

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2019-20 and
Determination of ARR & SLDC Charges and Fees for FY
2021-22

For

**State Load Despatch Centre
(SLDC)**

Case No. 1910 of 2020

30th March, 2021

6th Floor, GIFT ONE, Road 5-C, Zone 5, GIFT CITY
Gandhinagar-382 355 (Gujarat), INDIA
Phone: +91-79-23602000 Fax: +91-79-23602054/55
E-mail: gerc@gercin.org : Website www.gercin.org



सत्यमेव जयते

GUJARAT ELECTRICITY REGULATORY COMMISSION

(GERC)

GANDHINAGAR

Tariff Order

Truing up for FY 2019-20,
and Determination of ARR and SLDC Fees and Charges for FY
2021-22

For

State Load Despatch Centre

(SLDC)

Case No. 1910 of 2020

30th March, 2021

CONTENTS

1	Background and Brief History	1
1.1	Background	1
1.2	State Load Despatch Centre (SLDC)	1
1.3	Commission's Order for approval of True-up of FY 2017-18 and Determination of tariff for FY 2019-20	2
1.4	Commission's Order for approval of True up of FY 2018-19 and Determination of tariff for FY 2020-21	3
1.5	Background of the present Petition	3
1.6	Registration of the current Petition and Public Hearing Process.....	3
1.7	Contents of this Order	5
1.8	Approach of this Order	6
2	Summary of SLDC's Petition	8
2.1.	Introduction.....	8
2.2.	Truing up for FY 2019-20	8
2.3.	ARR and SLDC Charges for FY 2021-22.....	9
2.4.	Prayer of SLDC to the Commission	10
3	Brief Outline of objections raised, response from SLDC and Commission's view	12
3.1	Public Response to the Petition:	12
3.2	Issue-wise Submissions and Replies:	12
4	Truing up for FY 2019-20	13
4.1	Introduction.....	13
4.2	Capitalisation and Funding.....	13
4.3	Operations and Maintenance (O&M) Expenses.....	15
4.4	Depreciation	20
4.5	Interest and Finance Charges	22



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

4.6	Interest on Working Capital	25
4.7	Return on Equity.....	27
4.8	RLDC Fees and Charges	29
4.9	ULDC and SCADA Upgradation Charges	30
4.10	Income Tax.....	31
4.11	Non-Tariff Income.....	32
4.12	Claimed and Approved Fixed Costs	35
4.13	Revenue Surplus for FY 2019-20.....	36
5	Determination of Aggregate Revenue Requirement (ARR) for FY 2021-22	39
5.1	Introduction.....	39
5.2	Capital Expenditure	39
5.3	Capitalisation & Funding of CAPEX	41
5.4	Fixed Charges for FY 2021-22	41
5.5	Operation and Maintenance (O&M) Expenses for FY 2021-22.....	42
5.6	Depreciation	44
5.7	Interest and Finance Charges	45
5.8	Return on Equity.....	47
5.9	Interest on Working Capital	48
5.10	Income Tax.....	49
5.11	ULDC & Other Related Charges	50
5.12	Non-Tariff Income.....	51
5.13	Approved ARR for SLDC for FY2021-22.....	52
6	Determination of SLDC Fees and Charges for FY 2021-22.....	54
7	Compliance of Directives and New Directives.....	56
7.1	Compliance to Directives issued by the Commission.....	56
7.2	Compliance to Directives issued by the Commission.....	56



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

7.3 New Directives:57



List of Tables

Table 1-1: List of Newspapers in which Public Notice was published by the Petitioner	4
Table 1-2: List of Newspapers	5
Table 1-3: List of Stakeholders	5
Table 2-1: Summary of Truing up for FY 2019-20 (Rs. Lakh)	8
Table 2-2: Revenue Gap/(Surplus) for FY 2019-20 (Rs. Lakh)	9
Table 2-3: ARR for FY 2021-22 as submitted by SLDC (Rs. Lakh).....	10
Table 2-4: SLDC Charges for FY 2021-22 as submitted by SLDC (Rs. Lakh)	10
Table 4-1: Capitalisation claimed for FY 2019-20 (Rs. Lakh)	13
Table 4-2: Capitalisation and Funding approved for FY 2019-20 (Rs. Lakh)	14
Table 4-3: O&M Expenses claimed for FY 2019-20 (Rs. Lakh).....	15
Table 4-4: 7 th Pay Commission Provision not considered in approval of Employee Cost by the Commission	16
Table 4-5: Gain/ (Loss) claimed from O&M Expenses for FY 2019-20 (Rs. Lakh).....	17
Table 4-6: Operation & Maintenance Expenses approved for FY 2019-20 (Rs. Lakh)	19
Table 4-7: Operation & Maintenance Expenses and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh).....	20
Table 4-8: Depreciation claimed for FY 2019-20 (Rs. Lakh)	20
Table 4-9: Gain/ (Loss) claimed from Depreciation for FY 2019-20 (Rs. Lakh).....	21
Table 4-10: Gross Fixed Assets and Depreciation approved for FY 2019-20 (Rs. Lakh).....	21
Table 4-11: Depreciation and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)	22
Table 4-12: Interest and Finance Charges Claimed for FY 2019-20 (Rs. Lakh)	23
Table 4-13: Gain/ (Loss) claimed from Interest & Finance Charges for FY 2019-20 (Rs. Lakh)	23
Table 4-14: Interest and Finance Charges approved for FY 2019-20 (Rs. Lakh).....	24
Table 4-15: Interest and Finance Charges and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh).....	25
Table 4-16: Interest on Working Capital claimed for FY 2019-20 (Rs. Lakh)	25
Table 4-17: Gain/(Loss) from IoWC claimed for FY 2019-20 (Rs. Lakh).....	26
Table 4-18: Interest on Working Capital approved for FY 2019-20 (Rs. Lakh).....	26
Table 4-19: Interest on Working Capital and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)	27

State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Table 4-20: Return on Equity claimed for FY 2019-20 (Rs. Lakh).....	27
Table 4-21: Gain/(Loss) from RoE claimed for FY 2019-20 (Rs. Lakh).....	28
Table 4-22: Return on Equity approved for FY 2019-20 (Rs. Lakh)	28
Table 4-23: Return on Equity and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh).....	29
Table 4-24: RLDC Fees & Charges claimed for FY 2019-20 (Rs. Lakh).....	29
Table 4-25: ULDC & SCADA Upgradation Charges claimed for FY 2019-20 (Rs. Lakh).....	30
Table 4-26: Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2019-20 (Rs. Lakh)	30
Table 4-27: ULDC & SCADA Upgradation Charges approved for FY 2019-20 (Rs. Lakh) ..	31
Table 4-28: ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)	31
Table 4-29: Proposed Income Tax for FY 2019-20 (Rs. Lakh).....	32
Table 4-30: Approved Income Tax for FY 2019-20 (Rs. Lakh).....	32
Table 4-31: Non-Tariff Income claimed for FY 2019-20 (Rs. Lakh).....	33
Table 4-32: Gain/(Loss) from Non-Tariff Income claimed for FY 2019-20 (Rs. Lakh).....	33
Table 4-33: Computation of Notional Interest on Fund for FY 2019-20 arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakh).....	34
Table 4-34: Non-Tariff Income approved for FY 2019-20 (Rs. Lakh)	34
Table 4-35: Non-Tariff Income and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh).....	35
Table 4-36: Fixed Costs Approved for FY 2019-20 (Rs. Lakh).....	35
Table 4-37: Revenue (Gap) /Surplus claimed for FY 2019-20 (Rs. Lakh).....	36
Table 4-38: Revenue Gap /(Surplus) approved for FY 2019-20 (Rs. Lakh)	37
Table 5-1: Proposed Capital Expenditure Plan for The Period FY 2021-22 (Rs. Lakh)	39
Table 5-2: FUNDING OF CAPEX FOR FY 2019-20 (Proposed) (Rs. Lakh)	41
Table 5-3: FUNDING OF CAPEX FOR FY 2019-20 (Approved) (Rs. Lakh)	41
Table 5-4: O&M Expenses projected for FY 2021-22 (Rs. Lakh)	42
Table 5-5: O&M Expenses approved for FY 2021-22 (Rs. Lakh).....	44
Table 5-6: Proposed Depreciation for FY 2021-22 (Rs. Lakh)	44
Table 5-7: Approved Depreciation for FY 2021-22 (Rs. Lakh)	45
Table 5-8: Proposed Interest and Finance Charges for FY 2021-22 (Rs. Lakh)	45
Table 5-9: Approved Interest and Finance Charges for FY 2021-22 (Rs. Lakh)	46
Table 5-10: Proposed Return on Equity for FY 2021-22 (Rs. Lakh).....	47
Table 5-11: Approved Return on Equity for FY 2021-22 (Rs. Lakh).....	48



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Table 5-12: Proposed interest on working capital for FY 2021-22 (Rs. Lakh)	48
Table 5-13: Approved interest on working capital for FY 2021-22 (Rs. Lakh)	49
Table 5-14: Proposed Income Tax for FY 2021-22 (Rs. Lakh).....	49
Table 5-15: Approved Income Tax for FY 2021-22 (Rs. Lakh).....	50
Table 5-16: Proposed ULDC & Other Related Charges for FY 2021-22 (Rs. Lakh)	50
Table 5-17: Approved ULDC & Other Related Charges for FY 2021-22 (Rs. Lakh)	50
Table 5-18: Proposed Non-Tariff Income for FY 2021-22 (Rs. Lakh).....	51
Table 5-19: Computation of Notional Interest on Fund for FY 2021-22 arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakh).....	52
Table 5-20: Approved Non-Tariff Income for FY 2021-22 (Rs. Lakh).....	52
Table 5-21: Approved ARR for FY 2021-22 (Rs. Lakh)	52
Table 6-1: SLDC Fees & Charges approved for FY 2021-22 (Rs. Lakh)	54
Table 6-2: SLDC Fees & Charges approved for FY 2021-22 (Rs. Lakh)	54
Table 7-1: SLDC Fees & Charges for FY 2021-22	58



ABBREVIATIONS

A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges payable by long-term user or medium-term user of the transmission system
CAPEX	Capital Expenditure
CC	Capacity Contracted in MW
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
ckt. km	Circuit Kilometre
DGVCL	Dakshin Gujarat Vij Company Limited
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HVDC	High Voltage Direct Current
Ind AS	Indian Accounting Standards
kV	kilo Volt
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere Hour
kVArh	kilo Volt Ampere Reactive Hour
kWh	kilo Watt Hour
MAT	Minimum Alternate Tax
MCA	Ministry of Corporate Affairs
MCLR	Marginal Cost of Funds based Lending Rate
MGVCL	Madhya Gujarat Vij Company Limited
MUs	Million Units
MVA	Mega Volt Ampere



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

MW	Mega Watt
MYT	Multi Year Tariff
O&M	Operations & Maintenance
OPGW	Optical Ground Wire
PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
RE	Renewable Energy
R&M	Repairs and Maintenance
ROE	Return on Equity
RoW	Right of Way
SBAR	State Bank Advance Rate
SCC	Sum of Capacities contracted in MW by all long-term users and medium – term users of the transmission system
SLDC	State Load Despatch Centre
STOA	Short-Term Open Access
UGVCL	Uttar Gujarat Vij Company Limited



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

Case No. 1910 of 2020

Date of Order: 30th March, 2021

CORAM

Shri Anand Kumar, Chairman

Shri Mehul M. Gandhi, Member

Shri S.R. Pandey, Member

ORDER



1 Background and Brief History

1.1 Background

State Load Dispatch Centre (hereinafter referred to as “SLDC” or the “Petitioner”) has filed the present Petition on 27th November, 2020 for the Truing up for FY 2019-20 under Section 62 of the Electricity Act, 2003, (hereinafter referred to as “EA 2003”) read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as “GERC (MYT) Regulations, 2016”).

