

# **GUJARAT ELECTRICITY REGULATORY COMMISSION**



## **Tariff Order**

Truing up for FY 2022-23

and

Determination of ARR and SLDC Fees & Charges for FY 2024-25

**For**

**State Load Despatch Centre**

**(SLDC)**

**Case No. 2317 of 2024**

**1<sup>st</sup> June, 2024**

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सत्यमेव जयते

**GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)  
GANDHINAGAR**

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## ABBREVIATIONS

A&G	Administrative and General
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges payable by long-term user or medium-term user of the transmission system
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
ckt. km	Circuit Kilometre
DGVCL	Dakshin Gujarat Vij Company Limited
EA 2003	Electricity Act, 2003
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
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 2022-23 and Determination of ARR and Tariff for FY 2024-25

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
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**

**Date of Order: 1<sup>st</sup> June, 2024**

**Case No. 2317 of 2024**

**CORAM**

**Anil Mukim, Chairman**

**Mehul M. Gandhi, Member**

**Shri S.R. Pandey, Member**

**ORDER**

## 1 Background and Brief History

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### 1.1. State Load Despatch Centre (SLDC)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1<sup>st</sup> April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board (GEB) 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 6<sup>th</sup> July, 2005 and commenced operation of three Sub-SLDCs at Gandhinagar, Jambuva and Jetpur.

**1.2. Commission’s Order for approval of True up of FY 2020-21 and Determination of tariff for FY 2022-23**

The Commission vide its Order dated 30<sup>th</sup> March, 2022 in Case No. 2027 of 2021 approved the Truing up for FY 2020-21 and determined the SLDC Fees and Charges for FY 2022-23.

**1.3. Commission’s Order for approval of True up of FY 2021-22 and Determination of tariff for FY 2023-24**

The Commission vide its Order dated 31<sup>st</sup> March, 2023 in Case No. 2164 of 2022 approved the Truing up for FY 2021-22 and determined the SLDC Fees and Charges for FY 2023-24.

**1.4. Background of the present Petition**

State Load Dispatch Centre (hereinafter referred to as “SLDC” or the “Petitioner”) has filed the present Petition on 11<sup>th</sup> January, 2024 for the Truing up for FY 2022-23 and determination of SLDC Fees and Charges for FY 2024-25 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 29<sup>th</sup> March, 2016, which was applicable for determination of tariff in all cases covered under the Regulations from 1<sup>st</sup> April, 2016 until 31<sup>st</sup> March, 2022. The Commission vide Order in Suo-Motu Petition No. 2264 of 2023 dated 5<sup>th</sup> December, 2023 deferred the notification of the MYT Regulations by one year and directed all the concerned utilities to file the tariff application for approval of true-up for FY 2022-23, Approval of Aggregate Revenue Requirement (ARR) and Determination of Tariff for FY 2024-25 on or before 12<sup>th</sup> January, 2024 based on principles and methodology as provided in the GERC (MYT) Regulations, 2016.

Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of Petition comprising of Truing up for FY 2022-23, ARR for FY 2024-25, revenue from the SLDC Charges at existing tariffs for FY 2024-25, and Revenue Gap or Revenue Surplus for FY 2024-25.

**1.5. Registration of the current Petition and Public Hearing Process**

SLDC has filed the Petition for Truing up for FY 2022-23 and Determination of ARR and SLDC Fees and Charges for FY 2024-25 on 11<sup>th</sup> January, 2024. After Technical Validation, , the Petition was registered on 24<sup>th</sup> January, 2024, as Case No. 2317 of 2024. As provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, SLDC was directed to publish its

## State Load Despatch Centre

### Truing Up for FY 2022-23 and Determination of ARR and Tariff for FY 2024-25

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	31/01/2024
2	Gujarat Samachar	Gujarati	31/01/2024

The Petitioner also placed the Public Notice and the Petition on its website ([www.sldcguj.com](http://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 29<sup>th</sup> February, 2024.

The Commission also placed the Petition on its website ([www.gercin.org](http://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 Commission issued a notice for public hearing**

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	29/02/2024
2	Divya Bhaskar	Gujarati	28/02/2024
3	Gujarat Samachar	Gujarati	28/02/2024

The Commission as well as the Petitioners did not receive any objections / suggestions from consumers / consumer organizations. The Commission fixed the date for Public Hearing at Commission's Office on 4<sup>th</sup> March, 2024 at 11:30 AM. Nobody represented before the Commission on that day.

