

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2013-14 and
Determination of Fees and Charges for FY 2015-16

For

State Load Dispatch Centre (SLDC)

Case No. 1462 of 2014

31st March, 2015

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**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 Dispatch Centre
SBI	State Bank of India
SLDC	State Load Dispatch Centre
UGVCL	Uttar Gujarat Vij Company Limited
WRLDC	Western Regional Load Dispatch Centre



Before the Gujarat Electricity Regulatory Commission at Gandhinagar

Case No. 1462 of 2014

Date of the Order: 31/03/2015

CORAM

Shri Pravinbhai Patel, Chairman

Dr. M.K. Iyer, Member

Shri K.M. Shringarpure, Member

ORDER

1. Background and Brief History

1.1 Background

This order relates to the petition filed by the State Load Dispatch Centre (hereinafter referred to as SLDC or the "Petitioner") on 28th November, 2014, 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 2013-14 and for determination of SLDC fees and charges for the FY 2015-16.

The Commission admitted the petition on 8th December, 2014.



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 Orders for FY 2012-13, FY 2013-14 and FY 2014-15

SLDC filed a petition for truing up for FY 2010-11 and determination of SLDC fees and charges for the FY 2013-14 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 Commission's Orders for Mid-term Review of Business plan for SLDC

The SLDC filed its Petition for Mid-term Review of Business Plan and revision of ARR for balance years for FY 2014-15 and FY 2015-16 of the control period in terms of Regulation 16.2(i) of GERC (MYT) Regulations, 2011.

The Commission in exercise of the powers vested in it under section 61, 62 and 64 of the Electricity Act, 2003 and all other powers enabling it on the behalf and after taking into consideration the submission made by SLDC, the objections by various stakeholders, response of SLDC, issues raised during public hearing and all other relevant material, approved the revised ARR for FY 2014-15 and FY 2015-16 in the Mid-term Review of Business Plan for SLDC on 29th April, 2014.

The Commission issued the order for truing up for FY 2012-13 and determination of Tariff for FY 2014-15 on 29th April, 2014.

1.7 Admission of Current Petition and Public Hearing

The SLDC has filed the current petition for 'Truing up' for FY 2013-14 and determination of SLDC fees and charges for the FY 2015-16 on 28th Novemebr, 2014. The Commission admitted the petition on 8th December, 2014 (under Case No. 1462/2014). 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	13/12/2014
2	Sandesh	Gujarati	13/12/2014

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



suggestions on the petition on or before 12th January, 2015.

Some of the consumers/consumer organisations requested for extension of last date for submission of objections. The Commission granted extension of time up to 25th January, 2015.

The Commission received objections / suggestions from 5 consumer / consumer organizations. The Commission examined the objections / suggestions received and fixed the date for public hearing for the petition on 10th February, 2015 at the Commission's Office, Gandhinagar, and subsequently a 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 the Commission's Office in Gandhinagar as scheduled on the above date.

The names of the stakeholders who filed their objections and the objectors who participated in the public hearing for presenting their objections are given below:

Sl. No.	Name of Stakeholders	Participated in the Public Hearing
1	Federation of Gujarat Industries (FGI)	Yes
2	Laghu Udyog Bharati - Gujarat	Yes
3	Indian Captive Power Producers Association (ICPPA)	Yes
4	Ahmedabad Textile Mills' Association (ATMA)	No
5	Gujarat Wind Farms Ltd.	No

During the hearing the Utility Users' Welfare Association (UUWA) also represented its objections / suggestions on the petition filed by SLDC.

A short note on the main issues raised by the objectors in the submissions in respect to the Petition, along with the response of SLDC and the Commission's views on the response, are briefly given in Chapter 3.

1.8 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's views on the response.

4. The **fourth** chapter deals with the 'Truing up' for FY 2013-14.
5. The **fifth** chapter deals with the SLDC fees and charges for FY 2015-16.

1.9 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, FY 2013-14 and FY 2014-15 were approved by the Commission vide its orders dated 7th April, 2012, 28th March, 2013 and 29th April, 2014 respectively.

The SLDC has now approached the Commission with the present petition for 'truing up' of the FY 2013-14, and determination of SLDC fees and charges for the FY 2015-16.

The Commission has undertaken 'Truing up' for the FY 2013-14, 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 2015-16 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 Dispatch Centre (SLDC) submitted the Petition seeking approval for 'Truing up' of FY 2013-14 and determination of SLDC fees and charges for the FY 2015-16. 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 2013-14 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 2013-14

Particulars	(Rs. Lakh)
O&M Expenses	
Employee Cost	992.12
R&M Cost	52.39
A&G Cost	207.35
Sub Total (O&M Expenses)	1251.86
Interest on Working Capital	33.15
RLDC Fees and charges	15.84
ULDC Charges & other related projects	1011.91
WAM charges	-
Less: Other Income	80.48
Sub Total (operating costs) (a)	2232.28
Depreciation	44.28
Interest & Finance Charges	60.53
Return on Equity	44.94
Total Fixed Cost	149.75
Less: Expenses Capitalised	-
Add: Provision for tax	435.77
Sub Total (Capital Costs) (b)	585.52
Total Revenue Budget (a+b)	2817.80

2.3 Proposed SLDC Fees and Charges

SLDC has submitted Proposal for FY 2015-16. The details furnished by SLDC are given in the Table 2.2 below:

Table 2.2: Proposed SLDC Fees and Charges for the FY 2015-16

Sl. No.	Particulars	Unit	FY 2015-16
1	ARR approved for FY 2015-16	Rs. Lakh	3047.09
2	Add Revenue gap for FY 2013-14	Rs. Lakh	546.17
3	Total SLDC charges	Rs. Lakh	3593.26



2.4 Request of SLDC

1. To admit this True-up for FY 2013-14 and determination of SLDC charges for FY 2015-16.
2. To approve True-up for FY 2013-14 and determination of SLDC charges for FY 2015-16.
3. To accept the figures in Rupees Lakh, as the figures of SLDC are comparatively smaller than other entities.
4. To grant any other relief as the Commission may consider appropriate.
5. The petitioner craves leave of the Commission to allow further submission, addition and alteration to this Petition as may be necessary from time to time.
6. 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. Brief outline of objections raised, response from SLDC and the Commission's View

3.1 Public Response to Petition

In response to the public notice inviting objections/suggestions from stakeholders on the Petition filed by SLDC for Truing up of FY 2013-14 and determination of Tariff for FY 2015-16 under GERC (MYT) Regulations, 2011, 5 Consumers / organisations filed their objections / suggestions. Details of consumers / organisations who have filed their objections are provided in the Table below:

Table 3.1: List of Objectors

Sl. No.	Name
1	Federation of Gujarat Industries
2	Laghu Udyog Bharati, Gujarat
3	Indian Captive Power Producers Association
4	Ahmedabad Textile Mills Association
5	Gujarat Wind Farms Limited

The Commission considered the objections/suggestions and the issues presented before the Commission and the response by SLDC on the same.

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

3.2 Objector 1: Federation of Gujarat Industries

Objection 1: Billing for penalties for Non - Utilisation of STOA

The Federation of Gujarat Industries has stated that billing for penalties for non-utilisation of STOA and less than contracted demand are not the functions of SLDC. Thus it is not operating and functioning independently as observed by the Commission in its order in Petition No. 1421 of 2014.

Response of SLDC

The objector is understanding non-utilisation of STOA difference between reserved STOA capacity and scheduled power in real time utilization as penalty. Whereas SLDC has legitimately issued supplementary bills for under recovery of STOA Transmission charges for the difference of Reserve Capacity and scheduled power as per prevailing regulations at that time.

Commission's View

The issue raised by FGI is not a subject matter of this petition.

Objection 2: True-up Petition for FY 2013-14 (Para 2.3 –Table 1) – Huge gap

The Federation of Gujarat Industries has stated that the approved Revenue Budget was Rs. 2271.65 Lac, out of which Rs. 19.25 lakh has been revised as Rs. 435.77 lakh i.e. 20 times higher which is not justifiable leading to huge gap to carry forward for FY 2015-16. This gap should not be allowed.

Response of SLDC

The total revenue requirement for FY 2013-14 approved was Rs. 2271.65 Lakh, out of which Rs. 19.51 lakh was projected for probable tax but the actual tax liability has been Rs. 435.77 lakh.

Commission's View

Response of SLDC is noted.

Objection 3: Disclosure of income from STOA consumers

The Federation of Gujarat Industries stated that on one hand the income from STOA consumers by way of billing them for transmission capacity for which NOC is obtained, irrespective of its use fully or under use, for collective transactions and on the other hand such huge income is hidden in the petition. It is requested that the bills raised to STOA consumers and amount collected may be shown. NOC to GUVNL for collective transaction for sale capacity of 2500 MW and purchase capacity of 1000 MW is availed and against this bills raised for transmission capacity and payment received may be disclosed.

In its order No. 1438 of 2014 dated 07.11.2014, the Commission has clarified that clause 4 of GERC (Levy and collection of charges from generating companies and licensees of Levy and Collection of Fees and Charges) Regulations, 2005, does not apply to true-up. Even then the petitioner has not considered the same and income of STOA is excluded.

Response of SLDC

The STOA charges for transmission is not an income of SLDC but that of GETCO. STOA application fee and STOA scheduling charges are being dealt with by SLDC as per GERC (Levy and collection of fees and charges by SLDC) Regulations, 2005. The utilisation of such amount shall depend on the outcome of the Appeal No. 33/2015 filed in the APTEL.

Commission's View

Response of SLDC is noted.

Objection 4: Need for WAMS Project of SLDC

Federation of Gujarat Industries has stated that WAMS project of SLDC is not required as URTDSM project of POWERGRID is being commissioned. It should be clarified as to whether charges for URTDSM are recovered through tariff by POWER GRID or from PSDF fund in order to avoid unexpected deviation.

Response of SLDC

The URTDSM project has just started and is mainly designed for regional grid where the State intervention for the project is limited as only two locations are selected from Gujarat, whereas WAMS project is designed keeping in view the State's operational requirement. Both the projects are complementing each other and there is no location where duplication happens. The locations of PMUs are different in both projects resulting in huge information of grid which in turn will help in enhancing grid security. The URTDSM is funded 70% through PSDF and 30% as investment by power grid, for which tariff will be fixed by CERC.

Commission's View

Response of SLDC is noted.