Gujarat Electricity Regulatory Commission (hereinafter referred to as ‘GERC’ or the ‘Commission’) notified the GERC (MYT) Regulations, 2016 on 29th March, 2016, which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 until 31st March, 2021. The Commission, vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020, extended the time of applicability of the same from 31st March, 2021 to 31st March, 2022 and directed all the concerned Utilities to file the Tariff Petition for FY 2021-22 based on the principles and methodology specified in the GERC (MYT) Regulations, 2016 on or before 8th January, 2021.

Thus, Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of Petition comprising of Truing up for FY 2019-20, Aggregate Revenue Requirement (ARR) for FY 2021-22, revenue from the SLDC Charges at existing tariffs for FY 2021-22, and Revenue Gap or Revenue Surplus for FY 2021-22.

After Technical Validation of the True-Up Petition for FY 2019-20, it was registered on 9th December, 2020, as Case No. 1910/2020. SLDC submitted the Petition for approval of ARR and determination of SLDC Charges for FY 2021-22 on 7th January, 2021. This Petition has been considered as Addendum Petition to the original Petition of Case No. 1910/2020. As provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

1.2 State Load Despatch Centre (SLDC)

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 as listed below:

- Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company



- Gujarat Energy Transmission Corporation Limited (GETCO) - A Transmission Company
- Four Distribution Companies, namely:
 - Dakshin Gujarat Vij Company Limited (DGVCL)
 - Madhya Gujarat Vij Company Limited (MGVCL)
 - Paschim Gujarat Vij Company Limited (PGVCL);
 - Uttar Gujarat Vij Company Limited (UGVCL); and
- Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company of above named six subsidiary companies, responsible for bulk purchase of electricity from various sources and bulk supply to Distribution Companies.

The transmission assets of the erstwhile Gujarat Electricity Board, including the assets related to the State Load Despatch Centre, were transferred to the newly created entity, GETCO. However, Government of India, Ministry of Power, has initiated steps to de-link the National and Regional / State Load Despatch Centre from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

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

SLDC Gujarat has participated in Unified Load Despatch and Communication Scheme (hereinafter called as ULDC) approved by Central Electricity Authority (CEA) for the 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.

1.3 Commission's Order for approval of True-up of FY 2017-18 and Determination of tariff for FY 2019-20

The Commission vide Mid-term Review (MTR) Order dated 24th April, 2019 in Case No. 1758 of 2018 approved the Truing up for FY 2017-18 and determined the revised ARR for SLDC for FY 2019-20 and FY 2020-21 and approved the SLDC Fees and Charges for FY 2019-20.



1.4 Commission's Order for approval of True up of FY 2018-19 and Determination of tariff for FY 2020-21

The Commission vide its Order dated 26th March, 2020 in Case No. 1838 of 2019 has approved the Truing up for FY 2018-19 and determined the SLDC Fees and Charges for FY 2020-21.

1.5 Background of the present Petition

The Commission has notified the GERC (MYT) Regulations, 2016 for the Control Period from FY 2016-17 to FY 2020-21. Regulation 16.2 (iii) of the GERC (MYT) Regulations, 2016 provides for the truing up of previous year's expenses and revenue based on audited accounts vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors within the control of the applicant (controllable factors) and those caused by factors beyond the control of the applicant (uncontrollable factors).

Regulation 16.2 (ii) of the GERC (MYT) Regulations, 2016 provides for Determination of Aggregate Revenue Requirement (ARR) by the Commission for the entire Control Period. The Commission, vide Suo-Motu Order dated 22nd December in Case No. 07 of 2020 in the matter of "Filing of application for determination of Aggregate Revenue Requirement (ARR) and Tariff for FY 2021-22", has decided to determine the ARR for FY 2021-22 based on the principles and methodology as provided in the GERC (MYT) Regulations, 2016 and deferred the next MYT Control Period by one year.

Regulation 16.2 (vi) of the GERC (MYT) Regulations, 2016 provides for annual determination of Tariff for the Generating Company, Transmission Licensee, SLDC, Distribution Wire Business and Retail Supply Business, for each financial year within the Control Period, based on the approved ARR and results of the truing up exercise.

1.6 Registration of the current Petition and Public Hearing Process

The Petitioner submitted the current Petition for Truing up for FY 2019-20 on 27th November, 2020. After Technical Validation of the Petition, it was registered on 9th December, 2020 (Case No. 1910 of 2020).



The Commission vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020 directed all the concerned Utilities to file the Tariff Petition for FY 2021-22 based on principles and methodology specified in the GERC (MYT) Regulations, 2016 on or before 8th January 2021.

Accordingly, SLDC has filed the Petition for approval of ARR and Determination of SLDC Fees and Charges for FY 2021-22 on 7th January, 2021. This Petition has been considered as Addendum Petition to the original Petition of Case No. 1910/2020. As provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with the Tariff Order.

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

The Public Notice, inviting objections / suggestions from its stakeholders on the Petition filed by SLDC, was published in the following newspapers:

Table 1-1: List of Newspapers in which Public Notice was published by the Petitioner

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	13/01/2021
2	Sandesh	Gujarati	13/01/2021

The Petitioner also placed the Public Notice and the Petition on its website (www.sldcguj.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 12th February 2020.

The Commission also placed the Petition and additional details received subsequently from the Petitioner on its website (www.gercin.org) for information and study by all the stakeholders.

The Commission also issued a notice for Public Hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1-2: List of Newspapers

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	20/02/2021
2	Divya Bhaskar	Gujarati	20/02/2021
3	Sandesh	Gujarati	20/02/2021

The Commission received objections / suggestions from consumers / consumer organizations as shown in the Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for e-Public Hearing through video conferencing for the Petition on 4th March, 2021.

The status of stakeholders who submitted their written suggestion / objections, those who participated in the Public Hearings, and those who made oral submissions are given in the Table below:

Table 1-3: List of Stakeholders

Sl. No.	Name of Newspaper	Written Submission	Oral Submission	Present on the day of Public hearing
1.	Utility User's Welfare Association	No	Yes	Yes

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

1.7 Contents of this Order

The Order is divided into Seven Chapters as under: -

- (a) The First Chapter provides the background of the Petitioner, the Petition and details of the Public Hearing process and the approach adopted for this Order;
- (b) The Second Chapter outlines the summary of SLDC's Petition;



- (c) The Third Chapter provides a brief account of the Public Hearing process, including the objections raised by various stakeholders, SLDC's response and the Commission's views on the response;
- (d) The Fourth Chapter deals with the Truing up for FY 2019-20;
- (e) The Fifth Chapter deals with the Aggregate Revenue Requirement (ARR) for FY 2021-22;
- (f) The Sixth Chapter deals with the determination of SLDC Fees and Charges for FY 2021-22;
- (g) The Seventh Chapter deals with the compliance of directives.

1.8 Approach of this Order

The GERC (MYT) Regulations, 2016 provide for Truing up of the previous year and determination of Tariff for the ensuing year.

The Commission, vide Suo-Motu order dated 22nd December, 2020 in Case No. 7 of 2020 decided to defer the next MYT Control Period by one year. The Commission also directed all Generating Companies, Transmission Licensees and Distribution Companies to file the Tariff Petition based on principles and methodology specified in the GERC (MYT) Regulations, 2016.

SLDC has approached the Commission with the present Petition for Truing up for FY 2019-20 and determination of ARR and SLDC Fees and Charges for FY 2021-22.

The Commission has undertaken Truing up for FY 2019-20, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2019-20, based on the audited annual accounts and prudence check.

While Truing up for FY 2019-20, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the MTR Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised based on the actual performance observed.

State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

- The Truing up for FY 2019-20 has been considered, based on the GERC (MYT) Regulations, 2016.

The Commission has undertaken Determination of ARR and SLDC Fees and Charges for FY 2021-22 as per the GERC (MYT) Regulations, 2016 and its amendments thereof as the base. Truing up of FY 2021-22 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016.



2 Summary of SLDC's Petition

2.1. Introduction

This Chapter highlights the summary of the Petition for True-up of FY 2019-20 and Determination of ARR and SLDC Fees and Charges for FY 2021-22.

2.2. Truing up for FY 2019-20

SLDC submitted the Petition on 27th November, 2020 seeking approval of Truing up of ARR for FY 2019-20. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2019-20 as a part of the True-Up of FY 2019-20. SLDC has presented the actual cost components based on audited annual accounts for FY 2019-20. A summary of the proposed ARR for Truing up for FY 2019-20 compared with the ARR approved for FY 2019-20 in the MTR Order dated 24th April, 2019 is presented in the Table below:

Table 2-1: Summary of Truing up for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed	Deviation
1	Operation & Maintenance Expenses	2,546.80	2,723.70	(176.90)
1.1	Employee Expenses	1,820.30	2,059.98	(239.68)
1.2	Repair & Maintenance Expenses	161.96	236.74	(74.78)
1.3	Administration & General Expenses	564.54	426.97	137.57
2	Interest on Working Capital	38.60	38.64	(0.04)
3	RLDC Fees & Charges	-	-	-
4	Charges for ULDC & Other related Projects	241.00	295.74	(54.74)
5	Less: Non-Tariff Income	705.82	935.95	(230.13)
6	Operating Cost Budget (a)	2,120.58	2,122.13	(1.55)
7	Depreciation	419.87	341.39	78.48
8	Interest & Finance Charges	52.66	2.75	49.91
9	Return on Equity	149.25	105.08	44.17
10	Total Fixed Costs	621.78	449.22	172.56
11	Less: Expenses Capitalized	-	-	-



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed	Deviation
12	Add: Provision for Tax	198.53	184.00	14.53
13	Capital Cost Budget (b)	820.31	633.22	187.09
14	Total Revenue Budget (a)+(b)	2,940.89	2,755.34	185.55

The proposed sharing of Gain and Loss due to controllable and uncontrollable factors claimed by the Petitioner for FY 2019-20 is shown in the Table below:

Table 2-2: Revenue Gap/(Surplus) for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	ARR approved in MTR Order dated 24 th April 2019 for FY 2019-20	2,940.89
2	Gain/(Loss) on account of Uncontrollable factors to be passed on to Beneficiaries for FY 2019-20	15.82
3	Gain / (Loss) on account of Controllable factors to be passed on to Beneficiaries (1/3 rd of Total Gain/(Loss) for FY 2019-20)	56.58
4	Add: Gap/(Surplus) apportioned for FY 2019-20 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	(632.24)
5	Add: Revenue Gap/(Surplus) approved in truing up for 2017-18 after adjustment of past period Gap (MTR Order dated 24 April, 2019)	932.76
6	Total ARR for FY 2019-20	3,169.02
7	Revenue from SLDC Charges	3,241.41
8	Revenue Gap/(Surplus) for FY 2019-20	(72.39)

