

**STATE LOAD DESPATCH CENTRE
GUJARAT ENERGY TRANSMISSION CORPORATION
LIMITED**

132 KV Substation Campus, Opposite Kalpvrux Complex,
Gotri Road, Vadodara – 390-021



CASE NO. 1546 of 2015

**TRUE-UP FOR THE FY 2014-15,
AGGREGATE REVENUE REQUIREMNT FOR THE FY 2016-
17 (Provisional)
OF
STATE LOAD DESPATCH CENTRE**

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Rs. 50/- Only





BEFORE THE GUJARAT ELECTRICITY REGULATORY COMMISSION
GANDHINAGAR

Filing No:

Case No: 1546 of 2015

IN THE MATTER OF Filing of Petition for True Up of FY 2014-15, determination of provisional SLDC Charges for FY 2016-17 for SLDC under GERC Regulations 2005, MYT Regulation framework and Section 62 of the Electricity Act, 2003.

AND

IN THE MATTER OF State Load Despatch Centre,
Gujarat Energy Transmission Corporation Limited,
Sardar Patel Vidyut Bhavan,
Race Course,
Vadodara 390007

PETITIONER

THE PETITIONER ABOVE NAMED RESPECTFULLY SUBMITS



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ABBREVIATIONS

1.	A&G	Administrative & General
2.	AMC	Annual Maintenance Contract
3.	ARR	Aggregate Revenue Requirement
4.	CAPEX	Capital Expenditure
5.	CEA	Central Electricity Authority
6.	CERC	Central Electricity Regulatory Commission
7.	EMS	Energy Management System
8.	FY	Financial Year
9.	GEB	Gujarat Electricity Board
10.	GERC	Gujarat Electricity Regulatory Commission
11.	GETCO	Gujarat Energy Transmission Corporation Limited
12.	GoG	Government of Gujarat
13.	GoI	Government of India
14.	LTSA	Long Term Service Agreement
15.	MYT	Multi Year Tariff
16.	O&M	Operation & Maintenance
17.	R&M	Repair & Maintenance
18.	REC	Renewable Energy Certificate
19.	SCADA	Supervisory Control and Data Acquisition System
20.	SLDC	State Load Despatch Centre
21.	UI	Unscheduled Interchange
22.	ULDC	Unified Load Despatch & Control
23.	WRLDC	Western Regional Load Despatch Centre
24.	WRPC	Western Regional Power Committee

SECTION 1. INTRODUCTION

1.1. PREAMBLE

1.1.1. This section details the background and reasons for filing this petition.

1.2. INTRODUCTION

1.2.1. In pursuant to the Gujarat Electricity Industry (Reorganization and Regulation) Act 2003 (herein after called as “Act”) in May 2003 for the reorganization of the entire power sector in the State of Gujarat notified by Government of Gujarat (hereinafter referred to as GoG), erstwhile GEB was divided into seven different entities wherein all its transmission related assets (including Load Despatch Centre) were transferred to newly created entity called as Gujarat Energy Transmission Corporation Ltd, herein referred as ‘GETCO’

1.2.2. The Electricity Act, 2003 provides that the State Government shall have to establish a State Load Despatch Centre (SLDC). Subsection (2) of the Section 31 provides that the said SLDC shall be operated by a Government company/authority/corporation constituted by or under any State Act and that until such company/authority/corporation is notified by the State Government, the State Transmission Utility (STU) shall operate SLDC. The Government of Gujarat has then notified SLDC vide reference GHU-2004-31-GEB-1104-2946-K dated the 29th May, 2004 under Section 31 of the Electricity Act, 2003 (36 of 2003) that the Load Despatch Centre (LDC) situated in Jambuva, Dist. Vadodara as the State Load Despatch Centre, which shall be operated by Gujarat Energy Transmission Corporation Ltd., Vadodara for the purpose of exercising the powers and discharging the functions under the said Act w.e.f. 1st June, 2004 for discharging SLDC functions of electricity in the Gujarat State. Subsequently, SLDC is shifted to Gotri from Jambuva w.e.f. 6th July’2005. Accordingly, Gujarat Energy Transmission Corporation Ltd. is presently operating SLDC business in the State.

1.2.3. SLDC-Gujarat has participated into Unified Load Despatch and Communication Scheme (herein after called as ULDC) scheme approved by Central Electricity Authority (CEA) for western region. Under this scheme, SLDC Jambuva has been shifted to SLDC Gotri from 6th July’2005 and commenced operation of three Sub-SLDCs at Gandhinagar, Jambuva and Jetpur. All those Sub-SLDCs are equipped with sufficient manpower and operated under direct control of SLDC-Gotri.