Objection 5: Availability of capacity and utilisation

Federation of Gujarat Industries has stated that spare capacity available is not being utilised and open Access consumers are restricted up to their Contract Demand. Still open access charges are being recovered. The Commission is requested to direct the GETCO/utilities not to recover transmission charges when no spare Open Access capacity is used by restricting them to the contract Demand. Adequate capacity to handle the power situation is to be kept throughout the year but on the contrary major



elements are operating in continuous overloading since last 3 quarters and suddenly permission is withdrawn for about 900 MW STOA consumers. When system is not upgraded to run with security of system, no further rise may be allowed as per revised ARR 2013-14.

Response of SLDC

STOA transmission charges, collected by SLDC, is as authorised and decided by the Commission from time to time as per the regulations.

Commission's View

Issue raised by objector and response of Petitioner is noted.

Objection 6: Display of Availability of LTOA/MTOA/STOA

Federation of Gujarat Industries and Indian Captive Power Producers Association have stated that updated information and availability of LTOA/MTOA/STOA and allotment should be displayed on the website of SLDC. Also, the details of TTC/ATC for import and export, ATC already used and available for open access should be displayed on SLDC website.

Response of SLDC

This is a suggestion to the Commission. As the point does not relate to SLDC tariff petition, SLDC may not like to comment on it.

Commission's View

The suggestions will be examined and appropriate decision will be taken.

3.3 Objector 2: Laghu Udyog Bharti, Gujarat

Objection 1: Consumer contribution towards line component and government grant not to be treated as equity

M/s Laghu Udyog Bharati has stated that consumer contribution towards line component and government grants cannot be made part of equity.

Response of SLDC

In the true-up for FY 2013-14 and ARR for FY 2015-16, SLDC has not received any consumer contribution towards line component and Government grants. Hence the



objection raised does not apply to SLDC petition for true-up for FY 2013-14 and Tariff determination for FY 2015-16.

Commission's View

Consumer contribution and Government grants are not treated as equity.

Objection 2: Amounts to be given credit in ARR 2013-14

M/s Laghu Udyog Bharati has stated that the following amounts are required to be given credit in ARR 2013-14.

- (1) Own fund of Rs. 3.335 Cr
- (2) Reserve and Surplus of Rs. 16.43 Cr
- (3) Current Assets of Rs. 34.81 Cr
- (4) Profit of Rs. 16.23 Cr

Response of SLDC

- (1) & (2) above: Components of tariff determination process is stated in clause No. 71.1 of GERC (MYT) Regulations, 2011 and clause 4 (iii) of GERC (Levy and collective of Fees and charges by SLDC) Regulations, 2005. Reserve and surplus of Rs. 16.43 Cr and own fund of Rs. 3.335 Cr is shareholders fund. Providing credit for Reserve and Surplus and own fund in ARR is not correct.
- (3) Current assets are not part of tariff determination process. Current Assets are part Balance Sheet item, which include inventories, trade receivables, short-term loans and advances. Providing credit of current assets of Rs. 34.81 Cr in ARR is not correct.
- (4) Profit is covered under Reserve and Surplus and is not component of tariff determination. Providing credit of Rs. 16.23 Cr. in ARR is not correct.

Commission's View

Response of SLDC is noted.

3.4 Objector 3: Indian Captive Power Producers Association

Objection 1: Scheduling Charges

Indian Captive Power Producer's Association has stated that the schedule is a single schedule, the scheduling and system operation charges also be charged only once



and only from one entity or Rs. 2000 Per day basis. GERC Intra State Open Access Regulations also state that charges are to be paid only once for each transaction. When a mutually agreed schedule on behalf of injecting and receiving entities are given by the injecting entity itself, such as generating company, only such injecting entity need to be charged the operating charges for composite schedule without recovering the same from consumers and it is not prudent to bill operating charges twice. Further when schedule is for single injection and multiple drawals, the same constitutes a single transaction and therefore only a single composite charge of Rs. 2000 per day is to be charged from the injecting entity. The Commission is requested to issue necessary clarification in the matter.

Response of SLDC

The scheduling charges are charged as per provisions in the GERC (Terms and Conditions of Intra-state open Access) Regulations, 2011 (Section 22)

Commission's View

Response of SLDC is noted.

3.5 Objector 4: Ahmedabad Textile Mills Association and Gujarat Wind Farms Limited

Objection 1: Difficulty in comprehending Commercial, Technical, operational and financial issues in petition.

Ahmedabad Textile Mills Association and Gujarat wind farms Ltd have stated that it is difficult to comprehend commercial, technical, operational and financial issues in the petition.

Response of SLDC

GETCO submitted that it is mere observation.

Commission's View

The Commission determines the tariff for SLDC as per the GERC (MYT) Regulations, 2011 and prudence check.

4. True-up for FY 2013-14

4.0 Introduction

This chapter deals with 'Truing up' of FY 2013-14 of SLDC. The Commission has analysed each of the components of Truing up for FY 2013-14 in the following sections.

4.1 Capital Expenditure

SLDC has furnished the capital expenditure of Rs. 43.03 Lakh in the truing up for FY 2013-14 against Rs. 264 Lakh approved in the MYT order. The details are given in the Table below:

Table 4.1: Capital Expenditure claimed for FY 2013-14
(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14
Land Acquisition cost	-	-
Augmentation/ Upgradation of existing customers	90.00	27.40
Strengthening of communication channels	35.00	-
Additional system / Software planning	20.00	-
IT Infrastructure	10.00	4.08
SLDC Building development	80.00	6.00
Office Equipment	14.00	5.55
Staff recreation facilities	15.00	-
Additional Expenditure	-	-
Total	264.00	43.03

Petitioner's Submission

The petitioner has submitted that some of the projects which started in the FY 2013-14 could not be completed in the same year and hence, have been carried over to FY 2014-15 and the cost shall be booked in FY 2014-15.