2.3. ARR and SLDC Charges for FY 2021-22

In accordance with provisions of the GERC (MYT) Regulations, 2016, the ARR for FY 2021-22 has been computed by SLDC as follows:



Table 2-3: ARR for FY 2021-22 as submitted by SLDC (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Operation & Maintenance Expenses	2,741.49
1.1	Employee Expenses	2,054.42
1.2	Administration & General Expenses	422.46
1.3	Repairs & Maintenance Expenses	264.60
2	Interest on Working Capital	40.31
3	Charges for ULDC & other related projects	295.74
4	Less: Non-Tariff Income	935.95
5	Operating Cost Budget (a)	2,141.59
6	Depreciation	600.13
7	Interest & Finance Charges	33.35
8	Return on Equity	182.57
9	Total Fixed Costs	816.05
10	Add: Provision for Tax	184.00
11	Capital Cost Budget (b)	1,000.05
12	Total Revenue Requirement (a+b)	3,141.64

SLDC has calculated the SLDC Charges for FY 2021-22 after considering the (Gap)/Surplus of FY 2019-20 as follows:

Table 2-4: SLDC Charges for FY 2021-22 as submitted by SLDC (Rs. Lakh)

Sr. No.	Particulars	Amount
1	ARR for FY 2021-22	3141.64
2	Add/Less Revenue Gap/(Surplus) approved in Truing up for FY 2019-20	(72.39)
3	Total SLDC Charges (1 + 2)	3,069.25

2.4. Prayer of SLDC to the Commission

- To admit this Petition seeking True up of FY 2019-20 and Determination of ARR and SLDC Fees and Charges for FY 2021-22;



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

2. To approve the True-up of FY 2019-20 and allow sharing of Gain/(loss) with the Consumers as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2016;
3. To allow recovery of Revenue Gap/(Surplus) of FY 2019-20 as part of Tariff determination for FY 2021-22;
4. To approve ARR of SLDC for FY 2021-22 as per GERC (Multi Year Tariff) Regulations, 2016;
5. To approve SLDC Fees and charges for FY 2021-22;
6. To accept the figures in Rupees Lakh, as the figures of SLDC are comparatively smaller than other entities;
7. To grant any other relief as the Hon'ble Commission may consider appropriate;
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.



3 Brief Outline of objections raised, response from SLDC and Commission's view

3.1 Public Response to the Petition:

In response to the public notice inviting objections/suggestions on the Petition filed by SLDC for Truing up for FY 2019-20 and determination of ARR and SLDC Fees and Charges for FY 2021-22 under the GERC (MYT) Regulations, 2016 from the stakeholders, one stakeholder filed objections/suggestions orally during the Public Hearing.

The Commission has considered the objections/suggestions relevant to the present Petition and the response of SLDC on the same. The objections/suggestions, the response from the Petitioner, and the views of the Commission are dealt with hereunder:

3.2 Issue-wise Submissions and Replies:

Issue No. 1: Running of 40-year-old plants as base load in MoD regime

UUWA submitted that SLDC should explain its rationale in backing down newer plants and running 30- to 40-year-old plants as base load plants.

Response of SLDC

SLDC submitted that it strictly follows Merit Order Dispatch (MoD) for day-to-day operation. It takes into account the plant's many parameters like Station Heat Rate (SHR), Specific Fuel Oil Consumption (SFOC), and other economic parameters of the plant. However, day-ahead scheduling is done by the Distribution Licensees and then SLDC enquires with GSECL on the readiness of the plant to deliver the needed power. Accordingly, MoD stack is prepared.

Commission's View

The Commission notes the reply of SLDC. It is noted that the details related to Merit Order (Current) is available on SLDC website. Further, SLDC is considering daily Variable Charges as communicated by GSECL for Merit Order Despatch operations. **!**

4 Truing up for FY 2019-20

4.1 Introduction

This Chapter deals with the Truing up for FY 2019-20. While doing 'Truing up' of various components of ARR for FY 2019-20, the actuals for FY 2019-20 are compared with the approved ARR as per the MTR Order issued on 24th April, 2019.

The Commission has analysed each of the components of ARR for FY 2019-20 in the following sections.

4.2 Capitalisation and Funding

Petitioner's Submission

SLDC has submitted that the actual capitalisation was Rs. 348.14 Lakh in FY 2019-20 against Rs. 1095.00 Lakh approved by the Commission for the year in the MTR Order dated 24th April, 2019, as given in the Table below:

Table 4-1: Capitalisation claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
1	Land Acquisition Cost	-	-
2	Augmentation/Upgradation of Existing Systems	316.00	76.59
3	Strengthening of Communication Channels	-	-
4	Additional System/Software Planning	450.00	21.59
5	IT Infrastructure	249.00	215.93
6	SLDC Building Development	-	-
7	Office Equipment	-	9.02
8	Staff Recreation Facilities	-	23.96
9	Additional Expenditure	80.00	1.06
10	Total	1,095.00	348.14

Commission's Analysis

The Commission had approved Capitalisation of Rs. 1095 Lakh for FY 2019-20 in the MTR Order dated 24th April, 2019. SLDC has achieved Capitalisation of Rs. 348.14 Lakh, as reported in the Audited Accounts of SLDC.



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

The Commission allowed SLDC to create a fund/reserve by retaining income earned out of Scheduling and System Operation Charges as per the Commission's Orders dated 01.03.2016 and 31.03.2017. The Commission directed SLDC to create a reserve out of this income and make corresponding investments in the securities as recognised under the Indian Trust Act, 1882. The Commission ruled that the interest earned on such securities shall be passed on to the beneficiaries through the ARR. The Commission also ruled that withdrawal from the reserve will be for capital expenditure only with prior approval of the Commission and such withdrawal from this reserve towards financing capital expenditure will not be held eligible for Return on Equity (RoE).

The Commission observes that an amount of Rs. 107.12 lakh and Rs. 437.36 Lakh has been utilised from the above Fund to create assets in FY 2017-18 and FY 2018-19, respectively. The Commission sought information from SLDC regarding the capital expenditure incurred in FY 2019-20 by utilising the above Fund.

In its reply, the Petitioner informed that an amount of Rs. 85.98 Lakh has been separately incurred by SLDC from the fund/reserve created by retaining income earned out of Scheduling and System Operation Charges as per the Commission's Orders dated 01.03.2016 and 31.03.2017 and allowed to be utilised vide Commission's letter dated 01.09.2017. This Capital Expenditure has not been shown in SLDC's audited accounts as they are shown separately and SLDC would not claim any depreciation, RoE on these assets. Hence, the amount of Rs 85.98 Lakh is not required to be reduced from the CAPEX addition of Rs 348.14 Lakh.

Thus, there is a net addition of Rs. 348.14 Lakh of assets in terms of assets whose cost is to be recovered from the beneficiaries in FY 2019-20. In accordance with the GERC (MYT) Regulations, 2016, the Commission has considered the funding of the actual net addition of asset as per the normative debt:equity ratio of 70:30, as shown in the Table below:

Table 4-2: Capitalisation and Funding approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in MTR Order	Actual Claimed	Approved in Truing up
1	Capitalization	1,095.00	348.14	348.14
2	Debt	766.50	243.70	243.70
3	Equity	328.50	104.44	104.44
4	Grants	-	-	-



4.3 Operations and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner has claimed actual O&M expenses of Rs. 2,723.70 Lakh in the Truing up for FY 2019-20 against Rs. 2,546.80 Lakh approved for the year in the MTR Order as detailed in the Table below:

Table 4-3: O&M Expenses claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Deviation
1	Employees Expenses	1,820.30	2,059.98	(239.68)
2	Repairs & Maintenance Expenses	161.96	236.74	(74.78)
3	Administrative & General Expenses	564.54	426.97	137.57
4	O&M Expenses	2,546.80	2,723.70	(176.90)

Employees Expenses

The Petitioner has claimed Rs 2059.98 Lakh towards actual employees' expenses as against Rs. 1,820.30 Lakh approved in the MTR Order dated 24th April, 2019. The Petitioner submitted that the Employees Expenses are broadly categorized into (1) Salaries and Wages, (2) Contribution to Provident Fund & Other Funds, (3) Staff Welfare Expenses, and (4) Other Terminal Benefits. The Petitioner added that the variation between the approved and actual Employees Expenses is on account of the actual impact of 7th Pay Commission. The Re-measurement of Defined Benefit Plan for FY 2019-20 as reflected in the Audited Accounts of SLDC stands at Rs. 133.22 Lakh. Further, SLDC has made a provision of Rs. 124.77 Lakh towards 7th Pay Commission and has claimed 7th Pay Commission arrears amounting to Rs. 346.63 Lakh on account of wage revision during FY 2019-20. SLDC has excluded the provision made towards 7th Pay Commission and has considered the actual payment made till FY 2019-20 in its claim, in line with the approach adopted by the Commission in its previous Tariff Orders. The summary of its Actual Arrears Pay out to employees from cumulative provisions is given in the Table below:



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Table 4-4: 7th Pay Commission Provision not considered in approval of Employee Cost by the Commission

Sr. No.	Particulars	Amount
1	FY 2015-16	51.77
2	FY 2016-17	205.76
3	FY 2017-18	113.70
4	FY 2018-19	160.60
5	FY 2019-20	124.77
A	Total (1 to 5)	656.60
B	7th Pay Commission Provision as on 31st March, 2020	309.97
C	Actual Arrears Pay out to employees from Cumulative Provisions, which has not reflected in Employee Cost (P&L) (A - B)	346.63

Repair and Maintenance (R&M) Expenses

The Petitioner has claimed Rs. 236.74 Lakh towards actual R&M Expenses in the truing up for FY 2019-20 as against Rs. 161.96 Lakh approved for the year in the MTR Order dated 24th April, 2019. The Petitioner submitted that R&M Expenses have been incurred in order to maintain the asset quality given the ageing of equipment. The R&M Expenses as per Note 35 of Audited Accounts is Rs. 532.48 Lakh, which includes ULDC Charges of Rs. 295.74 Lakh. SLDC submitted that it has negated the above ULDC Charges in order to arrive at the R&M Expenses for FY 2019-20, as the expenses related to ULDC have been considered under a separate head. SLDC submitted that the main reason for deviation between the approved and actual R&M expenses is procurement of the R&M expenses have increased due to civil works undertaken for repair works at SLDC Gotri, SLDC Jambuva, SLDC Gandhinagar.

Administration & General (A&G) Expenses

The Petitioner has claimed Rs. 426.97 Lakh towards actual A&G Expenses in the truing up for FY 2019-20 against Rs. 564.54 Lakh approved for the year in the MTR Order dated 24th March, 2017. The Petitioner submitted that these expenses mainly comprise conveyance and travel, legal charges, telephone charges, electricity charges, etc.

