment	50	0.62
Staff recreation faculties	15	0.17
Additional Expenditure	-	-
Total	460	13.03

Petitioner's submission

The petitioner has submitted that some of the projects which started in the FY 2012-13 could not be completed in the same year and those works, have been carried forward to FY 2013-14 and the cost shall be booked in FY 2013-14.

Commission Analysis

The capital expenditure considered in the ARR for FY 2012-13 in the MYT order dated 31st march 2011 was Rs. 460 Lakh. SLDC has reported the capital expenditure incurred as Rs. 13.03 Lakh which is about 3% of the CAPEX considered in the ARR for FY 2012-13. There are no subsidies and grants as verified from the audited annual accounts for FY 2012-13.

The Commission approves the capital expenditure/capitalisation of Rs. 13.03 Lakh in the truing up for FY 2012-13.



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SLDC has not submitted any details of funding the CAPEX.

The CAPEX/ capitalisation and funding approved by the commission are as given in the table below:

**Table 4.2: Approved Capitalisation and funding in the truing up for FY 2012-13
(Rs. Lakh)**

Particulars	Approved in the MYT order for FY 2012-13	Approved in Truing up for FY 2012-13
Capital Expenditure	460	
Capitalisation (net)	460	13.03
Debt (70%)	322	9.12
Equity (30%)	138	3.91

4.2 Operations and Maintenance (O&M) Expenses for FY 2012-13

Petitioner's submission

The petitioner has claimed Rs. 1184.76 Lakh towards actual O&M expenses in the Truing up for FY 2012-13, against Rs. 1121.58 Lakh approved for FY 2012-13 in the MYT order for FY 2011-16, as shown in Table below:

**Table 4.3: Operations & Maintenance Expenses claimed for FY 2012-13
(Rs. Lakh)**

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/-
Employee Cost	820.32	961.66	(141.34)
Repairs & Maintenance	42.82	40.55	2.27
Administration & General Expense	258.44	182.55	75.89
Total	1121.58	1184.76	(63.18)

Employee cost

The petitioner has submitted that the increase in the employee cost is mainly due to inclusion of "terminal benefits" in the books of SLDC. New provision of terminal benefits for FY 2012-13 such as gratuity and leave encashment amounting to Rs. 63 Lakh and Rs. 70 Lakh respectively have been added. At the time of filing of MYT petition, these expenses were recorded in the books of GETCO and therefore did not reflect in SLDC employee expenses. The same has been transferred to SLDC accounts. Increase in DA twice in the months of July 2012 and January 2013 and notional increment of 3% has also contributed to increase of employee cost.

R&M Expenses

SLDC has submitted that SLDC is paying charges towards PGCIL for the O&M of ULD & C scheme for central portion. The state portion of ULD & C scheme is to be maintained by SLDC.



A&G Expenses

SLDC has submitted that these expenses mainly comprise of administration costs like professional charges, internal audit fee, taxation matters, legal expenses and statutory fees etc. RLDC fees part of A &G expenses have been claimed separately under respective head in the annual accounts.

Commission's analysis

The Commission has examined the submission made by SLDC. The O&M expenses claimed in the truing up are verified with the audited annual accounts for FY 2012-13 and found to be correct as detailed in the table below:

Table 4.4: Operations & Maintenance Expenses approved for FY 2012-13

(Rs. Lakh)			
Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
Employee Cost	820.32	961.66	961.66
Repairs & Maintenance	42.82	40.55	40.55
Administration & General Expense	258.44	182.55	182.55
Total	1121.58	1184.76	1184.76

The Commission approves the O&M expenses at Rs. 1184.76 Lakh in the Truing up for FY 2012-13.

4.3 Depreciation for FY 2012-13

Petitioner's submission

The petitioner has claimed Rs. 48.59 Lakh towards depreciation for FY 2012-13, against Rs. 107.55 Lakh approved by the Commission for FY 2012-13. The difference is due to lower capitalisation of assets in FY 2012-13. SLDC has submitted that lower depreciation is mainly due to lesser capitalisation of CAPEX in FY 2012-13. The depreciation claimed by SLDC for FY 2012-13 and the depreciation as approved for the year in MYT order are given in the Table below:

Table 4.5: Depreciation claimed in the truing up for FY 2012-13

(Rs. Lakh)			
Particulars	Approved in the MYT order for FY 2012-13	Claimed the true-up for FY 2012-13	Deviation +/-(-)
Depreciation	107.55	48.59	58.96