Commission's Analysis

The capital expenditure considered in the ARR for FY 2013-14 in the MYT order dated 31st March, 2011 was Rs. 264 Lakh. SLDC has reported the capital expenditure incurred as Rs. 43.03 Lakh which is about 16% of the CAPEX considered in the ARR for FY 2013-14. There are no subsidies and grants as verified from the audited annual accounts for FY 2013-14.

The Commission approves the capital expenditure/capitalisation of Rs. 43.03 Lakh in the truing up for FY 2013-14.



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SLDC has not submitted any details of funding the CAPEX.

The Commission has observed that there is a net addition of Rs. 42.39 Lakh during FY 2013-14. 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 2013-14
(Rs. Lakh)**

Particulars	Approved in the MYT order for FY 2013-14	Approved in Truing up for FY 2013-14
Capital Expenditure	264.00	
Capitalisation (net)	303.00	42.39
Debt (70%)	212.10	29.67
Equity (30%)	90.90	12.72

4.2 Operations and Maintenance (O&M) Expenses for FY 2013-14

Petitioner's Submission

The Petitioner has claimed Rs. 1251.86 Lakh towards O&M Expenses for FY 2013-14 against Rs. 1185.74 Lakh approved in the MYT Order for FY 2011-16 as shown in the Table below:

**Table 4.3: Operations & Maintenance Expenses claimed for FY 2013-14
(Rs. Lakh)**

Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
Employee Cost	867.25	992.12	(124.87)
Repairs & Maintenance	45.27	52.39	(7.12)
Administration & General Expense	273.22	207.35	65.87
Total	1185.74	1251.86	(66.12)

Employee cost

The petitioner has claimed Rs. 992.12 Lakh towards actual Employee cost in the Truing up for FY 2013-14, against Rs. 867.25 Lakh approved for FY 2013-14 in the MYT order for FY 2011-16.

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 2013-14 such as gratuity and leave encashment amounting to Rs. 62.41 Lakh and Rs. 65.27 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 2013 and



January 2014 and notional increment of 3% has also contributed to increase of employee cost.

R&M Expenses

The Petitioner has claimed Rs. 52.39 Lakh in the truing up for FY 2013-14 against Rs. 45.27 Lakh approved for FY 2013-14 in the MYT Order for FY 2011-16.

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.

SLDC has further submitted that the maintenance and fixed costs is shared by GETCO (Gujarat) for the various assets created by PGCIL in the western region covered in “Central Portion” of ULD&C scheme. The maintenance and fixed costs are being pooled and shared by WR constituents. Therefore, the cost of such projects is also apportioned to Gujarat entities through SLDC-fees and charges mechanism. ULDC charges part of R&M expenses in annual accounts have been claimed separately under respective head.

A&G Expenses

The Petitioner has claimed Rs. 207.35 Lakh towards actual A&G Expenses in the truing up for FY 2013-14 against Rs. 273.22 Lakh approved for FY 2013-14 in the MYT Order for FY 2011-16.

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. The RLDC fees are part of A & G expenses in the annual accounts and hence A&G Expenses have been reduced by that amount and considered under the Head RLDC fees, ULDC charges and WAM charges for FY 2013-14.

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 2013-14 and found to be correct as detailed in the Table below:

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Table 4.4: Operations & Maintenance Expenses approved for FY 2013-14

(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
Employee Cost	867.25	992.12	992.12
Repairs & Maintenance	45.27	52.39	52.39
Administration & General Expense	273.22	207.35	207.35
Total	1185.74	1251.86	1251.86

The Commission approves the O&M expenses at Rs. 1251.86 Lakh in the Truing up for FY 2013-14.

4.3 Depreciation for FY 2013-14

Petitioner's Submission

The petitioner has claimed Rs. 44.28 Lakh towards depreciation for FY 2013-14, against Rs. 130.11 Lakh approved by the Commission for FY 2013-14. The decrease is due to lower capitalisation of assets in FY 2013-14. SLDC has submitted that lower depreciation is mainly due to lesser capitalisation of CAPEX in FY 2013-14. The depreciation claimed by SLDC for FY 2013-14 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 2013-14

(Rs. Lakh)

Particulars	Approved in the MYT order for FY 2013-14	Claimed in the true-up for FY 2013-14	Deviation +/-
Depreciation	130.11	44.28	85.83

Commission's Analysis

The actual depreciation, as per the audited accounts is Rs. 44.28 Lakh. Depreciation has been claimed by SLDC under the Provisions of Companies Act 1956. This is in accordance with GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.