SLDC has claimed the Gain/Losses against O&M expenses due to controllable and uncontrollable factors, as detailed in the Table below:



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Table 4-5: Gain/ (Loss) claimed from O&M Expenses for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
O&M Expenses	2546.80	2723.70	169.73	(346.63)

Commission's Analysis

The O&M expenses comprise Employees Expenses, R&M Expenses and A&G Expenses. The Commission has verified the actual expenses incurred against each head in FY 2019-20 from the Audited Accounts.

As regards Employees Expenses, it is observed that the variation between the approved and actual employee expenses is on account of the actual impact of 7th Pay Commission. As per audited annual accounts, the Employees Expenses are Rs. 1704.91 Lakh. Further, SLDC submitted that the total provisioning pending in the Accounts as on 31st March 2020 was Rs. 309.97 lakh, including the provisioning of Rs. 124.77 Lakh made during FY 2019-20. Hence, the provision of Rs. 124.77 Lakh made towards 7th Pay Commission has been excluded. SLDC has claimed actual pay out of arrears towards employees from 7th Pay Commission Provisions during FY 2019-20 as Rs. 346.63 Lakh.

The Commission notes that in the true up of FY 2017-18 and FY 2018-19 it has allowed Rs. 212.15 Lakh and Rs. 294.85 Lakh, respectively, on account of payment of arrears of the 7th Pay Commission from provisions, directly as uncontrollable expense. On detailed analysis of the arrear pay out amount claimed by SLDC, it was found that SLDC has claimed the amount already allowed in FY 2017-18 and FY 2018-19, as the amount Rs. 346.63 Lakh claimed during FY 2019-20 is cumulative actual pay out from provisions till date. There has been no actual pay out of arrears in FY 2019-20. The Commission sought clarification from SLDC in this regard. SLDC, vide its reply dated 19th March, 2021, submitted that it actually claims two types of Uncontrollable Impact due to 7th Pay Commission, one is actual arrears Pay-out due to 7th Pay Commission against 7th Pay Provision account, and the other is actual increase/impact in employee cost due to implementation of 7th Pay Commission. Both are uncontrollable expenses. SLDC has claimed Rs. 212.15 Lakh and Rs. 294.85 Lakh in the True-up Petitions of FY 2017-18 and FY 2018-19 on account of impact due to implementation of 7th Pay Commission. SLDC further claimed that it has inadvertently claimed Rs. 294.85



Lakh as uncontrollable expenses in FY 2018-19 instead of Rs. 363.29 Lakh, against impact due to implementation of 7th Pay Commission. SLDC further claimed that it has inadvertently not claimed actual Pay-out of arrears from Provision of 7th Pay of Rs.346.63 Lakh in FY 2018-19. Hence, it is claiming the same in FY 2019-20. The Commission notes the submission made by SLDC. The Commission agrees that actual arrears paid out from 7th Pay Provision and actual impact in employee cost due to implementation of 7th Pay Commission is an uncontrollable expense as has been decided in its Order dated 31st March, 2018, as reproduced below:

“4.3 Operations and Maintenance Expenses for FY 2016-17

...

Commission’s Analysis

...

It is observed that the O&M expenses claimed by SLDC are as per segregated accounts. As observed from the additional data submitted vide letter No. GETCO/SLDC/Tariff/18-19/132 dated 31st January, 2018, employee expenses include Rs 205.76 lakhs on account of provision for the impact of 7th Pay Commission for the true-up period. As the amount is only a provision at this moment, it has been removed from the total employee expenses while truing up. The Commission will allow such expenses in the year in which actual payment is made in true up of the respective year subject to prudence check as uncontrollable expense. Accordingly, the Commission approves the employee expenses of Rs.1213.19 Lakh in this true up.

...”

Hence, the Commission allows actual Pay out from 7th Pay Provision till now as Rs. 346.63 Lakh.

The Commission also notes that based on SLDC additional submission and its own prudence check, it is verified that there is a shortfall of Rs.68.44 Lakh in uncontrollable losses that have been approved in the true up of FY 2018-19.

Hence, the Commission has allowed the uncontrollable losses of Rs. 68.44 Lakh in addition to the uncontrollable loss due to actual Pay-out from 7th Pay Provision in FY 2019-20. Further, the Commission has allowed 7th Pay Wage Revision impact of Rs. 370.80 Lakh as uncontrollable expense for FY 2019-20. The Re-measurement of Defined Benefit Plan for FY 2019-20 as reflected in the Audited Accounts of SLDC stands at Rs.133.22 Lakh. The Contribution to Provident Fund, Terminal Benefits and Staff Welfare Expenses have been considered at actuals in the Truing up for FY 2019-20. The Total Employees Expenses approved after truing up for FY 2019-20 works out to Rs. 1713.36 lakh. However, as the actual Employees Expenses are lower than the approved Employees Expenses, the efficiency gain on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

As regards R&M Expenses, the ULDC charges of Rs. 295.74 Lakh have been considered separately, and hence, have been reduced from the R&M Expenses of Rs. 532.48 Lakh reflected in the Audited Accounts. The Total R&M Expenses approved after truing up for FY 2019-20 works out to Rs. 236.74 Lakh, as claimed by the Petitioner. However, as the actual R&M Expenses are higher than the approved R&M Expenses, the efficiency loss on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

As regards A&G Expenses, from the Audited Accounts of SLDC, it is observed that the main contributors are telephone and postage expenses, travelling and conveyance, rent, rates and taxes, and electricity charges. The total A&G Expenses approved after truing up for FY 2019-20 works out to Rs. 426.97 Lakh, as claimed by the Petitioner. However, as the actual A&G Expenses are lower than the approved A&G Expenses, the efficiency gain on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

The Total O&M Expenses approved by the Commission in the truing up for FY 2019-20 is shown in the Table below:

Table 4-6: Operation & Maintenance Expenses approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
1	Employee Expenses	1,820.30	2,059.98	2,059.99



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
2	R&M Expenses	161.96	236.74	236.74
3	A&G Expenses	564.54	426.97	426.97
4	O&M Expenses	2,546.80	2,723.70	2,723.70

The Commission approves the O&M Expenses at Rs. 2,723.70 Lakh in the Truing up for FY 2019-20.

Under Regulation 22 of the GERC (MYT) Regulations, 2016, the O&M expenses are controllable in nature except the expenses on account of actual pay out towards wage revision. As stated earlier, the Commission has not considered the amount claimed by SLDC against actual pay out of Pay Commission arrears, as the same has already been allowed in earlier years. Accordingly, the Commission has computed the Gain/(Loss), as given in the Table below:

Table 4-7: Operation & Maintenance Expenses and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + /(-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
O&M Expenses	2,546.80	2,723.70	(176.90)	608.96	(785.86)

4.4 Depreciation

Petitioner's Submission

The Petitioner has claimed Rs. 341.39 Lakh towards depreciation for FY 2019-20, against Rs. 419.87 Lakh approved by the Commission for the year in the MTR Order dated 24th April, 2019, as given in the Table below:

Table 4-8: Depreciation claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
1	Opening Gross Block	2938.54	2,260.30



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
2	Net Additions during the Year	1095	348.14
3	Closing Gross Block	4033.54	2,608.44
4	Average GFA	3486.04	2,434.37
5	Depreciation for the Year	419.87	341.39
6	Average Rate of Depreciation	12.04%	14.02%

SLDC has claimed Rs. 78.48 Lakh as Gain from Depreciation due to uncontrollable factors, as detailed in the Table below:

Table 4-9: Gain/ (Loss) claimed from Depreciation for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Depreciation	419.87	341.39		78.48

Commission's Analysis

The Commission in accordance with the GERC (MYT) Regulations, 2016 has computed the allowable depreciation for FY 2019-20. The opening GFA of FY 2019-20 has been considered same as the closing GFA of FY 2018-19, as approved in the truing up of FY 2018-19 in the Tariff Order dated 26th March, 2020. The addition to GFA has been considered based on capitalisation approved in earlier Section of this Order. The Commission has considered weighted average depreciation rate of 11.04% against claimed weighted average depreciation rate of 14.02% based on the depreciation rate specified in the GERC (MYT) Regulations, 2016 for individual asset class. The Depreciation approved after truing up for FY 2019-20 is shown in the Table below:

Table 4-10: Gross Fixed Assets and Depreciation approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual	Approved in Truing up
1	Opening Gross Block	2938.54	2,260.30	2,260.30
2	Net Additions during the Year	1095	348.14	348.14



Sr. No	Particulars	Approved in the MTR Order	Actual	Approved in Truing up
3	Closing Gross Block	4033.54	2,608.44	2,608.44
4	Average GFA	3486.04	2,434.37	2,434.37
5	Depreciation for the Year	419.87	341.39	268.81
6	Average Depreciation Rate	12.04%	14.02%	11.04%

The Commission accordingly, approves Depreciation of Rs. 268.81 Lakh for FY 2019-20.

As depreciation is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-11: Depreciation and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Depreciation	419.87	268.81	151.06		151.06

The Commission accordingly approves the Gain of Rs. 151.06 Lakh on account of uncontrollable factors against depreciation.

4.5 Interest and Finance Charges

Petitioner's Submission

The Petitioner has claimed Rs. 2.75 Lakh towards interest and finance charges in the Truing up for FY 2019-20, as against Rs. 52.66 Lakh approved for the year in the MTR Order dated 24th April, 2019. SLDC submitted that it has considered the closing loan balance of FY 2018-19 as approved in the previous True-up Order as opening loan balance for FY 2019-20. SLDC has considered the addition in loans for FY 2019-20 based on the Opening and Closing Balance of Loans as per accounts. Repayment has been considered as equal to depreciation



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

in line with the GERC (MYT) Regulations, 2016 to the extent of available loan balance. The interest rate has been considered same as the weighted average interest rate of GETCO, i.e., 7.65%. The interest and finance charges claimed by SLDC in the truing up for FY 2019-20, is shown in the Table below:

Table 4-12: Interest and Finance Charges Claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
1	Opening Loans	498.36	71.85
2	Loan Additions during the Year	766.5	243.70
3	Repayment during the Year	419.87	315.55
4	Closing Loans	844.99	-
5	Average Loans	671.68	35.93
6	Interest on Loan	52.66	2.75
7	Other Finance Charges (Guarantee + Financing Charges)		-
8	Total Interest & Financial Charges	52.66	2.75
9	Weighted Average Rate of Loan	7.84%	7.65%

SLDC has claimed Rs. 49.91 Lakh as Gain from Interest and Finance Charges due to uncontrollable factors, as detailed in the Table below:

Table 4-13: Gain/ (Loss) claimed from Interest & Finance Charges for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest & Finance Charges	52.66	2.75		49.91

Commission's Analysis

The Commission has examined the submission of SLDC. The opening loan of FY 2019-20 has been considered same as the closing loan of FY 2018-19, as approved in the truing up for FY 2018-19 in the Tariff Order dated 26th March, 2020. The funding of capitalisation through debt has been considered as approved earlier in this Chapter.