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Commission's analysis

The actual depreciation, as per the audited accounts, is Rs. 48.59 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. 48.59 Lakh in the truing up for FY 2012-13 as per the audited annual accounts as detailed in the table below:

Table 4.6 Approved depreciation for FY 2012-13

Particulars	(Rs. Lakh)		
	Approved for FY 2012-13 in MYT order	Actual claimed in Truing up for FY 2012-13	Approved in the Truing up for FY 2012-13
Depreciation	107.55	48.59	48.59

4.4 Interest and Finance charges for FY 2012-13

Petitioner's submission

The petitioner has claimed Rs. 55.96 Lakh towards interest and finance charges in the Truing up for FY 2012-13, as against Rs. 136.11 Lakh approved for FY 2012-13 in the MYT order. SLDC has submitted that the interest and financial charges include interest on notional borrowed funds determined by applying the average cost of borrowings of GETCO to the notional debt of SLDC. The details of interest and finance charges approved in the MYT Order for FY 2012-13 and actuals now claimed by SLDC are given in Table below:

Table 4.7 Interest and Finance charges claimed in truing up for FY 2012-13

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/-
Opening Loans	1200.96	447.91	753.05
Addition During Year	322.00	14.75	427.35
Repayments During the Year	120.10		
Closing Loans	1402.86	462.66	940.20
Average Loans	1301.91	455.29	846.63
Interest on Loans	136.11	48.58	87.53
Other Interest Charges	-	7.38	(7.38)
Total Interest & Finance Charges	136.11	55.96	80.15

The petitioner has submitted that interest on loans for the FY 2012-13 has been calculated at the rate of 10.67% on the closing balance of loans.



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Commission's analysis

The Commission has examined the details of opening loans, additions and repayment during FY 2012-13. SLDC has furnished the addition of loan at Rs. 14.75 Lakh for FY 2012-13.

The Commission has observed that there is a net addition of Rs. 13.03 Lakh of assets during FY 2012-13, as per the audited annual accounts.

The Commission approves the debt-equity ratio of 70:30 in the truing up. GETCO has submitted the weighted average rate of interest as 10.78% based on its actual loan portfolio. Interest on loans therefore has been considered at 10.78% for SLDC in line with GETCO. The Commission has however considered the repayment of loan as equivalent to the depreciation approved in line with the GERC (MYT) Regulations, 2011. The other finance charges of Rs. 7.38 Lakh are verified as per audited annual accounts. The interest and finance charges are worked out as detailed in Table below:

Table 4.8: Approved Interest and Finance charges for FY 2012-13

(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
Opening Loans	937.80	447.91	365.54
Addition During Year	326.90	14.75	9.12
Repayments During the Year	107.55		48.59
Closing Loans	1157.15	462.66	326.07
Average Loans	1047.48	455.29	345.81
Interest on Loans	109.46	48.58	37.28
Other Interest Charges	-	7.38	7.38
Rate of interest	10.45%	10.67%	10.78%
Total Interest & Finance Charges	109.46	55.96	44.66

The Commission, accordingly, approves the interest and finance charges at Rs. 44.66 Lakh in the truing up for FY 2012-13.

4.5 Return on Equity for FY 2012-13

The petitioner has claimed Rs. 43.38 Lakh towards return on equity in the Truing up for FY 2012-13, as against Rs. 79.92 Lakh approved in the MYT Order for FY 2012-13. The details of Return on Equity approved in the MYT Order for FY 2012-13 and actuals now claimed by SLDC truing up for FY 2012-13 are given in Table below:



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Table 4.9: Return on Equity claimed in the truing up for FY 2012-13

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/(⁻)
Opening Equity Capital	500.84	311.26	189.58
Addition During the Year	140.10	(2.82)	142.92
Closing Equity	640.94	308.44	332.50
Average equity	570.89	309.85	261.04
Return on Equity @ 14%	79.92	43.38	36.55

(Rs. Lakh)

Petitioner's submission

The petitioner has submitted that actual equity addition as per accounts has been considered for FY 2012-13 for calculation of return on equity, rate of return of equity is considered as 14% per annum In line with the norms specified in regulation "levy and collection of SLDC fees and changes by SLDC 2005".