The Commission accordingly approves the depreciation at Rs. 44.28 Lakh in the truing up for FY 2013-14 as per the audited annual accounts as detailed in the Table below:

Table 4.6 Approved depreciation for FY 2013-14

(Rs. Lakh)

Particulars	Approved for FY 2013-14 in MYT order	Actual claimed in Truing up for FY 2013-14	Approved in the Truing up for FY 2013-14
Depreciation	130.11	44.28	44.28



4.4 Interest and Finance charges for FY 2013-14

Petitioner's Submission

The petitioner has claimed Rs. 60.53 Lakh towards interest and finance charges in the Truing up for FY 2013-14, as against Rs. 125.21 Lakh approved for FY 2013-14 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 2013-14 and actuals now claimed by SLDC are given in Table below:

**Table 4.7 Interest and Finance charges claimed in truing up for FY 2013-14
(Rs. Lakh)**

Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
Opening Loans	1157.15	462.66	694.49
Addition During Year	212.10	17.30	324.91
Repayments During the Year	130.11		
Closing Loans	1239.14	479.96	759.18
Average Loans	1198.15	471.31	726.84
Interest on Loans	125.21	51.09	74.12
Other Interest Charges	-	9.44	(9.44)
Weighted average rate of interest on loan	10.45%	10.84%	
Total Interest & Finance Charges	125.21	60.53	64.68

Commission's Analysis

The Commission has examined the details of opening loans, additions and repayment during FY 2013-14. SLDC has furnished the addition of loan at Rs. 25.09 Lakh for FY 2013-14.

The Commission has observed that there is a net addition of Rs. 42.39 Lakh of assets during FY 2013-14, 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 10.84% based on its actual loan portfolio. Interest on loans therefore has been considered at 10.84% 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. 9.44 Lakh are verified as per audited annual accounts. The interest and finance charges are worked out as detailed in Table below:



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Table 4.8: Approved Interest and Finance charges for FY 2013-14

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
Opening Loans	1157.15	462.66	326.07
Addition During Year	212.10	17.30	29.67
Repayments During the Year	130.11		44.28
Closing Loans	1239.14	479.96	311.46
Average Loans	1198.14	471.31	318.77
Interest on Loans	125.21	51.09	34.55
Other Interest Charges	-	9.44	9.44
Rate of interest	10.45%	10.84%	10.84%
Total Interest & Finance Charges	125.21	60.53	43.99

The Commission, accordingly, approves the interest and finance charges at Rs. 43.99 Lakh in the truing up for FY 2013-14.

4.5 Return on Equity for FY 2013-14

The petitioner has claimed Rs. 44.94 Lakh towards return on equity in the Truing up for FY 2013-14, as against Rs. 96.09 Lakh approved in the MYT Order for FY 2013-14. The details of Return on Equity approved in the MYT Order for FY 2013-14 and actuals now claimed by SLDC in truing up for FY 2013-14 are given in Table below:

Table 4.9: Return on Equity claimed in the truing up for FY 2013-14

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
Opening Equity Capital	640.94	308.44	332.50
Addition During the Year	90.90	25.09	65.81
Closing Equity	731.84	333.53	398.31
Average equity	686.39	320.99	365.41
Rate of Return on Equity	14%	14%	
Return on Equity	96.09	44.94	51.16

Petitioner's Submission

The petitioner has submitted that actual equity addition as per accounts has been considered for FY 2013-14 for calculation of return on equity, rate of return of equity is considered as 14% per annum In line with the norms specified in GERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2005.

Commission's Analysis

The Commission has observed that there is a net addition of Rs. 42.39 Lakh of assets during FY 2013-14. The Commission has taken the closing equity of FY 2012-



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13 as the opening equity for FY 2013-14 and considered new addition of assets of Rs. 42.39 Lakh for SLDC during FY 2013-14 and allowed normative equity addition of Rs. 12.72 Lakh towards 30% of capitalization of Rs. 42.39 Lakh approved for FY 2013-14. 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 2013-14

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
Opening Equity Capital	640.94	308.44	251.61
Addition / (Deduction) during the year	90.90	25.09	12.72
Closing Equity	731.84	333.53	264.33
Average equity	686.39	320.99	257.97
Rate of Return on Equity	14%	14%	14%
Return on Equity	96.09	44.94	36.12

The Commission, accordingly, approves the return on equity at Rs. 36.12 Lakh in the Truing up for FY 2013-14.

4.6 Interest on working capital for FY 2013-14

Petitioner's Submission

The petitioner has submitted that interest on working capital for FY 2013-14 is computed at Rs. 33.15 Lakh, as against the amount of Rs. 25.16 Lakh approved in the MYT order for FY 2013-14, 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 14.45%, being the prime lending rate (PLR), as on 1st April 2013.

Table 4.11: Claimed Interest on working capital for FY 2013-14

Particulars	(Rs. Lakh)		
	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
O&M Expenses (1 month)	98.81	104.32	(5.51)
Maintenance and Spares (1% of cost with 6% escalation)	20.69	7.71	12.98
Receivables (15 days)	94.65	117.41	(22.76)
Total Working Capital	214.15	229.44	(15.29)
Rate of Interest	11.75%	14.45%	
Interest on working capital	25.16	33.15	(7.99)



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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 2013-14.

SLDC has submitted that it has considered the rate of interest of 14.45% as per Prime Lending Rate as on 1st April 2013 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 14.45%, i.e. SBAR as on 1st April 2013, as detailed in Table below:

Table 4.12: Approved Interest on working capital for FY 2013-14

(Rs. Lakh)			
Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
O&M Expenses (1 month)	98.81	104.32	104.32
Maintenance and Spares (1% of Opening GFA)	20.69	7.71	7.71
Receivables (15 days)	94.65	117.41	29.84
Total Working Capital	214.15	229.44	141.86
Rate of Interest	11.75%	14.45%	14.45%
Interest on working capital	25.16	33.15	20.50

The Commission, accordingly, approves the interest on working capital at Rs. 20.50 Lakh for the Truing up for FY 2013-14.