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

The repayment of loans during the year has been considered equal to the depreciation approved for FY 2019-20. As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Transmission Licensee shall be considered as the rate of interest. As per the aforesaid Regulation and the data provided by SLDC, the Commission has considered the weighted average interest rate as 7.65% and applied the same on the normative loan amount. Nil other finance charges claimed by SLDC have been approved in line with the actual expenses as per the Audited Accounts. The Commission has approved the interest on normative loans in the truing up for FY 2019-20, as detailed in the Table below:

Table 4-14: Interest and Finance Charges approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
1	Opening Loans	498.36	71.85	71.85
2	Loan Additions during the Year	766.5	243.70	243.70
3	Repayment during the Year	419.87	315.55	268.81
4	Closing Loans	844.99	-	46.74
5	Average Loans	671.68	35.93	59.29
6	Interest on Loan	52.66	2.75	4.53
7	Other Charges (Guarantee + Financing Charges)		-	-
8	Total Interest & Financial Charges	52.66	2.75	4.53
9	Weighted Average Rate of Loan	7.84%	7.65%	7.65%

The Commission accordingly, approves Interest and Finance Charges of Rs. 4.53 Lakh for FY 2019-20.

As interest is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-15: Interest and Finance Charges and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest and Finance Charges	52.66	4.53	48.13		48.13

The Commission accordingly approves the Gain of Rs. 48.13 Lakh on account of uncontrollable factors against interest and finance charges.

4.6 Interest on Working Capital

Petitioner's Submission

The Petitioner has submitted that Interest on Working Capital (IoWC) for FY 2019-20 is computed at Rs. 38.64 Lakh, as against Rs 38.60 Lakh approved for the year in the MTR Order dated 24th March, 2019. SLDC has submitted that normative IoWC has been computed in accordance with the GERC (MYT) Regulations, 2016. The IoWC is claimed @10.66%, being weighted average of the 1-year SBI MCLR during FY2019-20 plus 250 basis points in line with the GERC (MYT) Regulations, 2016. The normative IoWC claimed by SLDC in the truing up of FY 2019-20 is shown in the Table below:

Table 4-16: Interest on Working Capital claimed for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed
1	O & M Expenses	212.23	226.97
2	Maintenance Spares	29.39	22.60
3	Receivables	120.85	112.92
4	Total Working Capital	362.47	362.50
5	Rate of Interest on Working Capital	10.65%	10.66%
6	Interest on Working Capital	38.60	38.64

SLDC has submitted the Loss from IoWC due to uncontrollable factors, as detailed in the Table below:

Table 4-17: Gain/(Loss) from loWC claimed for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest on Working Capital	38.60	38.64		(0.04)

Commission's Analysis

The Commission has examined the submissions made by the Petitioner. loWC is to be allowed on normative basis, as per Regulation 40.3 of the GERC (MYT) Regulations, 2016. The working capital requirement comprises 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.

The Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 8.16% prevailing during FY 2019-20 plus 250 basis points as the interest rate. Accordingly, the rate of interest is considered as 10.66%.

Based on the O&M Expenses and other expenses now approved in the Truing up, the normative Working Capital requirement and loWC thereon calculated at 10.66%, are detailed in the Table below:

Table 4-18: Interest on Working Capital approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing Up
1	O & M Expenses	212.23	226.97	226.98
2	Maintenance Spares	29.39	22.60	22.60
3	Receivables	120.85	112.92	102.74
4	Total Working Capital	362.47	362.50	352.32
5	Rate of Interest on Working Capital	10.65%	10.66%	10.66%
6	Interest on Working Capital	38.6	38.64	37.56

The Commission, accordingly, approves Interest on Working Capital at Rs. 37.56 Lakh in the Truing up for FY 2019-20.



The Commission considers loWC as uncontrollable, since the components forming part of the Working Capital are mostly uncontrollable. The Commission, accordingly, approves the Gain/(Loss) on account of loWC in the Truing up for FY 2019-20, as detailed in the Table below:

Table 4-19: Interest on Working Capital and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Interest on Working Capital	38.60	37.56	1.04		1.04

The Commission accordingly approves the Gain of Rs. 1.04 Lakh on account of uncontrollable factors against loWC.

4.7 Return on Equity

Petitioner's Submission

SLDC has claimed Rs. 105.08 Lakh towards RoE in the Truing up for FY 2019-20, as against Rs. 149.25 Lakh approved for the year in the MTR Order. SLDC has submitted that the RoE has been computed @ 14% as specified in the GERC (MYT) Regulations, 2016. The deviation in RoE is considered as uncontrollable factor. SLDC does not have its own equity, and debt and equity of SLDC are considered in proportion of the GETCO debt:equity ratio in FY 2019-20. The RoE claimed by SLDC in the truing up for FY 2019-20 is shown in the Table below:

Table 4-20: Return on Equity claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
1	Opening Equity Capital	901.83	698.36
2	Equity Additions during the Year	328.5	104.44
3	Closing Equity	1230.33	802.80
4	Average Equity	1066.08	750.58
5	Rate of Return on the Equity	14%	14%



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
6	Return on Equity	149.25	105.08

SLDC has submitted the Gain from RoE due to uncontrollable factors, as detailed in the Table below:

Table 4-21: Gain/(Loss) from RoE claimed for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Return on Equity	149.25	105.08		44.17

Commission's Analysis

The Commission has examined the submission of SLDC. RoE is allowed on the average equity deployed during the year considering the Opening Equity and Addition to Equity. The Opening Equity of FY 2019-20 has been considered same as the closing equity of FY 2018-19, as approved in the truing up for FY 2018-19 in the Tariff Order dated 26th March, 2020. The funding of capitalisation through equity has been considered as approved earlier in this Chapter. Accordingly, the Commission has computed the RoE in the truing up for FY 2019-20, as detailed in the Table below:

Table 4-22: Return on Equity approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
1	Opening Equity Capital	901.83	698.36	698.36
2	Equity Additions during the Year	328.5	104.44	104.44
3	Closing Equity	1230.33	802.80	802.80
4	Average Equity	1066.08	750.58	750.58
5	Rate of Return on the Equity	14%	14%	14%
6	Return on Equity	149.25	105.08	105.08

The Commission approves RoE at Rs. 105.08 Lakh in the Truing up for FY 2019-20.



The Commission is of the view that RoE depends on the amount of capitalisation during the financial year and the parameters affecting the capitalisation are uncontrollable in nature. Hence, the factors affecting RoE are uncontrollable. The Commission accordingly approves the Gain and Loss on account of RoE in the Truing up for FY 2019-20, as detailed in the Table below:

Table 4-23: Return on Equity and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Return on Equity	149.25	105.08	44.17		44.17

The Commission accordingly approves the Gain of Rs. 44.17 Lakh on account of uncontrollable factors against RoE.

4.8 RLDC Fees and Charges

Petitioner's Submission

SLDC submitted that the actual RLDC Fees and Charges incurred in FY 2019-20 as per Audited Accounts is Nil as shown below:

Table 4-24: RLDC Fees & Charges claimed for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed	Deviation +/-
1	RLDC Fees and Charges	-	-	-

Commission's Analysis

The Commission approves the actual RLDC Fees and Charges as Nil as per Audited Accounts in the truing up for FY 2019-20.

4.9 ULDC and SCADA Upgradation Charges

Petitioner's Submission

The Power Grid Corporation of India Ltd. (PGCIL) 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.

CERC issued an Order in this regard for approval of charges for ULDC Scheme in the Western Region for the period from 1.2.2006. Accordingly, the Central portion charges shall be shared by beneficiaries/constituents in the 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 ULDC charges. The State portion charges shall be shared by the States in proportion to respective capital cost as on 31.3.2006. Percentage sharing of GETCO is also decided as 17.36% as per the agreement executed with PGCIL.

The ULDC Charges incurred by SLDC for FY 2019-20 as shown below have been accounted as per the actual bills received:

Table 4-25: ULDC & SCADA Upgradation Charges claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed
1	ULDC & SCADA Upgradation Charges	241.00	295.74

The variation between the approved and actual ULDC & SCADA Upgradation Charges is considered uncontrollable as shown in the Table below:

Table 4-26: Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
ULDC & SCADA Upgradation Charges	241.00	295.74		(54.74)



Commission's Analysis

The Commission has examined the submission made by the Petitioner for payment of ULDC Charges. The Commission is of the view that ULDC Charges are required to be paid by SLDC as a member of the Western Regional System as per the directives of WRLDC and WRPC. The Commission has also observed that 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.

The Commission accordingly approves ULDC and SCADA Upgradation Charges at Rs. 295.74 Lakh as per the Audited Accounts in the Truing up for FY 2019-20, as shown in the Table below:

Table 4-27: ULDC & SCADA Upgradation Charges approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
1	ULDC & SCADA Upgradation Charges	241.00	295.74	295.74

The Commission approves the Gain and Loss on account of ULDC Charges in the Truing up for FY 2019-20, as detailed in the Table below:

Table 4-28: ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
ULDC & SCADA Upgradation Charges	241.00	295.74	(54.74)		(54.74)

The Commission accordingly approves the Loss of Rs. 54.74 Lakh on account of uncontrollable factors against ULDC & SCADA Upgradation Charges.

4.10 Income Tax

Petitioner's Submission

The Petitioner has submitted that tax on the income stream is computed as an expense and is to be recovered from the beneficiaries. GETCO makes a consolidated tax payment including SLDC. The Petitioner has claimed Rs.184 Lakh as income tax in the Truing up for FY 2019-20 as per audited accounts of SLDC, as shown in the Table below:

Table 4-29: Proposed Income Tax for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed
1	Income Tax	198.53	184.00

Commission's Analysis

The Commission has verified the Income Tax as claimed by SLDC from the audited annual accounts and found that the Income Tax of Rs. 184.00 Lakh is accounted by SLDC as an expense in their books of account.

The Commission approves the Income Tax of Rs. 184.00 Lakh and deviation of Rs. 14.53 Lakh as gain on account of uncontrollable factors in the truing up for the FY 2019-20, as given in the Table below:

Table 4-30: Approved Income Tax for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Income Tax	198.53	184.00	14.53	-	14.53

4.11 Non-Tariff Income

Petitioner's Submission

SLDC submitted that it is earning revenue from sources other than the core business activities and this Non-Tariff Income is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016.



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Non-Tariff Income mainly consists of income from STOA Application and Scheduling Charges. The Commission had approved Non-Tariff Income for FY 2019-20 at Rs. 705.82 Lakh in the MTR Order dated 24th April, 2019. However, SLDC has recorded higher Non-Tariff Income of Rs. 935.95 Lakh in FY 2019-20. The head-wise details of actual Non-Tariff Income are shown in the Table below:

Table 4-31: Non-Tariff Income claimed for FY 2019-20 (Rs. Lakh)

Sr. No.	Particulars	Approved in the MTR Order	Actual Claimed
1	Penalties received from suppliers & contractors	0.15	3.72
2	Scheduling & System operation charges	675.54	919.94
3	Miscellaneous Receipts	26.19	8.16
4	Supervision Income from execution of Deposit work	3.93	3.06
5	Gain on sale of fixed assets (Net of loss)		1.07
6	Total	705.82	935.95

The variation between the approved and actual Non-Tariff Income is considered uncontrollable, as shown in the Table below:

Table 4-32: Gain/(Loss) from Non-Tariff Income claimed for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Actual Claimed	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Non-Tariff Income	705.82	935.95		(230.13)

Commission's Analysis

The Non-Tariff Income earned by SLDC is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016. The Commission had approved Non-Tariff Income of Rs. 705.82 Lakh for FY 2019-20 in the MTR Order for SLDC based on SLDC submissions.