Commission's analysis

The Commission has observed that there is a net addition of Rs. 13.03 Lakh of assets during FY 2012-13. The Commission has taken the closing equity of FY 2011-12 as the opening equity for FY 2012-13 and considered new addition of assets of Rs. 13.03 Lakh for SLDC during FY 2012-13 and allowed normative equity addition of Rs. 3.91 Lakh towards 30% of capitalization of Rs. 13.03 Lakh approved for FY 2012-13. The return on Equity has been calculated at the rate of 14%. The details are given in Table below:

Table 4.10: Approved Return on Equity for FY 2012-13

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
Opening Equity Capital	500.84	311.26	247.70
Addition / (Deduction) during the year	140.10	(2.82)	3.91
Closing Equity	640.94	308.44	251.61
Average equity	570.89	309.85	249.65
Return on Equity @ 14%	79.92	43.38	34.95

(Rs. Lakh)

The Commission, accordingly, approves the return on equity at Rs. 34.95 Lakh in the Truing up for FY 2012-13.

4.6 Interest on working capital for FY 2012-13

Petitioner's submission

The petitioner has submitted that interest on working capital for FY 2012-13 is computed at Rs. 30.26 Lakh, as against the amount of Rs. 23.45 Lakh approved in



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the MYT order for FY 2012-13, SLDC has submitted that interest on working capital has been worked out on normative basis as per the norms specified under the regulations for the “Levy and collection of SLDC charges and fees” 2005. The interest on working capital is claimed at 14.75%, as the prime lending rate (PLR), as on 1st April 2012.

Table 4.11: Claimed Interest on working capital for FY 2012-13

Particulars	(Rs. Lakh)	
	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13
O&M Expenses (1 month)	93.47	98.73
Maintenance and Spares (1% of cost with 6% escalation)	16.02	7.40
Receivables (15 days)	90.05	99.03
Total Working Capital	199.54	205.16
Rate of Interest	11.75%	14.75%
Interest on working capital	23.45	30.26

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 2012-13.

SLDC has submitted that it has considered the rate of interest of 14.75% as per Prime Lending Rate as on 1st April 2012 in accordance with SLDC Regulations 2005.

Based on the O&M expenses and other expenses now approved in the Truing up, the working capital and interest thereon are recalculated at 14.75%, i.e. SBAR as on 1st April 2012, as detailed in Table below:

Table 4.12: Approved Interest on working capital for FY 2012-13

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
O&M Expenses (1 month)	93.47	98.73	98.72
Maintenance and Spares (1% of Opening GFA)	16.02	7.40	7.58
Receivables (15 days)	90.05	99.03	58.51
Total Working Capital	199.54	205.16	164.81
Rate of Interest	11.75%	14.75%	14.75%
Interest on working capital	23.45	30.26	24.31



The Commission, accordingly, approves the interest on working capital at Rs. 24.31 Lakh for the Truing up for FY 2012-13.

4.7 RLDC Fees and Charges, ULDC charges and WAM Charges for FY 2012-13

Petitioner's submission

The petitioner has claimed the RLDC fees and charges, ULDC charges and WAM charges in the truing up for FY 2012-13, as detailed in Table 3.11 below:

Table 4.13: RLDC charges, ULDC charges & WAM charges claimed for FY 2012-13
(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/-
RLDC Fees and Charges	13.60	11.41	2.19
ULDC charges	814.99	950.54	(135.55)
WAM charges	22.66	-	22.66

Commission's analysis

The Commission has examined the annual accounts of SLDC to verify the RLDC fees, ULDC charges and WAM charges as claimed in the petition. The ULDC charges are Rs. 950.54 Crore as per annual accounts. The RLDC fee has been included in the A&G expenses in the annual accounts. There are no WAM charges in the audited accounts. The details are given in the table below:

Table 4.14: Approved RLDC charges, ULDC charges & WAM charges for FY 2012-13
(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
RLDC Fees and Charges	13.60	11.41	11.41
ULDC charges	814.99	950.54	950.54
WAM charges	22.66	-	-

The Commission approves the RLDC fees at Rs. 11.41 Lakh and ULDC charges at Rs. 950.54 Lakh in the truing up for FY 2012-13.