1.2.4. Section 32(3) of the Electricity Act, 2003 provides for levy and collection of such fees and charges from the generating companies and licensees engaged in the intra-state transmission of electricity as may be specified by the State Commission. Subsequently after issuance of Indian Electricity Act’2003, Central Government through its Order 795(E) dated 8th June 2005 has notified “The Electricity (Removal of Difficulty) Sixth Order, 2005” wherein, it has clarified that SLDC fees and charges may be levied form licensees using intra State transmission system as specified state commission. It is therefore, appropriate to recover the SLDC fees and

charges as specified by Hon'ble commission vide "Levy and collection of fees and charges regulation 2005"

- 1.2.5. In exercise of the powers conferred under Section 181 of the Electricity Act, 2003 (Act 36 of 2003), and all powers enabling it in that behalf, the Gujarat Electricity Regulatory Commission has issued a regulation for determination of SLDC fees and charges called "Levy And Collection of Fees and Charges by SLDC Regulations, 2005" on dated 30th March'2005. Accordingly, SLDC-Gujarat has to submit a petition before GERC with the details of estimated expenditure after separation of accounts.
- 1.2.6. The MYT petition filed by the SLDC under the MYT Regulations was approved by the Hon'ble Commission for the second control period i.e. FY 2011-12 to FY 2015-16 vide order dated 31st March, 2011. Following the MYT Order, SLDC filed Truing up for FY 2010-11 & determination of SLDC Charges for FY 2012-13 and Truing up for FY 2011-12 & Determination of SLDC Charges for FY 2013-14, Truing up for FY 2012-13, Mid-term Review of Business Plan for the remaining control period and Determination of SLDC Fees and Charges for FY 2014-15, Truing up for FY 2013-14 & Determination of SLDC Charges for FY 2015-16. The orders on mentioned petitions have been issued by the Hon'ble Commission.
- 1.2.7. GERC order dated 02nd December, 2015 on the Petition No. 1534/2015 states the following:
- "We decide that the approved ARR of FY 2015-16 of the licensees / generating companies concerned be considered as provisional ARR of the licensees / generating companies for FY 2016-17.*
- We also decide that the licensees / generating companies shall file the ARR for FY 2016-17 based on the MYT Regulations for FY 2016-17 to FY 2020-21 and the true up for the same shall also be governed as per the new MYT Regulations. We also decide that the licensees / generating companies shall file the petition for determination of ARR and tariff for FY 2016-17 and true up for FY 2014-15 within 3 weeks from the date of issuance of this order for Commission's consideration and decision."*
- 1.2.8. Under section 62 of the Electricity Act, 2003 and regulation issued by Hon'ble Commission called as "Levy and Collection of Fees and Charges by SLDC Regulations, 2005", and GERC order on Petition No. 1534/2015 dated 02nd December, 2015, SLDC-Gujarat has to file application for True up for FY 2014-15 and determination of provisional SLDC charges for FY 2016-17.
- 1.2.9. All the figures have been presented in Rupees in Lakhs, as the figures are smaller in comparison of other entities. SLDC requests Hon'ble Commission to accept the same.

SECTION 2. EXECUTIVE SUMMARY

2.1. PREAMBLE

2.1.1. This section outlines the summary of the petition for True Up for FY 2014-15 and determination of provisional SLDC Charges for FY 2016-17.

2.2. TRUE UP FOR 2014-15

2.2.1. SLDC has computed its Aggregate Revenue Requirement (ARR) for FY 2014-15 as a part of the True Up for FY 2014-15. The Commission had issued order for SLDC charges for FY 2014-15 with effect from 1st May 2014 and hence, the approved ARR for entire FY 2014-15 has been computed as summation of 1/12th of approved ARR of FY 2013-14 and 11/12th of approved ARR for FY 2014-15. SLDC has presented the actual cost components based on audited annual accounts for FY 2014-15.

2.2.2. The detailed comparison of various cost components with the values approved by the Hon'ble Commission has been presented in Chapter True Up of FY 2014-15. A summary of the proposed ARR for Truing-up of FY 2014-15 compared with the approved ARR for FY 2014-15 is presented in the table below:

TABLE 1 : TRUE UP FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved-Proportionate)#	FY 2014-15 (Actual)	Deviation
1	Operation & Maintenance Expenses	1,312.63	1,345.05	(32.41)
1.1	Employee Cost	1,057.52	1,051.11	6.41
1.2	Repair & Maintenance	45.32	79.27	(33.95)
1.3	Administration & General Charges	209.80	214.67	(4.87)
2	Interest on Working Capital	33.63	32.69	0.94
3	RLDC Fees & Charges	16.34	10.00	6.33
4	Charges for ULDC & Other related Projects	819.24	563.39	255.85
5	SCADA upgradation charges	442.75	-	442.75
7	Less: Other Income	113.19	205.06	(91.87)
8	Operating Cost Budget (a)	2,511.40	1,746.07	765.33
9	Depreciation	97.09	192.56	(95.47)
10	Interest & Finance Charges	74.46	100.91	(26.44)
11	Return on Equity	67.75	71.88	(4.13)
12	Total Fixed Costs	239.30	365.35	(126.05)
13	Less: Expenses Capitalized	-	-	-
14	Add: Provision for Tax	13.54	321.88	(308.34)
15	Capital Cost Budget (b)	252.84	687.23	(434.39)
16	Total Revenue Budget (a)+(b)	2,764.24	2,433.29	330.94

summation of 1/12th of approved ARR elements of FY 2013-14 and 11/12th of approved ARR elements for FY 2014-15. Please refer to 2.2.1

2.3. REVENUE GAP FOR FY 2014-15

2.3.1. The revenue gap/ (surplus) of SLDC for FY 2014-15 has been computed taking into account actual ARR incurred for FY 2014-15, revenue gap/ (surplus) for FY 2012-13 and revenue from SLDC fees & charges as per accounts.