4.7 RLDC Fees for FY 2013-14

Petitioner's Submission

The petitioner has claimed the RLDC fees at Rs. 15.84 Lakh in the truing up for FY 2013-14, as detailed in Table below:

Table 4.13: RLDC charges, ULDC charges & WAM charges claimed for FY 2013-14

(Rs. Lakh)			
Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-(-)
RLDC Fees and Charges	14.96	15.84	(0.88)



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Commission's Analysis

The Commission has examined the annual accounts of SLDC to verify the RLDC fees claimed in the petition. The RLDC charges are Rs. 15.84 Lakh as per annual accounts. The RLDC fee has been included in the A&G expenses in the annual accounts. The details are given in the Table below:

Table 4.14: Approved RLDC charges for FY 2013-14

(Rs. Lakh)			
Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
RLDC Fees and Charges	14.96	15.84	(0.88)

The Commission approves the RLDC fees at Rs. 15.84 Lakh in the truing up for FY 2013-14.

4.8 ULDC charges for FY 2013-14

The petitioner has claimed Rs. 1011.91 Lakh towards charges for ULDC and other related projects in the truing up for FY 2013-14 against Rs. 814.98 Lakh approved in the MYT Order for FY 2013-14 as detailed in the Table below:

Table 4.15: Charges of ULDC & Other projects for FY 2013-14

(Rs. Lakh)				
Sl. No.	Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
1	Central Portion			
2	Total ULDC Charges (Central Portion)	1980.19	-	1980.19
3	Weighted Average	24%	0%	
4	Recovery of ULDC charges	478.57	619.73	(141.16)
5	State Portion			
6	Total ULDC charges (State Portion)	801.37	-	801.37
7	Ratio for sharing (As per CERC Order)	25%	0%	
8	Recovery of Capital Charges	197.74	256.12	(58.38)
9	Annual Maintenance Charge			
10	Proposed Maintenance Charges	112.84	135.08	(22.24)
11	Maintenance for Wideband communication			
12	Proposed Maintenance Charges	25.84	0.98	24.86
13	Charges for ULDC & Other related Projects	814.98	1011.91	(196.92)

Petitioner's Submission

ULD&C Charges

The Petitioner has submitted that CERC has issued order for approval of charges for Unified Load Dispatch & Communication Scheme in Western Region for the period



from 1.2.2006. Accordingly, the Central portion charges shall be shared by beneficiaries/constituents in Western Region in the ratio of central generating capacity allocation, including the allocation from unallocated capacity from the Central Generating Stations. Inter-regional export/import of power, whether bilateral or multilateral, would not affect the sharing of charges for Unified Scheme. The State portion charges shall be shared by the states in proportion to respective capital cost as on 31.03.2006.

In the 8th meeting of WRPC held on 12th September, 2008, WRLDC had intimated that ULDC project was under extended AMC period up to 31.05.2009 and stressed the need for going in for a comprehensive Long Term Service Agreement (LTSA). In this connection, it was informed to the committee that M/s. GE had submitted offer to take up AMC which broadly covered the scope of SCADA/EMS/DTS software as well as hardware of SLDC/sub-LDCs. Subsequently, negotiation committee was formed and deliberated on various options & aspects. It was also agreed by all committee members of WR including SLDC-Gujarat in 10th meeting that WRLDC/PGCIL would go ahead with awarding of maintenance of SCADA/EMS system in Western Region to M/s GE and LTSA arrangements with them. Accordingly, the aforesaid annual maintenance contract is commenced from 14th August, 2009. Percentage sharing of GETCO is also decided as 17.36% as per agreement executed with PGCIL.

Maintenance contract for Wideband Communication

WR constituents including GETCO principally agreed to give AMC for Wideband Telecommunication Equipment to M/s Ericsson India Pvt. Ltd for a period of 3 years and requested POWERGRID to finalise the terms and conditions and price with M/s Ericsson keeping in view the expiry of the existing AMC for wideband telecommunication equipment by 09.04.2009. The above communication channels are required to bring data on SCADA system from Chattisgarh, Madhya Pradesh and Gujarat.

Accordingly, PGCIL finalised terms and conditions and technical specifications and price for Long Term Service agreement for AMC of wideband telecom equipment supplied and commissioned under system coordination and Control project of Western Region with M/s Ericsson India Pvt. Ltd.



Total Charges for ULDC and other related projects

In consideration of above, the sharing of charges for SLDC-Gujarat for ULD&C scheme derived in Table above for central portion and state portion. The capacity allocation is considered for computation of central portion as per Regional Energy Account issued by WRPC.

There is a variation of Rs. (196.92) Lakh in the ULDC charges as against approved by the Commission in MYT Order. WRLDC has filed petition (Petition No.57/2012) before CERC for determination of charges and order on the same has been issued on 14th November, 2013 and charges have been paid accordingly. Variation in annual maintenance charges is due to Foreign Exchange Rate Variation.

Commission’s Analysis

The Commission approves the ULDC and other charges at Rs. 1011.91 Lakh in the truing up for FY 2013-14.