The Commission has verified the actual Non-Tariff Income from the Audited Accounts of SLDC for FY 2019-20. In line with the approach in previous Orders, the Commission has not



considered the interest income of Rs. 13.03 Lakh earned on staff loans and advances under Non-Tariff Income.

As stated earlier in this Order, the Petitioner is having unspent balance of SLDC Funds. In line with the approach stated while approving the Fund, the Commission has considered the interest rate equal to weighted average 1-year SBI MCLR and worked out the notional interest on the average unspent balance.

The Commission had considered notional interest income for whole of FY 2019-20, under the Non-Tariff Income of FY 2019-20, The Commission notes that up to 30.11.2019 balance remaining in SLDC fund is Rs. 2,152 Lakh. SLDC submitted that it has in total expended Rs. 85.98 Lakh from SLDC Fund in FY 2019-20. These Funds have been contributed by the beneficiaries and the full benefit of these Funds should go to the beneficiaries. The Commission has computed the notional interest on the unspent SLDC Funds for FY 2019-20, as shown in the Table below:

Table 4-33: Computation of Notional Interest on Fund for FY 2019-20 arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakh)

Sr. No.	Period	Amount	Rate of Interest per annum	Interest
1	01.04.2019 to 31.03.2020 (Weighted Average)	2164.63	8.16%	176.63

Thus, the Commission has computed the notional interest of Rs. 176.63 Lakh to be considered under Non-Tariff Income in the Truing up for FY 2019-20.

The Total Non-Tariff Income approved by the Commission in the Truing up of FY 2019-20 is shown in the Table below:

Table 4-34: Non-Tariff Income approved for FY 2019-20 (Rs. Lakh)

Sl.	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
1	Penalties received from suppliers & contractors	0.15	3.72	3.72
2	Scheduling & System operation charges	675.54	919.94	919.94
3	Miscellaneous Receipts	26.19	8.16	8.16



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sl.	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up
4	Supervision Income from execution of Deposit work	3.93	3.06	3.06
5	Gain on sale of fixed assets (Net of loss)		1.07	1.07
6	Notional Interest on SLDC Fund arising pursuant to APTEL Judgments			176.63
7	Net Non-Tariif Income	705.82	935.95	1,112.58

The Commission approves the Gain and Loss on account of Non-Tariff Income in the Truing up for FY 2019-20, as detailed in the Table below:

Table 4-35: Non-Tariff Income and Gain/(Loss) approved for FY 2019-20 (Rs. Lakh)

Particulars	Approved in the MTR Order	Approved in Truing up	Deviation + / (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
Non-Tariff Income	705.82	1,112.58	(406.76)	-	(406.76)

4.12 Claimed and Approved Fixed Costs

The Fixed Charges approved in the MTR Order for FY 2019-20, claimed by SLDC in the truing up, and approved by the Commission after truing up, are summarized in the Table below:

Table 4-36: Fixed Costs Approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	O&M Expenses	2,546.80	2,723.70	2,723.70	608.96	(785.86)
A	Employee Expenses	1,820.30	2,059.98	2,059.99		
B	R&M Expenses	161.96	236.74	236.74		
C	A&G Expenses	564.54	426.97	426.97		



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Approved in the MTR Order	Actual Claimed	Approved in Truing up	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
2	Interest on Working Capital	38.60	38.64	37.56		1.04
3	ULDC & SCADA Upgradation Charges	241.00	295.74	295.74		(54.74)
4	Depreciation	419.87	341.39	268.81		151.06
5	Interest and Finance Charges	52.66	2.75	4.53		48.13
6	Return on Equity	149.25	105.08	105.08		44.17
7	Provision for Tax	198.53	184.00	184.00		14.53
8	Less: Non-Tariff Income	705.82	935.95	1,112.58		(406.76)
9	Total ARR	2,940.89	2,755.34	2,506.83	608.96	(174.90)

4.13 Revenue Surplus for FY 2019-20

Petitioner's Submission

The Petitioner has claimed a Revenue Surplus of Rs. 72.39 Lakh during FY 2019-20 as given in the Table below:

Table 4-37: Revenue (Gap) /Surplus claimed for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Amount
1	ARR approved in MTR Order dated 24 th April 2019 for FY 2019-20	2,940.89
2	Gain/(Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2019-20	15.82
3	Gain/(Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 rd of Total Gain / (Loss) for FY 2019-20	56.58



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Amount
4	Add: Gap/(Surplus) apportioned for FY 2019-20 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	(632.24)
5	Add: Revenue Gap/ (Surplus) approved in truing up for 2017-18 after adjustment of past period Gap (MTR Order dated 24 April, 2019)	932.76
6	Total ARR for FY 2019-20	3,169.02
7	Revenue from SLDC Charges	3,241.41
8	Revenue Gap/(Surplus) for FY 2019-20	(72.39)

The Petitioner has requested the Commission to consider the Revenue Surplus of Rs. 72.39 Lakh for FY 2019-20 while deciding the Tariff for FY 2021-22.

Commission's Analysis

Regulation 23 and 24 of the GERC (MYT) Regulations, 2016 provide for sharing of Gain or Loss on account of uncontrollable and controllable factors. Accordingly, the Revenue Gap/(Surplus) approved by the Commission for FY 2019-20 is summarized in the Table below:

Table 4-38: Revenue Gap /(Surplus) approved for FY 2019-20 (Rs. Lakh)

Sr. No	Particulars	Actual Claimed	Approved in Truing up
1	ARR approved in MTR Order dated 24 th April 2019 for FY 2019-20	2,940.89	2,940.89
2	Gain/(Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2019-20	15.82	(174.90)
3	Gain/(Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 rd of Total Gain / (Loss) for FY 2019-20	56.58	202.99
4	Add: Gap/(Surplus) apportioned for FY 2019-20 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	(632.24)	(632.24)
5	Add: Revenue Gap/(Surplus) approved in truing up for 2017-18 after adjustment of past period Gap	932.76	932.76



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Actual Claimed	Approved in Truing up
6	Total ARR for FY 2019-20	3,169.02	3,213.33
7	Revenue from SLDC Charges	3,241.41	3,241.41
8	Revenue Gap/(Surplus) for FY 2019-20	(72.39)	(28.08)

Accordingly, the Commission approves the Revenue Surplus of Rs. 28.08 Lakh in the Truing up for FY 2019-20 after adjustment of past period Gap. This Surplus is carried forward to the ARR of FY 2021-22 for Determination of SLDC Fees and Charges.



5 Determination of Aggregate Revenue Requirement (ARR) for FY 2021-22

5.1 Introduction

This Chapter deals with the determination of ARR for SLDC for FY 2021-22.

5.2 Capital Expenditure

Petitioner's Submission

SLDC submitted that it plays a vital role as grid operator for the State and is involved in round-the-clock operations. 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 and 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.

SLDC has proposed Capital Expenditure totalling Rs. 1410 Lakh for FY 2021-22 as detailed in the Table below:

Table 5-1: Proposed Capital Expenditure Plan for The Period FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Strengthening of communication channels	25.00
2	Additional system / Software planning	750.00
3	IT Infrastructure	635.00
4	Total	1,410.00

Strengthening of Communication Channels

System improvements represent both functional improvement to existing systems (e.g. Energy Management System) and upgrades to systems/software. Large portions of the existing systems are planned for upgrade or replacement over the planning period. Current applications require up-gradation or replacement to allow for continued functioning with new hardware and to allow for continued support from vendors. The section mainly includes up-gradation of Energy Reporting System, Outage Management System, Data Pooling System,



Commercial & Accounting System, Energy Accounting Software, Strengthening of Commerce and Billing Centre and Website Improvement and Up-gradation.

Additional System / Software Planning

Additional System/Software Planning represents requirement of software for existing system running with old version of software. The large portion of existing software is planned to be upgraded with additional procurement for evolving need of SLDC. The main areas for system /software additions are Centralized database storage system, Simulator for offline study system tools, Remote access system, e-Bidding and electronic Cash Transfer system, Reporting tools, and procurement of new application software.

IT Applications and Infrastructure

IT Infrastructure represents capital initiatives directed at maintaining and, as necessary, enhancing the overall technology backbone of SLDC. Most systems/IT infrastructure within the SLDC have been in service for a number of years, in many instances dating back to 2003 or earlier, which were shifted from LD Jambuva to SLDC Gotri. Therefore, investment in the SLDC's infrastructure in the area of IT applications and infrastructure is necessary to reasonably ensure the information backbone of SLDC remains effective, reliable, and efficient. In this regard, SLDC is looking forward to strengthen its IT Security System, upgrading the current Network System and establishing a Video Conferencing System between SLDC and RLDC.

Commission's Analysis

SLDC has projected a Capital Expenditure of Rs. 1410 Lakh in FY 2021-22. The Commission notes the justification given by SLDC for the higher CAPEX. The Commission notes SLDC's submission via its reply for scheme-wise preparedness for the projection of Capex and observes that only WAMS Phase II project has its DPR prepared and has Board approval for execution. Rest of the submitted schemes neither have DPR prepared nor have these projects been approved by the Board yet. At this stage, it is difficult for this Commission to evaluate the capex projection for those schemes. Hence, for the purpose of approving the ARR of SLDC for FY 2021-22, the Commission has not considered the Capex against these projects amounting to Rs. 1010 Lakh and approves the projected Capital Expenditure of Rs. 400 Lakh FY 2021-22 as proposed by SLDC for WAMS Phase II project. However, SLDC is at liberty to undertake all proposed Projects to discharge its function effectively as an independent

system operator, and actual capex and capitalisation achieved by SLDC shall be subject to final adjustments as per Regulations/Prudence check at the time of truing up.

5.3 Capitalisation & Funding of CAPEX

Petitioner's Submission

SLDC has submitted that it would capitalize the projected CAPEX in the same year and accordingly claimed the capitalization and funding thereof as given in the Table below:

Table 5-2: FUNDING OF CAPEX FOR FY 2019-20 (Proposed) (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Capex	1,410.00
2	Capitalisation	1,410.00
3	Debt	987.00
4	Equity	423.00

Commission's Analysis

The Commission notes the submission of SLDC and considers the Capex for the year as approved in earlier section of this Order, as equal to the Capitalisation for the year, as detailed in the table below:

Table 5-3: FUNDING OF CAPEX FOR FY 2019-20 (Approved) (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Capex	1,410.00	400.00
2	Capitalisation	1,410.00	400.00
3	Funding through Debt	987.00	280.00
4	Funding through Equity	423.00	120.00

5.4 Fixed Charges for FY 2021-22

Total fixed charges for FY 2021-22 have been categorized into following elements:

- O&M expenses
 - Employee cost

- Administration and General expenses
- Repairs and Maintenance expenses
- Depreciation
- Interest and Finance charges
- Interest on Working Capital
- Return on Equity

5.5 Operation and Maintenance (O&M) Expenses for FY 2021-22

Petitioner's Submission

SLDC submitted that O&M expenses have been calculated by escalating the actual O&M of FY 2019-20. The annual escalation factor of 5.72% has been considered for Employee expenses and R&M expenses on the actuals of FY 2019-20 to arrive at O&M expenses for FY 2021-22, as specified by the Commission in the GERC (MYT) Regulations, 2016.