2.3.2. The actual ARR incurred by SLDC for FY 2014-15 is Rs. 2,433.29 Lakhs and with a revenue surplus of Rs. 595.54 Lakhs approved for the FY 2012-13, the net ARR for FY 2014-15 amounts to 1,837.75 Lakhs. The revenue from SLDC fees & charges is Rs. 2,223.37 Lakhs for the FY 2014-15. This creates a revenue surplus of Rs 385.62 Lakhs for the FY 2014-15.

2.3.3. The revenue gap/ (surplus) arising based on the true up for FY 2014-15 mentioned above shall be adjusted in the ARR for the FY 2016-17. The revenue gap/ (surplus) of SLDC for the FY 2014-15 is shown in the table below:

TABLE 2 : REVENUE GAP FOR FY 2014-15

Sr. No.	Particulars	Rs. Lakhs
		FY 2014-15 (Actuals)
1	ARR for FY 2014-15 after truing up	2,433.29
2	Add Revenue Gap approved in truing up for FY 2012-13	(595.54)
3	Net ARR for FY 2014-15	1,837.75
4	Revenue from SLDC charges	2,223.37
5	Revenue Gap / (Surplus) for FY 2014-15	(385.62)

2.4. PROVISIONAL ARR FOR FY 2016-17

2.4.1. As per the GERC order on Petition No. 1534/2015 dated 2 December, 2015, SLDC is required to consider ARR approved for FY 2015-16 as provisional ARR for FY 2016-17. The ARR approved for FY 2015-16 as per the Order on petition no. 1438 of 2014 dated 7th November, 2014 is shown below:

TABLE 3 : PROVISIONAL ARR FOR FY 2016-17

Sr. No.	Particulars	Rs. Lakhs
		FY 2016-17
1	Operation & Maintenance Expenses	1399.91
1.1	Employee Cost	1136.30
1.2	Repair & Maintenance	47.91
1.3	Administration & General Charges	215.70
2	Interest on Working Capital	37.94
3	RLDC Fees & Charges	18.10
4	ULDC Charges	820.42
5	WAM Charges	0.00
6	SCADA upgradation charges	483.00
7	Less: Other Income	108.72
8	Operating Expenses (a)	2650.65
9	Depreciation	150.20
10	Interest & Finance Charges	123.46
11	Return on Equity	102.33
12	Less: Expenses Capitalized	0.00
13	Add: Provision for Tax	20.45
14	Expenses related to Capital Work (b)	396.44

Sr. No.	Particulars	FY 2016-17
15	Total Revenue Requirement (a)+(b)	3,047.09

2.5. DETERMINATION OF PROVISIONAL SLDC CHARGES FOR FY 2016-17

2.5.1. SLDC charges for FY 2016-17 is as follows:

TABLE 4 : PROVISIONAL SLDC CHARGES FOR FY 2016-17

		Rs. Lakhs
Sr. No.	Particulars	FY 2016-17
1	Provisional ARR for FY 2016-17 (same as FY 2015-16)	3,047.09
2	Add: Revenue Gap/(Surplus) for FY 2014-15	(385.62)
3	Total Provisional SLDC Charges for FY 2016-17	2,661.47
4	Grid Connection Fees (Rupees)	10,000.00

SECTION 3. TRUE UP OF FY 2014-15

3.1. PREAMBLE

3.1.1. This section outlines performance of SLDC for FY 2014-15. In line with the provisions of the MYT Regulations, 2011, SLDC hereby submits the True up Petition comparing the actual performance of SLDC during FY 2014-15 with the forecast approved by the Hon'ble Commission vide mid-term review Order dated 29th April, 2014 and Order on petition no. 1438 of 2014 dated 7th November, 2014.

3.1.2. The Commission had issued order for Transmission tariff of SLDC for FY 2014-15 with effect from 1st May 2014 and hence, the approved ARR for entire FY 2014-15 has been computed as summation of 1/12th of approved ARR of FY 2013-14 and 11/12th of approved ARR for FY 2014-15. SLDC has presented the actual cost components based on audited annual accounts for FY 2014-15.

3.2. EMPLOYEE EXPENSES

3.2.1. Employee expenses are broadly categorized into (1) Salaries and wages (2) Contribution to provident & other funds (3) Staff welfare expenses & (4) Other terminal benefits. The actual employee expenses for FY 2014-15 is shown as per the table below. The actual employee expenses are within the value approved by the Commission.