4.9 WAM Charges for FY 2013-14

SLDC has not claimed WAMS charges in the truing up for FY 2013-14 as detailed in the Table below:

Table 4.16: WAMS Charges for FY 2013-14

(Rs. Lakh)				
Sl. No.	Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-)
1	Annual Installment	90.27	-	90.27
2	% Allocation Average (As per March, 2009 REA)	25%	0%	
3	Sharing by GETCO	22.66	-	22.66

Petitioner’s Submission

The Petitioner has submitted that in the 10th WRPC meeting, project of WAM system proposed by PGCIL in WR is approved and agreed by WR constituents. This project provides more advanced measurement systems that will be utilised for synchronised measurements from geographically distant locations and increase the situational awareness by monitoring wide area in real time.

This project cost has been pooled in regional system and to be shared by WR constituents including Gujarat. It was assumed that sharing of this project be carried



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out in proportionate to allocation as in line with ULD&C scheme. Accordingly, annual charges to be shared by SLDC- Gujarat.

As per WRPC 19th and 20th meeting, WRLDC will execute the WAMS pilot project for western region from WRLDC capex fund and hence Gujarat's share for the above project is revised to zero.

URTDSM (Unified Real Time Dynamic System Monitoring) for whole of India has been designed and will be executed by PGCIL on the approval of the CERC. SLDC share (if any) will be considered in future.

Commission's Analysis

The Commission approves the WAM charges at Rs. Nil in the truing up for FY 2013-14.

4.10 Other Income for FY 2013-14

SLDC has furnished the actual Other Income at Rs. 80.48 Lakh in the Truing up for FY 2013-14, as against Rs. 162.41 Lakh approved in the MYT Order for FY 2013-14, as detailed in Table below:

Table 4.17: Revenue from Other Income claimed for FY 2013-14

(Rs. Lakh)				
Sl. No.	Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-
1	Interest on Staff Loans & Advances	7.99	10.91	(2.92)
2	Miscellaneous Receipts	2.71	69.57	(66.86)
3	Scheduling Charges	117.46	-	117.46
4	Application / registration Charges	-	-	-
5	Grid Connection Fee	34.25	-	34.25
	Total	162.41	80.48	81.93

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 2013-14. SLDC has further submitted that as per GERC Order No. 1438 of 2014 dated 7th November, 2014, income received from Short-Term Open Access users against scheduling and system operation charges should not be considered in



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determination of charges of the SLDC. At the same time, GERC has clarified that above clause does not apply to truing up exercise. SLDC begs to defer on this point of GERC as above regulation clearly stating about “**Scheduling and System operation charges recovered.....**” hence it is about truing up exercise only as it is about treatment after recovery of charges. SLDC requests the Commission to once again look into matter and not to consider scheduling and system operation charges recovered during FY 2013-14 as part of revised ARR for FY 2013-14. It is also requested to provide guidelines for creation of fund in line with CERC LDC Development Fund, if deem fit.

SLDC has submitted the Short-Term Open Access Application granted in the FY 2013-14 as detailed in the Table below:

Table 4.18: Short-term open access granted in FY 2013-14

Sl. No.	Particulars	Number of applications	Granted up to (MW)	Total (MUs)
1	Intra State Short-Term Open Access	337	533.20	2895.60
2	Inter State Collective Transaction (PX)	5381	6470.76	12150.52
3	Inter State Bilateral Transaction	1109	1667.00	7778.31
4	Total	6827	8671	22824

Commission’s Analysis

The Commission, after detailed examination of the audited annual accounts for FY 2013-14, found that the Other Income of SLDC is Rs. 90.70 Lakh, which includes Rs. 8.97 Lakh towards interest on staff loans & advances and Rs. 81.73 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. 2053.47 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 4.19: Approved Revenue from Other Income for FY 2013-14

(Rs. Lakh)

Sl. No.	Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	Interest on Staff Loans & Advances	7.99	10.91	8.97
2	Miscellaneous Receipts	2.71	69.57	81.73
3	Scheduling Charges	117.46	-	-
4	Other operating Revenue	-	-	2053.47
5	Grid Connection Fee	34.25	-	-
	Total	162.41	80.48	2144.17



The Commission approves the Other Income at Rs. 2144.17 Lakh in the Truing up for FY 2013-14.

4.11 Income Tax for FY 2013-14

SLDC has furnished the income tax paid at Rs.435.77 Lakh in the Truing up for FY 2013-14, as detailed in Table below:

Table 4.20: Provision for Taxation claimed for FY 2013-14

Particulars	Approved in the MYT order for FY 2013-14	Claimed in truing up for FY 2013-14	Deviation +/-)
Income Tax	19.15	435.77	(416.62)

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.435.77 Lakh towards income tax.

The Commission approves the income tax Rs. 435.77 Lakh in the truing up for the FY 2013-14, as given in Table below:

Table 4.21: Approved income tax for FY 2013-14

Particulars	Approved in the MYT order for FY 2013-14	Actual expenses for FY 2013-14	Approved in Truing up for FY 2013-14
Income Tax	19.15	435.77	435.77

4.12 Proposed and approved fixed costs for FY 2013-14

The fixed charges approved in the MYT order for FY 2013-14, claimed by SLDC in truing up and approved by the Commission, are summarised in the Table below:



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Table 4.22: Approved fixed costs in Truing up for FY 2013-14

(Rs. Lakh)