4.8 Other Income for FY 2012-13

SLDC has furnished the actual Other Income at Rs. 108.72 Lakh in the Truing up for FY 2012-13, as against Rs. 147.81 Lakh approved in the MYT Order for FY 2012-13, as detailed in Table below:



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Table 4.15: Revenue from Other Income claimed for FY 2012-13

(Rs. Lakh)				
Sl. No.	Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/-
1	Interest on Staff Loans & Advances	7.39	6.20	1.19
2	Miscellaneous Receipts	2.51	102.52	(100.01)
3	Scheduling Charges	106.79	-	106.79
4	Application / registration Charges	31.12	-	31.12
5	Grid Connection Fee	-	-	-
	Total	147.81	108.72	39.09

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 Other Income in the truing up for FY 2012-13. SLDC has further submitted that the income from scheduling charges and application charges from Short-Term Open Access users will not be part of Other Income as per SLDC "levy and collection of fees and charges regulation 2005"

Commission's analysis

The Commission, after detailed examination of the audited annual accounts for FY 2012-13, found that the Other Income of SLDC is Rs. 108.72 Lakh, which includes Rs. 6.20 Lakh towards interest on staff loans & advances and Rs. 102.52 Lakh towards miscellaneous receipts. The Commission observed that the petitioner has not considered the income from scheduling charges and application charges for Short-Term Open Access users amounting to Rs. 946.59 Lakh in the Other Income. The Commission, however, has considered the above income as it forms a part of the total revenue of the SLDC consistent with the practice followed in the earlier years.

Table 4.16: Approved Revenue from Other Income for FY 2012-13

(Rs. Lakh)				
Sl. No.	Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Approved in Truing up for FY 2012-13
1	Interest on Staff Loans & Advances	7.39	6.20	6.20
2	Miscellaneous Receipts	2.51	102.52	102.52
3	Scheduling Charges	106.79	-	-
4	Other operating Revenue		-	946.59
5	Grid Connection Fee	31.12	-	-
	Total	147.81	108.72	1055.31



The Commission approves the Other Income at Rs. 1055.31 Lakh in the Truing up for FY 2012-13.

4.9 Income Tax for FY 2012-13

SLDC has furnished the income tax paid at Rs.160.48 Lakh in the revised Truing up for FY 2012-13, as detailed in Table below:

Table 4.17: Provision for Taxation claimed for FY 2012-13

	(Rs. Lakh)		
Particulars	Approved in the MYT order for FY 2012-13	Claimed in truing up for FY 2012-13	Deviation +/-
Income Tax	15.93	160.48	(144.55)

Petitioner's submission

The Petitioner has submitted that tax on the income streams shall be computed and shall be recovered from the beneficiaries, since SLDC is paying these taxes through the consolidated tax payment made by GETCO. SLDC has proposed to recover the same.

Commission's analysis

The Commission has verified the tax as claimed by SLDC from the audited annual accounts and found that it has made provision of Rs.160.48 Lakh towards income tax.

The Commission approves the income tax Rs. 160.48 Lakh in the truing up for the FY 2012-13, as given in Table below:

Table 4.18: Approved income tax for FY 2012-13

	(Rs. Lakh)		
Particulars	Approved in the MYT order for FY 2012-13	Actual expenses for FY 2012-13	Approved in Truing up for FY 2012-13
Income Tax	15.93	160.48	160.48

4.10 Proposed and Approved fixed costs for FY 2012-13

The fixed charges approved in the MYT order for FY 2012-13, claimed by SLDC in truing up and approved by the Commission, are summarised in Table 3.17 below:



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Table 4.19: Approved fixed costs in Truing up for FY 2012-13

(Rs. Lakh)				
Sl. No.	Annual Revenue Requirement	Approved for FY 2012-13 in the MYT order	Claimed in Truing up for FY 2012-13	Approved in Truing up for FY 2012-13
1	O&M Expense	1121.58	1184.76	1184.76
1.1	Employee Cost	820.32	961.66	961.66
1.2	R&M Cost	42.82	40.55	40.55
1.3	A&G Cost	258.43	182.55	182.55
2	Interest on Working Capital	23.45	30.26	24.31
3	WRPC/RLDC Fees and charges	13.6	11.41	11.41
4	ULDC Charges	814.98	950.54	950.54
5	WAM charges	22.66	0	0
6	Less: Other Income	147.81	108.72	1055.31
7	Operating Cost Budget (a)	1848.45	2068.25	1115.71
8	Depreciation	107.55	48.59	48.59
9	Interest & Finance Charges	109.46	55.96	44.66
10	Return on Equity	79.92	43.38	34.95
11	Total Fixed Costs (8+9+10)	296.93	147.93	128.20
12	Less: Expenses Capitalised	0	0	0
13	Add: Provision for tax	15.93	160.48	160.48
14	Capital Cost Budget (b)	312.86	308.41	288.68
15	Total Revenue Budget (a+b)	2161.31	2376.66	1404.39

4.11 Revenue Gap for FY 2012-13

Petitioner's submission

The petitioner has estimated a revenue gap in of Rs. 376.74 Lakh during FY 2012-13, as given in Table below:

Table 4.20: Revenue Gap claimed for FY 2012-13

(Rs. Lakh)		
Sl. No.	Particulars	FY 2012-13
1	Actual ARR in the truing up	2376.66
2	Revenue from SLDC Fees and Charges	1999.93
3	Revenue (Gap) / Surplus (2-1)	(376.74)

The Petitioner has requested the Commission to approve the revised ARR and consider the revenue gap for FY 2012-13 while deciding the Tariff for the FY 2014-15.