TABLE 5 : EMPLOYEE EXPENSES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Total Employee Expenses (Proportionate basis)	1,057.52	1,051.11	6.41

3.3. REPAIRS & MAINTENANCE EXPENSES

3.3.1. The Repairs & Maintenance (R&M) expenses have been incurred on account of maintaining the asset quality given the ageing of equipment.

3.3.2. The ULDC charges which are part of R&M expenses in the P&L accounts have been negated to arrive at the R&M expenses for FY 2014-15 as the expenses related to ULDC have been considered under a separate head.

3.3.3. The actual R&M expenses for FY 2014-15 is shown as per table below:

TABLE 6 : R&M EXPENSES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Total R&M Expenses (Proportionate basis)	45.32	79.27	(33.95)

3.3.4. The actual R&M expenses for FY 2014-15 have increased due to revision in AMC Charges and supply contact multiplying relay (CMR) and purchase of cables. The variation in R&M expenses for FY 2013-14 & 2014-15 is Rs. 26.88 Lacs. The petitioner hereby requests the Hon'ble Commission to approve the same.

3.4. ADMINISTRATION & GENERAL EXPENSES

3.4.1. Administrative & General (A&G) expenses mainly consists of conveyance & travel, legal charges, telephone charges, electricity charges etc.

3.4.2. The A&G expenses shown in the P&L account is inclusive of RLDC fees & charges and therefore, the same has been negated from the A&G expenses as RLDC charges have been considered under a separate head.

3.4.3. The actual cost incurred under A&G expenses are as below. The actual A&G expenses are marginally higher than the value approved by the Commission.

TABLE 7 : ADMINISTRATION & GENERAL EXPENSES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Total A&G Expenses (Proportionate basis)	209.80	214.67	(4.87)

3.5. O&M EXPENSES

3.5.1. The summary of O&M expenses vis-à-vis approved values by the Commission is shown below:

TABLE 8 : O&M EXPENSES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Employee Cost	1,057.52	1,051.11	6.41
2	Repair & Maintenance	45.32	79.27	(33.95)
3	Administration & General Charges	209.80	214.67	(4.87)
4	Operation & Maintenance Expenses (Proportionate basis)	1,312.63	1,345.05	(32.41)

3.6. INTEREST ON WORKING CAPITAL

3.6.1. Working capital and interest on working capital are computed as per the norms specified under the regulation for the "Levy and collection of SLDC Charges and fees" (Regulation No.5 of 2005) issued by the Hon'ble Commission.

3.6.2. The working capital is computed by considering following components: (i) 1/12th of the O&M expense, (ii) Maintenance spares @ 1% of the opening GFA, (iii) Receivables equivalent to 15 days. The interest rate has been considered at the rate of 14.75% as per SBI PLR as on 01.04.2014 in line with the regulations.

3.6.3. The Interest on working capital expenses incurred are shown as below:

TABLE 9 : INTEREST ON WORKING CAPITAL FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	O & M expenses (1 Month)	110.35	112.09	(1.74)
2	Maintenance Spares (1% of opening GFA)	10.74	8.14	2.61
3	Receivables (15 days)	117.04*	101.39	15.65
4	Total Working Capital	238.13	221.61	16.52
5	Rate of Interest on Working Capital	14.45%	14.75%	
6	Interest on Working Capital	34.40	32.69	
7	Interest on Working Capital (Proportionate basis)	33.63	32.69	(0.94)

* The receivables have been modified as per Order on petition no. 1438 of 2014 dated 7th November, 2014

3.7. RLDC FEES AND CHARGES

3.7.1. RLDC fees and charges incurred for FY 2014-15 are as below;

TABLE 10 : RLDC FEES & CHARGES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	RLDC Fees (Proportionate basis)	16.34	10.00	6.33

3.8. ULDC & SCADA UPGRADATION CHARGES

3.8.1. Power Grid Corporation of India Ltd. (POWERGRID) conceptualized a Unified load despatch and Communication (ULDC) scheme for strengthening the load despatch infrastructure and augmenting communication system for efficient discharge of load despatch functions. The scheme covered investment in RLDCs at the Central level and SLDCs at the State level.

3.8.2. CERC has issued an order in this regard for Approval of charges for Unified Load Despatch & Communication Scheme in Western Region for the period from 1.2.2006. Accordingly, the Central portion charges as per the preceding para 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 31.3.2006.

3.8.3. 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 deliberate on various options & aspects. It was also agreed by all committee member 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 POWERGRID.