Sl. No.	Annual Revenue Requirement	Approved for FY 2013-14 in the MYT order	Claimed in Truing up for FY 2013-14	Approved in Truing up for FY 2013-14
1	O&M Expense	1185.74	1251.86	1251.86
1.1	Employee Cost	867.25	992.12	992.12
1.2	R&M Cost	45.27	52.39	52.39
1.3	A&G Cost	273.22	207.35	207.35
2	Interest on Working Capital	25.16	33.15	20.50
3	WRPC/RLDC Fees and charges	14.96	15.84	15.84
4	ULDC Charges	814.98	1011.91	1011.91
5	WAM charges	22.66	-	-
6	Less: Other Income	162.41	80.48	2144.17
7	Operating Cost Budget (a)	1901.09	2232.28	155.94
8	Depreciation	130.11	44.28	44.28
9	Interest & Finance Charges	125.21	60.53	43.99
10	Return on Equity	96.09	44.94	36.12
11	Total Fixed Costs (8+9+10)	351.41	149.75	124.39
12	Less: Expenses Capitalised	0	-	
13	Add: Provision for tax	19.15	435.77	435.77
14	Capital Cost Budget (b)	370.56	585.52	560.16
15	Total Revenue Budget (a+b)	2271.65	2817.80	716.10

4.13 Revenue Gap for FY 2013-14

Petitioner's Submission

The petitioner has estimated a revenue gap of Rs. 546.17 Lakh during FY 2013-14, as given in Table below:

Table 4.23: Revenue Gap claimed for FY 2013-14

(Rs. Lakh)

Sl. No.	Particulars	FY 2013-14
1	ARR for FY 2013-14 after truing up	2817.80
2	Add: Revenue Gap approved in truing up for FY 2011-12	60.55
3	Total ARR for FY 2013-14	2878.35
4	Revenue from SLDC Charges	2332.18
5	Revenue Gap/(Surplus) for FY 2013-14	546.17

The Petitioner has requested the Commission to approve the revised ARR and consider the revenue gap for FY 2013-14 while deciding the Tariff for the FY 2015-16.

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 2013-14, based on the audited



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annual accounts submitted by SLDC. The revenue (gap)/ Surplus is summarised in Table below:

**Table 4.24: Approved Revenue (Gap)/Surplus for FY 2013-14
(Rs. Lakh)**

Sl. No.	Particulars	FY 2013-14
1	Approved Fixed Charges in Truing up	716.10
2	Revenue from SLDC Fees and Charges	2332.18
3	Revenue (Gap) / Surplus (2-1)	1616.08

The Commission approves the revenue surplus of Rs. 1616.08 Lakh in the truing up for FY 2013-14.



5. Determination of Fees and charges for FY 2015-16

5.1 Introduction

This Chapter deals with the revised Capital Expenditure and revised ARR for determination of SLDC fees and charges for the FY 2015-16. The Commission has considered the ARR approved in the Mid-term Review for FY 2015-16 and the adjustment on account of truing up for FY 2013-14, while determining the SLDC fees and charges for FY 2015-16.

5.2 Revised ARR claimed & approved for FY 2015-16

Based on the above approach the table given below summarises the ARR projected by SLDC in the Mid-term Review and approved by the Commission in the Mid-term Review for FY 2015-16.

Table 5.1: Revised ARR claimed & approved for FY 2015-16
(Rs. Lakh)

Particulars	Projected in the Mid-term Review	Approved in the Mid-term Review
O&M Expense	1576.92	1399.91
Employee Cost	1279.97	1136.30
R&M Cost	53.97	47.91
A&G Cost	242.97	215.70
Interest on Working Capital	46.84	35.81
WRPC/RLDC Fees and charges	18.10	18.10
ULDC Charges	820.42	820.42
WAM charges	0	0
SCADA Upgradation	483.00	483.00
Less: Other Income	108.72	459.58
Operating Cost Budget (a)	2836.55	2297.66
Depreciation	245.98	150.20
Interest & Finance Charges	241.06	123.46
Return on Equity	168.64	102.33
Less: Expenses Capitalised	0	0
Add: Provision for tax	33.74	20.45
Capital Cost Budget (b)	689.42	396.44
Total ARR (a+b)	3525.98	2694.10

The SLDC fees and charges proposed by the petitioner and as approved by the Commission for FY 2015-16 as given in the Table below:



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Table 5.2: Approved SLDC Fees & Charges for the FY 2015-16

(Rs. Lakh)

Particulars	Projected by SLDC	Approved by the Commission
ARR approved for FY 2015-16	3047.09	2694.10
Less: Revenue Surplus approved in truing up for FY 2013-14	546.17	1616.08
Total SLDC Charges	3593.26	1078.02
Grid Connection Fees (Rupees)		10000.00

The Commission, accordingly, approves the annual charges of SLDC at Rs. 1078.02 Lakh for the FY 2015-16, 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 2015-16.

SLDC Fees & Charges for the FY 2015-16

Particulars	Unit	Amount
ARR approved for FY 2015-16	Rs. Lakh	2694.10
Less: Revenue Surplus approved in truing up for FY 2013-14	Rs. Lakh	1616.08
Total SLDC Charges	Rs. Lakh	1078.02
Grid Connection Fees	Rupees	10000.00

This order shall come into force with effect from 1st April, 2015.

Sd/-

SHRI K.M. SHRINGARPURE
Member

Sd/-

DR. M.K. IYER
Member

Sd/-

SHRI PRAVINBHAI PATEL
Chairman

Place: Gandhinagar
Date: 31/03/2015