SLDC further submitted that while projecting the A&G expenses for FY 2021-22 based on the actual A&G expenses of FY 2019-20, the actual A&G expenses of Rs. 97.90 lakh pertaining to lease land surrender after switch over of GETCO OPGW network has been reduced, as it is a one-time expense and is not envisaged in the future. Also, an amount of Rs. 54.67 lakh on account of RMCE forecasting charges is added to FY 2021-22 A&G expenses over and above the escalated figure.

SLDC has projected the O&M expenses at Rs. 2741.49 Lakh for FY 2021-22, as shown in the Table below:

Table 5-4: O&M Expenses projected for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Employee Cost	2,054.42
2	Administration & General Charges	422.46
3	Repairs & Maintenance Expenses	264.60
4	Operation & Maintenance Expenses	2,741.49



Commission's Analysis

The Commission observes that actual O&M expenses have been lower than approved normative O&M expenses in recent years. Under normal circumstances, the Commission would have revised the O&M norms based on analysis of actual O&M expenses, while framing the GERC (MYT) Regulations for the next Control Period, including FY 2021-22. However, as stated earlier, due to unavoidable circumstances, there is a delay in framing the GERC (MYT) Regulations for the next Control Period, and hence, the applicability of the GERC (MYT) Regulations, 2016 has been extended by one year, to include FY 2021-22 also. However, this does not mean that the O&M expenses have to be allowed at higher levels. Hence, the Commission has derived the O&M norms for FY 2021-22 based on actual O&M Expenses in the previous years, by adopting the same principles as adopted in the previous MYT Order, by considering the annual escalation factor of 5.72% over the actual O&M expenses of previous years.

The Commission also notes SLDC submission regarding A&G expenses and has considered SLDC submission regarding excluding Land lease charges before escalation but has disallowed addition of RMCE forecasting charges in FY 2021-22, as no sufficient justification has been provided by SLDC. The Commission will examine the suitability of this charge in true-up of FY 2021-22.

The average of the actual O&M expenses of last 3 years, i.e., FY 2017-18, FY 2018-19, and FY 2019-20, has been considered as the O&M expenses for FY 2018-19. Further, since the pay revision as per 7th Pay Commission was implemented from August 2017, the impact of Wage Revision has been pro-rated for the entire FY 2017-18, while considering the actual O&M expenses for FY 2017-18. Also, in FY 2019-20, A&G expenses are subtracted by Rs. 97.90 Lakh due to Lease Land surrender, which is a one-time expense, hence, not envisaged in future. So, for past trend analysis it is not considered as part of O&M expense of FY 2019-20. The average O&M expense thus computed for FY 2018-19 has been escalated by escalation factor of 5.72% yearly as specified in the GERC (MYT) Regulations, 2016, for computing the normative O&M expenses of FY 2021-22.

Thus, the Commission approves the O&M Expenses for FY 2021-22 as detailed in the table below:

Table 5-5: O&M Expenses approved for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Employee Expenses	2,054.42	2,103.62
2	Administration & General Expenses	422.46	500.24
3	Repairs & Maintenance Expenses	264.60	206.39
4	Operation & Maintenance Expenses	2,741.49	2,837.20

The Commission accordingly approves the O&M expenses for FY 2021-22 as Rs. 2,837.20 Lakh.

5.6 Depreciation

Petitioner's Submission

SLDC has submitted that the Depreciation for FY 2021-22 has been computed on the basis of average depreciation rate for FY 2019-20 as per the audited accounts and the addition to the GFA is considered as per the projected capitalization. The Depreciation projected by SLDC for FY 2021-22 is detailed in the Table below:

Table 5-6: Proposed Depreciation for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Gross Block in Beginning of the year	3,574.44
2	Additions during the Year (Net)	1,410.00
3	Closing GFA	4,984.44
4	Average Asset	4,279.44
5	Depreciation	600.13
6	Wt. avg. rate of depreciation	14.02%

Commission's Analysis

The Commission has considered the Closing Block of Fixed Assets of FY 2019-20 as approved in the truing up for FY 2019-20, as the Opening Block of Fixed Assets for FY 2020-21. The additions during FY 2020-21 are considered as approved for the year in the MTR Order dated 24th April, 2019, while the asset addition during FY 2021-22 is considered as



approved in Table 5.3 of this Order. The rate of depreciation is considered at the actual rate of depreciation for FY 2019-20 approved in this Order. Accordingly, the Commission has computed the depreciation for FY 2021-22 as given in the Table below:

Table 5-7: Approved Depreciation for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Gross Block in Beginning of the year	3,574.44	3,574.44
2	Additions during the Year (Net)	1,410.00	400.00
3	Closing GFA	4,984.44	3,974.44
4	Average Asset	4,279.44	3,774.44
5	Depreciation	600.13	416.78
6	Wt. avg. rate of depreciation	14.02%	11.04%

The Commission accordingly approves the depreciation of Rs 416.78 Lakh for FY 2021-22.

5.7 Interest and Finance Charges

Petitioner's Submission

The Petitioner submitted that the funding for new capital expenditure has been assumed to be undertaken at a normative debt:equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016 and accordingly the new loan additions during the year have been estimated. Weighted average rate of interest on the actual loan portfolio as on 1st April, 2019 considered for GETCO, i.e., 7.65%, is also considered for SLDC. As specified in the GERC (MYT) Regulations, 2016, repayment is considered equivalent to depreciation for the year.

SLDC has projected the Interest and Finance Charges at Rs. 33.35 Lakh for FY 2021-22 in the ARR Petition. The details of Interest and Finance Charges submitted by SLDC for FY 2021-22 are given in the Table below:

Table 5-8: Proposed Interest and Finance Charges for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Opening Loans	242.67
2	Loan Addition	987.00
3	Repayment during the Year	600.13



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No.	Particulars	Amount
4	Closing Loans	629.53
5	Average Loans	436.10
6	Interest on Loan	33.35
7	Other Finance Charges	-
8	Total Interest & Finance Charges	33.35
9	Weighted Average Rate of Loan	7.65%

Commission's Analysis

The Commission has examined the interest and finance charges projected by SLDC for FY 2021-22. The Commission has approved the capitalisation and the funding of the Capitalisation at Table 5.3 of this Order. The loan for SLDC is being considered from the loan portfolio of GETCO and hence, the weighted average rate of interest of 7.65% applicable for GETCO loan portfolio is considered as interest rate for SLDC. The addition of loans is approved at Table 5.3 of this Order. Repayment is considered equivalent to approved depreciation in accordance with the GERC (MYT) Regulations, 2016. However, in line with the approach adopted in the truing up for FY 2019-20, depreciation to be considered as repayment has been limited to the extent of loan balance available. The details of Interest and Finance Charges approved for FY 2021-22 are given in the Table below:

Table 5-9: Approved Interest and Finance Charges for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Opening Loans	242.67	381.58
2	Loan Additions	987.00	280.00
3	Repayment during the Year	600.13	416.78
4	Closing Loans	629.53	244.79
5	Average Loans	436.10	313.18
6	Interest on Loan	33.35	23.95
7	Other Finance Charges	-	-
8	Total Interest & Finance Charges	33.35	23.95
9	Weighted Average Rate of Loan	7.65%	7.65%

The Commission approves the Interest and Finance Charges at Rs. 23.95 Lakh for FY 2021-22.



5.8 Return on Equity

Petitioner's Submission

SLDC has submitted that the funding for new capital expenditure in FY 2021-22 has been assumed to be undertaken at a normative debt: equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016 and accordingly the new equity addition during the year has been estimated. The Return on Equity submitted by SLDC for FY 2021-22 are given in the Table below:

Table 5-10: Proposed Return on Equity for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Opening Equity Capital	1,092.60
2	Equity Additions during the Year	423.00
3	Closing Equity	1,515.60
4	Average Equity	1,304.10
5	Rate of Return on the Equity	14.00%
6	Return on Equity	182.57

Commission's Analysis

The RoE has been computed on the opening balance of equity and approved equity addition during FY 2021-22. The rate of RoE as per the GERC (MYT) Regulations, 2016 is 14%. The Commission has approved the debt and equity funding of Capitalisation for FY 2021-22 earlier in this Chapter. The closing equity for FY 2019-20 has been considered as the opening equity for FY 2020-21. The equity addition in FY 2020-21 has been considered as approved in the MTR Order, and the closing equity for FY 2020-21 has been considered as the opening equity for FY 2021-22. Further, in line with the approach adopted in the truing up for FY 2019-20, the Commission has considered balance depreciation after adjusting against loan repayment, towards equity reduction. The Commission has computed the RoE as detailed in the Table below:



Table 5-11: Approved Return on Equity for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Opening Equity Capital	1,092.60	1,092.60
2	Equity Additions during the Year	423.00	120.00
3	Closing Equity	1,515.60	1,212.60
4	Average Equity	1,304.10	1,152.60
5	Rate of Return on the Equity	14.00%	14.00%
6	Return on Equity	182.57	161.36

The Commission approves Return on Equity at Rs. 161.36 Lakh for FY 2021-22.

5.9 Interest on Working Capital

Petitioner's Submission

SLDC has submitted that IoWC has been computed based on the norms specified in the GERC (MYT) Regulations, 2016.

Interest rate for computation of working capital has been considered in line with Regulation 40.3 (b) of the GERC (MYT) Regulations, 2016, i.e., the 1-year SBI MCLR as on 1st April of the financial year in which the Petition is filed plus 250 basis points, which works out to 10.25%.

SLDC has projected the interest on working capital at Rs. 40.31 Lakh for FY 2021-22, as given in the Table below:

Table 5-12: Proposed interest on working capital for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	O & M expenses	228.46
2	Maintenance Spares	35.74
3	Receivables	129.11
4	Total Working Capital	393.31
5	Rate of Interest on Working Capital	10.25%
6	Interest on Working Capital	40.31



Commission's Analysis

The IoWC has been computed based on norms specified in the GERC (MYT) Regulations, 2016, as detailed in the Table below.

Table 5-13: Approved interest on working capital for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	O&M expenses	228.46	234.19
2	Maintenance Spares	35.74	35.74
3	Receivables	129.11	116.80
4	Total Working Capital	393.31	386.74
5	Rate of Interest on Working Capital	10.25%	10.25%
6	Interest on Working Capital	40.31	39.64

The Commission approves the Interest on Working Capital as Rs. 39.64 Lakh for FY 2021-22.

5.10 Income Tax**Petitioner's Submission**

The actual Tax paid for FY 2019-20 is considered as the Income Tax for FY 2021-22 as per Regulation 41.3 of the GERC MYT Regulations, 2016. Thus, SLDC has projected Income Tax as Rs. 184.00 Lakh for FY 2021-22, are given in the Table below:

Table 5-14: Proposed Income Tax for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Income Tax	184.00

Commission's Analysis

Regulation 41.1 of the GERC (MYT) Regulations, 2016, specifies that the Commission in the Tariff Order shall provisionally approve Income Tax payable for ensuing year, based on the actual Income Tax paid as per the latest audited accounts available for the applicant, subject to prudence check. The latest audited accounts available for SLDC is for FY 2019-20 and the Income Tax as per audited accounts for FY 2019-20 is Rs. 184.00 Lakh.