- 3.8.4. Existing SCADA/EMS software has been installed and commissioned since 2004 and now it is necessary to upgrade/expansion of the existing SCADA system software with advanced technology. As the hardware are at end of life cycle and needs to be up-gradation/replacement, it was decided in 16th WRPC meeting to phased out the existing ULDC system at the end of 5 year LTSA (i.e. by date 14th Oct. 2014). Also the new and old ULDC would operate in parallel for a year so as to evaluate the new system for its stability and reliability. A paradigm shift is expected in the SCADA/EMS system methodology as new regulations like WIND Generation forecasting, REC mechanism, POC charges, incorporation of WIND/SOLAR generation, increase in Open Access Users are SLDC's forthcoming challenges. Hence, this may lead to expansion/up-gradation SCADA/EMS system with high standard in terms of latest technology, handling large volume of data storage, its processing for various reports, high speed data retrieval, high accuracy and elevated security, etc. Keeping the ULDC philosophy, on request of constituents of Western Region, WRLDC has proposed the up-gradation/replacement of existing SCADA/EMS system. With the increased complexity of grid and advancement of IT system it is utmost necessary to adopt the latest available software/hardware for the SCADA system.
- 3.8.5. SCADA upgradation is still in progress and same is expected to be completed by March 2016. Hence, bill not received in FY 2014-15, as a result the same could not be accounted in the books.
- 3.8.6. The ULDC charges have been accounted as per the actual bills received. The charges incurred by SLDC for FY 2014-15 are as below:

TABLE 11 : ULDC & SCADA UPGRADATION CHARGES FOR FY 2014-15

Rs. Lakhs				
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Central Portion - Recovery of ULDC charges	478.61	282.72	195.89
2	State Portion - Recovery of Capital Charges	197.70	114.41	83.29
3	Annual Maintenance Charges	112.84	161.11	(48.27)
4	Maintenance for Wideband Communication	28.42	5.15	23.27
5	Total ULDC charges	817.57	563.39	254.18
6	SCADA Upgradation charges	483.00	0.00	483.00
7	ULDC & SCADA Upgradation Charges	1,300.57	563.39	
8	ULDC & SCADA Upgradation Charges (Proportionate basis)	1,261.99	563.39	698.60

3.9. CAPITAL EXPENDITURE FOR FY 2014-15

- 3.9.1. SLDCs play a vital role as grid operator for the States and are involved round-the-clock operations. The scheduling & despatch of power is carried out on every 15 min time block basis and any interruptions would have

adverse impacts. Further, with the increasing scale of operation on year to year basis and also to support various new challenges envisaged in the forthcoming years, it is required to strengthen & upgrade the existing system to cater to the system demands. Hence, it is imperative for SLDCs to use State of the Art equipment with adequate redundancy provided to safeguard against failures.

3.9.2. Capital expenditure for SLDC mainly consist of projects involving upgradation of software with latest technology to incorporate various changes as per the regulations & accounting methodology. SLDC decided to phase out existing software which has become obsolete and same was approved in the mid-term review order. The new software is expected to handle manifold additional usage with minimal manual intervention.

3.9.3. Capital expenditure incurred for SLDC during the FY 2014-15 is Rs. 955.34 Lakhs as against the approved cost of Rs. 1025.00 Lakhs by the Commission in its mid-term business plan dated 29th April 2014. The scheme wise CAPEX incurred by the petitioner is as shown below:

TABLE 12 : CAPEX FOR FY 2014-15

Sr. No.	Particulars	Rs. Lakhs	
		FY 2014-15 (Approved)	FY 2014-15 (Actual)
1	Land Acquisition cost	-	-
2	Augmentation/ Upgradation of existing systems	110.00	11.72
3	Strengthening of communication channels	536.00	3.27
4	Additional system / Software planning	279.00	909.69
5	IT Infrastructure	50.00	5.62
6	SLDC Building development	30.00	3.39
7	Office Equipment	10.00	21.64
8	Staff recreation facilities	5.00	-
9	Additional Expenditure	5.00	-
10	Total	1,025.00	955.34

3.10. DEPRECIATION

3.10.1. The actual depreciation incurred for the FY 2014-15 is Rs. 192.56 Lakhs as per accounts. The higher depreciation claimed is due to calculation of depreciation as per the new Companies Act 2013. Change in the depreciation rules and higher addition of assets has resulted in higher depreciation figure for the year. The petitioner hereby requests the Hon'ble Commission to approve the same.

3.10.2. The depreciation for the FY 2014-15 is as follows:

TABLE 13 : DEPRECIATION FOR FY 2014-15

Sr. No.	Particulars	Rs. Lakhs		
		FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Gross Block in Beginning of the year	1,074.11	813.50	
2	Additions during the Year (Net)	820.00	955.33	
3	Depreciation for the Year	94.09	192.56	
4	Depreciation for the Year (Proportionate basis)	97.09	192.56	(95.47)

3.11. INTEREST & FINANCE CHARGES

3.11.1. The addition in loans for the FY 2014-15 is derived based on opening and closing loans as per accounts. The interest rate is determined based on the actual interest cost of SLDC and the notional debt of SLDC viz. 11.78%.