Commission's Analysis

The GERC (Levy & Collection of Fees and Charges by SLDC) Regulations, 2005, do not provide for the computation of gains and losses for SLDC. Accordingly, the revised ARR for SLDC has been arrived at, taking into consideration the expenses and Other Income approved in the truing up for FY 2012-13, based on the audited annual accounts submitted by SLDC. The revenue (gap)/ Surplus is summarised in Table below:



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Table 4.21: Approved Revenue (Gap)/Surplus for FY 2012-13

Sl. No.	Particulars	FY 2012-13
1	Approved Fixed Charges in Truing up	1404.39
2	Revenue from SLDC Fees and Charges	1999.93
3	Revenue (Gap) / Surplus (2-1)	595.54

The Commission approves the revenue surplus of Rs. 595.54 Lakh in the truing up for FY 2012-13.



5. Determination of Fees and charges for FY 2014-15

5.1 Introduction

This Chapter deals with the revised Capital Expenditure and revised ARR for determination of SLDC fees and charges for the FY 2014-15. The Commission has considered the ARR approved in the Mid-term Review for FY 2014-15 and the adjustment on account of truing up for FY 2012-13, while determining the SLDC fees and charges for FY 2014-15.

5.2 Revised ARR claimed & approved for FY 2014-15

Based on the above approach the table given below summarises the ARR approved for FY 2014-15 in the MYT order, projected by SLDC in the Mid-term Review and approved by the Commission in the Mid-term Review.

Table 5.1: Revised ARR claimed & approved for FY 2014-15

Particulars	Approved in the MYT order	Projected in the Mid-term Review	Approved in the Mid-term Review
			(Rs. Lakh)
O&M Expense	1253.56	1433.56	1324.17
Employee Cost	916.85	1163.61	1074.82
R&M Cost	47.86	49.07	45.32
A&G Cost	288.85	220.89	204.03
Interest on Working Capital	26.62	41.87	32.28
WRPC/RLDC Fees and charges	16.46	16.46	16.46
ULDC Charges	817.57	817.57	817.57
WAM charges	22.66	0	0
SCADA Upgradation		483	483
Less: Other Income	178.42	108.72	459.58
Operating Cost Budget (a)	1,958.45	2,683.74	2,213.91
Depreciation	144.82	237.28	94.09
Interest & Finance Charges	129.2	186.69	69.85
Return on Equity	106.64	127.57	65.17
Less: Expenses Capitalised	0	0	0
Add: Provision for tax	21.25	25.52	13.03
Capital Cost Budget (b)	401.91	577.06	242.14
Total Revenue (a+b)	2,360.36	3,260.80	2,456.05

The SLDC fees and charges proposed by the petitioner and as approved by the Commission for FY 2014-15 as given in the Table below:



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**Table 5.2: Computed SLDC Fees & Charges for the FY 2014-15
(Rs. Lakh)**

Particulars	Projected in Mid-term Review	Approved in the Mid-term Review
ARR approved in the Mid-term Review	2780	2456.05
Add revenue gap / (Surplus) approved in truing up for FY 2012-13	377	(595.54)
Total SLDC Charges	3156	1860.51
Grid Connection Fees (Rupees)	10000.00	10000.00

The Commission, accordingly, approves the annual charges of SLDC at Rs. 1860.51 Lakh for the FY 2014-15, 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 approved by the Commission in the order dated 28th March, 2013.



COMMISSION'S ORDER

The Commission approves SLDC charges, as indicated below, for FY 2014-15.

SLDC Fees & Charges for the FY 2014-15

Particulars	Unit	Amount
ARR approved in the Mid-term Review	Rs. Lakh	2456.05
Add revenue gap / (Surplus) approved in truing up for FY 2012-13	Rs. Lakh	(595.54)
Total SLDC Charges	Rs. Lakh	1860.51
Grid Connection Fees	Rupees	10000.00

This order shall come into force with effect from 1st May, 2014.

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Chairman

Place: Gandhinagar
Date: 29/04/2014