The Commission, accordingly approves the Income Tax as per audited accounts for FY 2019-20 for FY 2021-22 as given in the Table below:

Table 5-15: Approved Income Tax for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Income Tax	184.00	184.00

The Commission approves the Income Tax as Rs. 184.00 Lakh for FY 2021-22.

5.11 ULDC & Other Related Charges

Petitioner's Submission

SLDC submitted that the ULDC Charges for FY 2021-22 are considered same as ULDC Charges of FY 2019-20. Thus, SLDC has projected ULDC and Other Related Charges at Rs. 295.74 Lakh for FY 2021-22, as given in the Table below:

Table 5-16: Proposed ULDC & Other Related Charges for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	ULDC & Other Related Charges	295.74

Commission's Analysis

The Commission has observed that SLDC has projected ULDC charges of FY2021-22 same as FY 2019-20. The Commission approves these charges for FY 2021-22 as given in the Table below:

Table 5-17: Approved ULDC & Other Related Charges for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	ULDC & Other Related Charges	295.74	295.74

The Commission approves the ULDC & Other Related Charges as Rs. 295.74 Lakh for FY 2021-22.



5.12 Non-Tariff Income

SLDC has submitted that it has estimated Non-Tariff Income for FY 2021-22 same as actual Non-Tariff Income in FY 2019-20 as per audited accounts, as shown in the Table below:

Table 5-18: Proposed Non-Tariff Income for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Non-Tariff Income	935.95

Commission's Analysis

The Commission observed that the Non-Tariff Income of Rs. 935.95 Lakh as projected by the Petitioner for FY 2021-22 is actual Non-Tariff Income for FY 2019-20 as per audited accounts.

The Commission notes that SLDC has not considered interest earned from SLDC funds in its projections for FY 2021-22. As stated earlier in this Order, the Petitioner is having unspent balance of SLDC Funds. In line with the approach stated while approving the Fund, the Commission has considered the interest rate equal to 1-year SBI MCLR as on 1st April of the financial year in which the Petition is filed and computed the notional interest on the average unspent balance.

The Commission had thus, projected notional interest income for FY 2021-22, under the Non-Tariff Income of FY 2021-22. The Commission notes that up to 14.10.2020, balance remaining in SLDC fund is Rs. 1,981.06 Lakh. SLDC submitted that it has in total expended Rs. 138.87 Lakh from SLDC Fund in FY 2020-21 up to 14.10.2020. SLDC has not provided any details on how it is going to use this fund in FY 2021-22. Hence, the Commission has considered the Expenditure from this Fund in FY 2021-22 as Nil. However, SLDC is directed to approach the Commission with proposed utilisation of this Fund in FY 2021-22 against identified schemes.

Thus, Average Balance of SLDC Fund in FY 2021-22 is projected to be Rs. 1,981.06 Lakh. These Funds have been contributed by the beneficiaries and the full benefit of these Funds should go to the beneficiaries. The Commission has computed the notional interest for FY 2021-22, as shown in the Table below:



Table 5-19: Computation of Notional Interest on Fund for FY 2021-22 arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakh)

Sr. No.	Period	Amount	Rate of Interest per annum	Interest
1	01.04.2021 to 31.03.2022 (Average of Opening & Closing)	1981.06	7.75%	153.53

Thus, the Commission has computed the notional interest of Rs. 153.53 Lakh to be considered under Non-Tariff Income for FY 2021-22. The Total Non-Tariff Income approved by the Commission for FY 2021-22 is shown in the Table below:

Table 5-20: Approved Non-Tariff Income for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Petition	Approved
1	Non-Tariff Income	935.95	1089.48

The Commission accordingly approves Rs. 1089.48 Lakh as Non-Tariff Income for FY2021-22.

5.13 Approved ARR for SLDC for FY2021-22

The Fixed Charges claimed by SLDC in the projection for FY 2021-22 and approved by the Commission are summarized in the Table below:

Table 5-21: Approved ARR for FY 2021-22 (Rs. Lakh)

Sr. No	Particulars	Actual Claimed in Petition	Approved by Commission
1	Operation & Maintenance Expenses	2,741.49	2,810.25
A	Employee Expenses	2,054.42	2,103.62
B	Administration & General Expenses	422.46	500.24
C	Repairs & Maintenance Expenses	264.60	206.39
2	Interest on Working Capital	40.31	39.64
3	Charges for ULDC & other related projects	295.74	295.74
4	Less: Non-Tariff Income	935.95	1,089.48
5	Operating Cost Budget (a)	2,141.59	1,918.26



State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

Sr. No	Particulars	Actual Claimed in Petition	Approved by Commission
6	Depreciation	600.13	416.78
7	Interest & Finance Charges	33.35	23.95
8	Return on Equity	182.57	161.36
9	Total Fixed Costs	816.05	602.09
11	Add: Provision for Tax	184.00	184.00
12	Capital Cost Budget (b)	1,000.05	786.09
13	Total Revenue Requirement (a+b)	3,141.64	2,842.23



6 Determination of SLDC Fees and Charges for FY 2021-22

The Table below summarizes the ARR approved by the Commission for FY 2021-22:

Table 6-1: SLDC Fees & Charges approved for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	Amount
1	Operation & Maintenance Expenses	2,810.25
1.1	Employees Expenses	2,103.62
1.2	Administration & General Expenses	500.24
1.3	Repairs & Maintenance Expenses	206.39
2	Interest on Working Capital	39.64
3	ULDC Charges	295.74
4	Less: Other Income	1,089.48
5	Operating Cost Budget (a)	1,918.26
6	Depreciation	416.78
7	Interest & Finance Charges	23.95
8	Return on Equity	161.36
9	Total Fixed Costs	602.09
10	Add: Provision for Tax	184.00
11	Capital Cost Budget (b)	786.09
12	Total Revenue Requirement (a+b)	2,842.23

The approved ARR of Rs. 2,798.14 Lakh for FY 2021-22 has been adjusted with the Revenue Surplus approved in the truing up for FY 2019-20, as given in the table below:

Table 6-2: SLDC Fees & Charges approved for FY 2021-22 (Rs. Lakh)

Sr. No.	Stations	Amount
1	ARR approved for FY 2021-22	2,842.23
2	Add/Less Revenue Gap/(Surplus) approved in Truing up for FY 2019-20	(28.08)
3	Total SLDC Charges (1 + 2)	2,814.15



The Commission, accordingly, approves the annual SLDC Charges at Rs 2,814.15 Lakh for FY 2021-22, and the grid connection fees at Rs. 10,000/- (Rupees Ten thousand only). The total annual SLDC Charges as approved above, shall be recoverable as per the formula specified in Regulation 82 of the GERC (MYT) Regulations, 2016.

7 Compliance of Directives and New Directives

7.1 Compliance to Directives issued by the Commission

In the Tariff Order issued by GERC on 26th March 2020, the Commission has provided certain directives to SLDC. SLDC has submitted a report on compliance of the Directives issued by the Commission. The comments of the Commission on the submission/compliance of SLDC are given below:

7.2 Compliance to Directives issued by the Commission

Directive 1: Submit details of Sign change violation Penalties paid at State Periphery for the period 1st July 2019 to 31st December 2019 and 1st January 2020 to 30th June 2020.

Compliance: SLDC has submitted the week-wise details of Sign Change Violation penalties paid at State periphery for the period of 1st July 2019 to 31st December 2019 and 1st January 2020 to 30th June 2020 vide its letter no. GETCO/ SLDC/ EE(EA)/ Commerce/ 814 dated 15.09.2020.

Commission's Comments:

The Commission has noted the submissions of SLDC in this regard. SLDC is directed to continue submitting the details of above-identified penalties on a six-monthly basis to the Commission.

Directive 2: The SLDC shall submit half-yearly report on status of Capex allowed to it for strengthening the Load Despatch Centre to discharge its functions effectively as an Independent System Operator. This report shall cover scheme-wise details of cost including target date and actual date of commissioning and the same to be submitted within one month after end of each quarter.

Compliance: SLDC has submitted details of the status of CAPEX incurred by it on a quarterly basis. Last report in this matter was submitted for quarter ending Sep'30, 2020.

Commission's Comments:

The Commission has analysed the submissions of SLDC in this regard, and allowed capitalisation accordingly, as detailed in the analysis of Capitalisation. SLDC shall continue to submit aforementioned half yearly report as per the Directive.



Directive 3: The Petitioner is directed to submit the records of deviation from Scheduling of RE Generation by all generators above 1 MW w.e.f. starting date of commercial settlement in accordance with the GERC (Forecasting, Scheduling, Deviation Settlement and Related Matters of Solar and Wind Generation Sources) Regulations, 2019 up to 31.03.2020. This record should be made for each pooling station of Solar and Wind separately and consist of deviation in percentage, penalty charge and per unit penalty. The said information should be submitted by 1st May, 2020. Further, similar information should start coming to the Commission's office within 15 days of the beginning of each quarter, i.e., by 15th July, 2020 for Quarter-1 and so on.

Compliance: SLDC has submitted the details of Pooling station wise / week wise, deviation in percentage, Penalty charge and per unit penalty for the period 4th Quarter of 2019-20 and 1st Quarter of 2020-21 vide its letter no. GETCO/ SLDC/ EE(EA)/ Commerce/ 876 dated 15.10.2020.

Commission's Comments:

The Commission has noted the submissions of SLDC in this regard. SLDC is directed to continue submitting the details of deviations on a quarterly basis to the Commission.

7.3 New Directives:

Directive 1: Independent Working of SLDC

Independence of SLDC is one of the main thrusts of the EA 2003 so that working of SLDC becomes independent, fair and rational, in the interest of all stakeholders. In this connection, the Commission advises the State Government to initiate the process of treating SLDC as an independent body as done by the Central and other State Governments.

SLDC should follow the ABT and Forecasting/ scheduling process as per the Commission's Orders and Regulations and any non-compliance or non-adherence of Regulation(s)/Order(s) by any concerned / Generator / licensee shall be dealt with as per rules and reported to the Commission on regular basis.

State Load Despatch Centre

Truing up for FY 2019-20 and Determination of ARR & SLDC Fees and Charges for FY 2021-22

COMMISSION'S ORDER

The Commission approves SLDC Fees and Charges for FY 2021-22 as shown in the Table below:

Table 7-1: SLDC Fees & Charges for FY 2021-22

Sr. No.	Stations	Unit	Unit
1	ARR approved for FY 2021-22	Rs. Lakh	2,842.23
2	Add/Less Revenue Gap/(Surplus) approved in Truing up for FY 2019-20	Rs. Lakh	(28.08)
3	Total SLDC Charges (1-2)	Rs. Lakh	2,814.15
4	Grid Connection Fees	Rupees	10,000.00

This Order shall come into force with effect from 1st April, 2021.

-Sd-

S.R. PANDEY

Member

-Sd-

MEHUL M. GANDHI

Member

-Sd-

ANAND KUMAR

Chairman

Place: Gandhinagar

Date: 30.03.2021