3.11.2. The interest & finance charges incurred by SLDC for the FY 2014-15 is as follows;

TABLE 14 : INTEREST & FINANCE CHARGES FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Opening Loans	408.05	479.96	(71.91)
2	Loan Additions during the Year	574.00	595.54	72.55
3	Repayment during the Year	94.09		
4	Closing Loans	887.96	1,075.50	(187.54)
5	Average Loans	648.00	777.73	(129.73)
6	Interest on Loan	69.85	91.62	(21.77)
7	Other Finance Charges	-	9.29	(9.29)
8	Total Interest & Financial Charges	69.85	100.91	
9	Total Interest & Financial Charges (Proportionate basis)	74.46	100.91	(26.44)
10	Weighted Average Rate of Interest on Loan	10.78%	11.78%	

3.11.3. The higher interest & finance charges for FY 2014-15 is due to higher addition of loans and higher rate of interest. The petitioner hereby requests the Hon'ble Commission to approve the same.

3.12. RETURN ON EQUITY

3.12.1. The actual equity addition as per accounts has been considered for FY 2014-15 for calculation of return on equity. The rate of return on equity is considered as 14% as per the regulations.

3.12.2. The return on equity for the FY 2014-15 is as follows;

TABLE 15 : RETURN ON EQUITY FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Opening Equity Capital	342.51	333.53	8.98
2	Equity Additions during the Year	246.00	359.80	(113.80)
3	Closing Equity	588.51	693.33	(104.82)
4	Average Equity	465.51	513.43	(47.92)
5	Rate of Return on the Equity	14%	14%	
6	Return on Equity	65.17	71.88	
7	Return on Equity (Proportionate basis)	67.75	71.88	(4.13)

3.13. TAX ON INCOME

3.13.1. Tax on the income streams is computed as an expense and is to be recovered from the beneficiaries. GETCO makes a consolidated tax payment including SLDC. The income tax worked out for SLDC as per accounts for FY 2014-15 is shown below:

TABLE 16 : TAX ON INCOME FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Provision for Taxation (Proportionate basis)	13.54	321.88	(308.34)

3.14. OTHER BUSINESS INCOME FOR FY 2014-15

3.14.1. SLDC is earning revenue from sources other than the core business activities and hence, income from “*other Business income*” is deducted from the ARR to arrive at the net ARR of the SLDC.

3.14.2. As per the Judgment on “*Appeal No. 33 of 2015 dated 30th November, 2015*”, the Appellate tribunal for Electricity (APTEL) has stated that the income from scheduling and system operation charges shall not be treated as an “*other Business income*” unless and until specified in the relevant regulations. The relevant section of the order are reproduced as under:

“If the charges under Regulation 4 (xviii) cannot be adjusted at the time of determination of the revenue requirements in the initial stage, there cannot be any adjustment at the stage of truing up.”

3.14.3. In view of the above judgement, SLDC requests the Hon’ble Commission not to consider the short term open access (STOA) revenues as “*Other Business Income*”.

3.14.4. Accordingly, the other income earned by the SLDC for the FY 2014-15 are as follows:

TABLE 17 : OTHER BUSINESS INCOME FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved)	FY 2014-15 (Actual)	Deviation
1	Interest on Staff Loans and Advances.		12.17	
2	Miscellaneous Receipts.		192.15	
3	Others		0.74	
4	Net Other Income (Proportionate basis)	113.19	205.06	(91.87)

3.15. AGGREGATE REVENUE REQUIREMENT FOR FY 2014-15

3.15.1. The aggregate revenue requirement for the FY 2014-15 vis-à-vis the approved by the Commission is shown as below:

TABLE 18 : AGGREGATE REVENUE REQUIREMENT FOR FY 2014-15

				Rs. Lakhs
Sr. No.	Particulars	FY 2014-15 (Approved-Proportionate)#	FY 2014-15 (Actual)	Deviation
1	Operation & Maintenance Expenses	1,312.63	1,345.05	(32.41)

Sr. No.	Particulars	FY 2014-15 (Approved-Propportionate)#	FY 2014-15 (Actual)	Deviation
1.1	Employee Cost	1,057.52	1,051.11	6.41
1.2	Repair & Maintenance	45.32	79.27	(33.95)
1.3	Administration & General Charges	209.80	214.67	(4.87)
2	Interest on Working Capital	33.63	32.69	0.94
3	RLDC Fees & charges	16.34	10.00	6.33
4	Charges for ULDC & Other related Projects	819.24	563.39	255.85
5	SCADA upgradation charges	442.75	-	442.75
7	Less: Other Income	113.19	205.06	(91.87)
8	Operating Cost Budget (a)	2,511.40	1,746.07	765.33
9	Depreciation	97.09	192.56	(95.47)
10	Interest & Finance Charges	74.46	100.91	(26.44)
11	Return on Equity	67.75	71.88	(4.13)
12	Total Fixed Costs	239.30	365.35	(126.05)
13	Less: Expenses Capitalized	-	-	-
14	Add: Provision for Tax	13.54	321.88	(308.34)
15	Capital Cost Budget (b)	252.84	687.23	(434.39)
16	Total Revenue Budget (a)+(b)	2,764.24	2,433.29	330.94

summation of 1/12th of approved ARR elements of FY 2013-14 and 11/12th of approved ARR elements for FY 2014-15. Please refer to 2.2.1

3.16. REVENUE GAP FOR FY 2014-15

3.16.1. The revenue gap for FY 2014-15 after considering the actual FY 2014-15

TABLE 19 : AGGREGATE REVENUE REQUIREMENT FOR FY 2014-15

Sr. No.	Particulars	FY 2014-15 (Actuals)
1	ARR for FY 2014-15 after truing up	2,433.29
2	Add Revenue Gap approved in truing up for FY 2012-13	(595.54)
3	Total ARR for FY 2014-15	1,837.75
4	Revenue from SLDC charges	2,223.37
5	Revenue Gap / (Surplus) for FY 2014-15	(385.62)

SECTION 4. DETERMINATION OF PROVISIONAL SLDC CHARGES FOR FY 2016-17

4.1. PROVISIONAL ARR FOR FY 2016-17

4.1.1. As per the GERC order on Petition No. 1534/2015 dated 02nd December, 2015, SLDC is required to consider ARR approved for FY 2015-16 as provisional ARR for FY 2016-17. The ARR approved for FY 2015-16 as per the Order on petition no. 1438 of 2014 dated 7th November, 2014 is shown below:

TABLE 20 : PROVISIONAL ARR FOR FY 2016-17

		Rs. Lakhs
Sr. No.	Particulars	FY 2016-17
1	Operation & Maintenance Expenses	1399.91
1.1	Employee Cost	1136.30
1.2	Repair & Maintenance	47.91
1.3	Administration & General Charges	215.70
2	Interest on Working Capital	37.94
3	RLDC Fees & Charges	18.10
4	ULDC Charges	820.42
5	WAM Charges	0.00
6	SCADA upgradation charges	483.00
7	Less: Other Income	108.72
8	Operating Expenses (a)	2650.65
9	Depreciation	150.20
10	Interest & Finance Charges	123.46
11	Return on Equity	102.33
12	Less: Expenses Capitalized	0.00
13	Add: Provision for Tax	20.45
14	Expenses related to Capital Work (b)	396.44
15	Total Revenue Requirement (a)+(b)	3,047.09

4.2. DETERMINATION OF PROVISIONAL SLDC CHARGES FOR FY 2016-17

4.2.1. SLDC charges for FY 2016-17 is as follows:

TABLE 21 : PROVISIONAL SLDC CHARGES FOR FY 2016-17

		Rs. Lakhs
Sr. No.	Particulars	FY 2016-17
1	Provisional ARR for FY 2016-17 (same as FY 2015-16)	3,047.09
2	Add: Revenue Gap/(Surplus) for FY 2014-15	(385.62)
5	Total Provisional SLDC Charges for FY 2016-17	2,661.47
6	Grid Connection Fees (Rupees)	10,000.00



SECTION 5. PRAYER

SLDC respectfully prays to the Hon'ble Commission;

1. To admit this True Up for FY 2014-15 and determination of provisional SLDC Charges for FY 2016-17.
2. To approve True up for FY 2014-15 and determination of provisional SLDC charges for FY 2016-17.
3. To allow for full recovery of final SLDC charges for FY 2016-17 to be determined based on the new MYT regulations post issuance of regulation by GERC and filing of petition by SLDC.
4. To accept the figures in Rupees Lakhs, as the figures of SLDC are comparatively smaller than other entities.
5. To grant any other relief as the Hon'ble Commission may consider appropriate.
6. To allow recovery of past costs in line with methodology detailed as per "APTEL Order dated 30th Nov, 2015 against appeal no. 33 of 2015" for previous years true-up.
7. To allow recovery of cost components based on methodology allowed in Order as and when issued by the Appellate Tribunal of Electricity against appeal no. 146 of 2015.
8. The Petitioner craves leave of the Hon'ble Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time.
9. Pass any other Order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.

Declaration that the subject matter of the application has not been raised by the applicants before any other competent forum, and that no other competent forum is currently seized of the matter or has passed any Orders in relation thereto.

Applicant

STATE LOAD DESPATCH CENTRE

GUJARAT ENERGY TRANSMISSION CORPORATION LIMITED

Vadodara

DATED: December, 2015



AFFIDAVIT VERIFYING THE PETITION

I, Bhadresh Bachubhai Mehta son of Shri Bachubhai Mehta aged 53 residing at A-9, Gajanan Park Society, near Sai Chokwadi, GIDC Road, Manjalpur, Vadodara – 390011 do solemnly affirm and say as follows:

I am the Chief Engineer of State Load Despatch Centre, the applicant in the above matter and am duly authorized by the said application to make this affidavit.

The statement made in the petition here in above, true to my knowledge and belief, which I believe them to be true.

Solemnly affirmed at Vadodara on this day of December 2015, that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed there from.

Identified before me

(B. B. Mehta)

Date: December, 2015

Place: Vadodara



SECTION 6. ANNEXURE-A

Annexure – I Summary Sheet

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	Depreciation	192.56
2	Interest on Loan	100.91
3	Return on Equity	71.88
4	Interest on Working Capital	32.69
5	O & M Expenses	1345.05

Annexure – II Statement of Depreciation

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Particulars	Actual
	2014-15
Depreciation on Capital Cost	
Depreciation on Additional Capitalization	
Amount of Additional Capitalization	955.34
Depreciation Amount	192.56
Details of FERV	
Amount of FERV on which Depreciation Charged	0.00
Depreciation Amount	0.00
Depreciation recovered during the year	0.00
Cumulative Depreciation	

Annexure – III Calculation of Return on Equity

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	Opening Equity Capital	333.53
2	Addition during the year	359.80
3	Closing Equity	693.33
4	Total Average Equity	513.43
5	Rate of Return on Equity	14.00%
6	Return on Equity	71.88

Annexure – IV Calculation of Interest on Loans

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	Additions & Repayments during the Year	595.54
2	Increase / Decrease due to FERV	
3	Increase / Decrease due to ACE	
	Total	595.54
4	Net Closing Loans	1075.50
5	Average Loans	777.73
6	Interest on Loans (a)	91.62
7	Other Interest Charges (b)	9.29
8	Total Interest & Finance Charges (a+b)	100.91

Annexure – V Calculation of Interest on Working Capital

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	O & M Expenses	112.09
2	Maintenance & Spares	8.14
3	Receivables	101.39
4	Total Working Capital	221.61
5	Rate of Interest	14.75%
6	Interest on Working Capital	32.69

Annexure – VI Break up of Employee Cost

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1.	Salaries.	336.04
2.	Overtime.	0.73
3.	Dearness allowance & Dearness Pay.	344.71
4.	Other allowances.	159.04
5.	Medical Expenses Reimbursement.	26.47
6.	Earned leave encashment.	1.94
7.	Staff Welfare Expenses.	7.68
8.	Death & Accident Compensation	0.40
9.	CPF - Board's Contribution	59.61



Sl. No.	Particulars	Actual
		2014-15
10.	Gratuity	50.84
11.	Other Terminal Benefits	11.56
12.	Leave Encashment on Retirement	52.09
TOTAL EMPLOYEE COST		1051.11
13.	Employee Costs Capitalized.	0.00

Annexure – VII Break up of Administration & General Expenses

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1.	Rates and Taxes.	0.06
2.	Telephone, Postage, Telegram, Telex, Mobile Charges.	31.59
3.	Legal Charges.	23.56
4.	Consultancy Charges.	1.40
5.	Other Professional fees and expenses.	2.89
6.	Conveyance & Travel.	44.82
7.	Fees & Subscription, Books & Periodicals.	0.16
8.	Printing & Stationery, Xerox copy Charges	4.87
9.	Expenses on Computer Billing & EDP Charges.	10.87
10.	Electricity Charges.	67.66
11.	Water Charges	0.92
12.	Miscellaneous Expenses.	31.27
13.	Other Purchase Related Expenses.	1.45
14.	Expenditure on Training to Staff.	3.15
Total		214.67*

* Note: RLDC expenses of Rs. 10.00 Lacs reduced from Total A&G expenses of Rs. 224.67 Lacs & shown under separate head "RLDC Fees & Charges"

Annexure – VIII Break up of Repair & Maintenance Expenses

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	Plant and Machinery.	51.87
2	Buildings.	9.97
3	Civil Works.	0.29
4	Lines, Cable Network etc.	0.89
5	Furniture, Fixtures.	1.21
6	Office Equipments.	15.04
Total		79.27



Annexure – IX Break up of Depreciation

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sl. No.	Particulars	Actual
		2014-15
1	Depreciation on Buildings	3.08
2	Depreciation on Hydraulic Works	0.31
3	Depreciation on Other Civil Works	0.25
4	Depreciation on Plant & Machineries	69.53
5	Depreciation on Lines & Cable Net Works	5.70
6	Depreciation on Vehicles	0.00
7	Depreciation on Furniture & Fixtures	9.12
8	Depreciation on Office Equipments	104.57
Total		192.56

Annexure – X Actual Capital Expenditure for FY 2014-15

Name of SLDC : State Load Despatch Centre of Gujarat
Name of Transmission System : Gujarat Energy Transmission Corp. Ltd.
Name of Region : Western Region

Rs. Lacs

Sr. No.	Particulars	2014-15	
		Approved in MYT	Actual
1	land Acquisition Cost	0.00	0.00
2	Augmentation/Upgradation of Existing System	110.00	11.72
3	Strengthening of Communication Channels & WAMS	536.00	3.27
4	Additional System / Software Planning	279.00	909.69
5	IT Infrastructure	50.00	5.62
6	SLDC Building Development	30.00	3.39
7	Office Equipment	10.00	21.64
8	Staff Recreation Facilities	5.00	0.00
9	Additional Expenditure	5.00	0.00
Total		1025.00	955.34