#### 1.6. 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 its Order in Suo-Motu Petition No. 2264 of 2023 dated 5<sup>th</sup> December, 2023 deferred the notification of the MYT Regulations by one year and directed the Generating Companies, Licensees and Utilities to file their tariff applications for approval of true-up for FY 2022-23 and for ARR and determination of Tariff for FY 2024-25 on or before 12<sup>th</sup> January, 2024

Truing Up for FY 2022-23 and Determination of ARR and Tariff for FY 2024-25

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based on the principles and methodologies as provided in the GERC (MYT) Regulations, 2016.

Accordingly, SLDC has approached the Commission with the present Petition for Truing up for FY 2022-23 and determination of ARR and SLDC Fees and Charges for FY 2024-25.

The Commission has undertaken Truing up for FY 2022-23 in accordance with GERC (MYT) Regulations, 2016, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2022-23, based on the audited accounts and prudence check.

While truing up for FY 2022-23, the Commission has been primarily guided by the following principles:

- Controllable parameters have been considered at the level approved as per the Tariff 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.
- The Truing up for FY 2022-23 has been considered, based on the GERC (MYT) Regulations, 2016.

The Commission has undertaken Determination of ARR and SLDC Fees and Charges for FY 2024-25 as per the GERC (MYT) Regulations, 2016 and its amendments thereof as the base. Truing up of FY 2024-25 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016.

### 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;
- (d) The **Fourth Chapter** deals with the Truing up for FY 2022-23;
- (e) The **Fifth Chapter** deals with the Aggregate Revenue Requirement (ARR) for FY 2024-25;
- (f) The **Sixth Chapter** deals with the determination of SLDC Fees and Charges for FY 2024-25;
- (g) The **Seventh Chapter** deals with the compliance of directives.

## 2 Summary of SLDC's Petition

### 2.1. Introduction

This Chapter highlights the summary of the Petition for True-up of FY 2022-23 and Determination of ARR and SLDC Fees and Charges for FY 2024-25.

### 2.2. Truing up for FY 2022-23

SLDC submitted the Petition on 11<sup>th</sup> January, 2024 seeking approval of Truing up of ARR for FY 2022-23. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2022-23 as a part of the True-Up of FY 2022-23. SLDC has presented the actual cost components based on audited accounts for FY 2022-23. A summary of the proposed ARR for Truing up for FY 2022-23 compared with the ARR approved for FY 2022-23 in the Tariff Order dated 30<sup>th</sup> March, 2022 is presented in the Table below:

**Table 2-1 : Summary of Truing up for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	FY 2022-23 (Approved)	FY 2022-23 (Actual)	Deviation
1	Operation & Maintenance Expenses	2,971.00	3,022.76	(51.76)
1.1	Employee Cost	2,223.95	2,166.66	57.29
1.2	Repair & Maintenance	218.20	498.57	(280.37)
1.3	Administration & General Charges	528.85	357.53	171.32
2	Interest on Working Capital	37.00	56.97	(19.97)
3	Charges for ULDC & Other related Projects	477.74	1,286.06	(808.32)
4	Less: Non-Tariff Income	1,133.20	921.04	212.16
5	<b>Operating Cost Budget (a)</b>	<b>2,352.54</b>	<b>3,444.75</b>	<b>(1,092.21)</b>
6	Depreciation	522.86	298.50	224.36
7	Interest & Finance Charges	27.50	22.51	4.99
8	Return on Equity	181.93	172.17	9.76
9	<b>Total Fixed Costs</b>	<b>732.29</b>	<b>493.18</b>	<b>239.11</b>
10	Less: Expenses Capitalized	-	-	-
11	Add: Provision for Tax	213.00	-	213.00
12	<b>Capital Cost Budget (b)</b>	<b>945.29</b>	<b>493.18</b>	<b>452.11</b>
13	<b>Total Revenue Budget (a)+(b)</b>	<b>3,297.83</b>	<b>3,937.92</b>	<b>(640.09)</b>



**State Load Despatch Centre**

**Truing Up for FY 2022-23 and Determination of ARR and Tariff for FY 2024-25**

The sharing of Gain and Loss due to controllable and uncontrollable factors claimed by the Petitioner for FY 2022-23 is shown in the Table below:

**Table 2-2: Summary of Controllable and Uncontrollable factors (Rs. Lakh)**

Sl. No.	Particulars	FY 2022-23 (Approved)	FY 2022-23 (Actual)	Gain/(Loss) due to Controllable factors	Gain/(Loss) due to Un- Controllabl e factors
1	Operation & Maintenance Expenses	2,971.00	3,022.76	643.91	(695.67)
1.1	Employee Cost	2,223.95	2,166.66		
1.2	Repair & Maintenance	218.20	498.57		
1.3	Administration & General Charges	528.85	357.53		
2	Interest on Working Capital	37.00	56.97		(19.97)
3	Charges for ULDC & Other related Projects	477.74	1,286.06		(808.32)
4	Less: Non-Tariff Income	1,133.20	921.04		212.16
5	<b>Operating Cost Budget (a)</b>	<b>2,352.54</b>	<b>3,444.75</b>		<b>(1,736.12)</b>
6	Depreciation	522.86	298.50		224.36
7	Interest & Finance Charges	27.50	22.51		4.99
8	Return on Equity	181.93	172.17		9.76
9	<b>Total Fixed Costs</b>	<b>732.29</b>	<b>493.18</b>		
10	Less: Expenses Capitalized	-	-		
11	Add: Provision for Tax	213.00	-		213.00
12	<b>Capital Cost Budget (b)</b>	<b>945.29</b>	<b>493.18</b>		
13	<b>Total Revenue Budget (a)+(b)</b>	<b>3,297.83</b>	<b>3,937.92</b>		<b>(1,284.00)</b>
14	<b>Net Gains/Losses on account of Controllable/ Uncontrollable factors</b>			<b>643.91</b>	<b>(1,284.00)</b>
15	<b>Gain on account of Controllable factor to be passed on to Consumer (1/3 x Sl. No. 14)</b>			<b>214.64</b>	
16	<b>Losses on account of Uncontrollable factor to be passed on to consumer</b>				<b>(1,284.00)</b>

### 2.3. Revenue Gap

SLDC has submitted the total Revenue (Gap) after treatment of gain/(loss) due to controllable/uncontrollable factors as shown in the Table below:

**State Load Despatch Centre**

**Truing Up for FY 2022-23 and Determination of ARR and Tariff for FY 2024-25**

**Table 2-3: Revenue (Gap)/Surplus claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	FY 2022-23
1	ARR for 2022-23	3,297.83
2	Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2022-23	(1,284.00)
3	Less: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 <sup>rd</sup> of Total Gain / (Loss) for FY 2022-23	214.64
4	Less: (Gap)/ Surplus apportioned for FY 2020-21 by Commission	654.63
5	<b>Revised ARR for FY 2022-23 (1 - 2 - 3 - 4)</b>	<b>3,712.57</b>
6	Revenue from SLDC charges	2,643.20
7	<b>Revenue (Gap)/Surplus for FY 2022-23 (5 - 6)</b>	<b>(1,069.37)</b>

**2.4. ARR and SLDC Charges for FY 2024-25**

In accordance with provisions of the GERC (MYT) Regulations, 2016, the ARR for FY 2024-25 has been computed by SLDC as follows:

**Table 2-4: ARR for FY 2024-25 as submitted by SLDC (Rs. Lakh)**

Sl. No.	Particulars	FY 2024-25 (Projections)
1	Operation & Maintenance Expenses	3,827.88
1.1	<i>Employee Cost</i>	2,485.65
1.2	<i>Administration &amp; General Charges</i>	1,098.35
1.3	<i>Repairs &amp; Maintenance</i>	243.87
2	Interest on Working Capital	60.57
3	Charges for ULDC & other related projects	460.57
4	Less: Other Income	921.04
5	<b>Operating Cost Budget (a)</b>	<b>3,427.97</b>
6	Depreciation	465.48
7	Interest & Finance Charges	64.00
8	Return on Equity	266.90
9	<b>Total Fixed Costs</b>	<b>796.37</b>
10	Less: Expenses Capitalized	-

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Sl. No.	Particulars	FY 2024-25 (Projections)
11	Add: Provision for Tax	-
12	<b>Capital Cost Budget (b)</b>	<b>796.37</b>
13	<b>Total Revenue Requirement (a+b)</b>	<b>4,224.35</b>

SLDC has calculated the SLDC Charges for FY 2024-25 after considering the (Gap)/Surplus of FY 2022-23 as follows:

**Table 2-5: SLDC Charges for FY 2024-25 as submitted by SLDC (Rs. Lakh)**

Sl. No.	Particulars	FY 2024-25
1	ARR for 2024-25	4,224.35
2	Less: Revenue (Gap)/Surplus from True-up of FY 2022-23	(1,069.37)
3	<b>Total SLDC Charges (2-1)</b>	<b>5,293.71</b>

## 2.5. Prayer of SLDC to the Commission

In this present Petition, SLDC has made following prayers:

1. *"To admit this Petition seeking True up of FY 2022-23;*
2. *To admit this Petition seeking True up of FY 2022-23, Aggregate Revenue Requirement for FY 2024-25 and SLDC Fees and Charges for FY 2024-25;*
3. *To approve the True-up of FY 2022-23 and allow sharing of Gains/(losses) with the Consumers as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2016;*
4. *To allow recovery of Revenue (Gap)/Surplus of FY 2022-23 as part of SLDC Fee and Charges for FY 2024-25;*
5. *To approve Aggregate Revenue Requirement for FY 2024-25 as submitted by the Petitioner;*
6. *Pass suitable orders for implementation of SLDC Fee and Charges proposal for FY 2024-25 for making it applicable from 1<sup>st</sup> April, 2024 onwards;*
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, additions and alteration to this Petition as may be necessary from time to time.*
9. *Pass any other Order as 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**

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#### **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 2022-23 and determination of ARR and SLDC Fees and Charges for FY 2024-25 under the GERC (MYT) Regulations, 2016 from the stakeholders, no stakeholder has submitted comments/ suggestions on the Petition.

## 4 Truing up for FY 2022-23

### 4.1. Introduction

This Chapter deals with the Truing up for FY 2022-23. While doing 'Truing up' of various components of ARR for FY 2022-23, the actuals for FY 2022-23 are compared with the approved ARR as per the Tariff Order issued on 30<sup>th</sup> March, 2022.

The Commission has analysed each of the components of ARR for FY 2022-23 in the following sections.

### 4.2. Capital Expenditure, Capitalisation and Funding

#### Petitioner's Submission

SLDC has submitted that the actual capital expenditure in FY 2022-23 was Rs. 1,616.12 Lakh against Rs. 1,878.00 Lakh approved by the Commission for the year in the Tariff Order dated 30<sup>th</sup> March, 2022, as given in the Table below:

**Table 4-1: Capital Expenditure claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual
1	Land Acquisition cost	-	1,008.63
2	Augmentation/ Upgradation of existing systems	-	-
3	Strengthening of communication channels	-	257.87
4	Additional system / Software planning	-	346.22
5	IT Infrastructure	-	0.48
6	SLDC Building development	-	2.92
7	Office Equipment	-	-
8	Staff recreation facilities	-	-
9	Additional Expenditure	-	-
10	<b>Total</b>	<b>1,878.00</b>	<b>1,616.12</b>

SLDC submitted that the actual Capitalisation in FY 2022-23 was Rs. 1,610.65 Lakh against Rs. 1,878.00 Lakh approved by the Commission for the year in the Tariff Order dated 30<sup>th</sup> March, 2022. SLDC submitted that the Capitalisation has been funded in the Debt:Equity ratio of 70:30.

### Commission's Analysis

The Commission had approved Capital Expenditure and Capitalisation of Rs. 1,878.00 Lakh for FY 2022-23 in the Order dated 30<sup>th</sup> March, 2022. SLDC has achieved Capital Expenditure of Rs. 1,616.12 Lakh and Capitalisation of Rs. 1,610.65 Lakh, as reported in the Audited Accounts of SLDC. 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 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in ARR	Claimed for Truing up	Approved after truing up
1	Capitalisation for the Year	1878.00	1,610.65	1,610.65
2	Debt	1314.60	1,127.46	1,127.46
3	Equity	563.40	483.20	483.20
4	Grants	-	-	-

### 4.3. Operation and Maintenance (O&M) Expenses

#### Petitioner's Submission

The Petitioner has claimed actual O&M expenses of Rs. 3,022.76 Lakh in the Truing up for FY 2022-23 against Rs. 2,971.00 Lakh approved for the year in the Order as detailed in the Table below:

**Table 4-3 : O&M Expenses claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation +/- (-)
1	Employee Cost	2,223.95	2,166.66	57.29
2	Administration & General Charges	528.85	357.53	171.32
3	Repairs & Maintenance	218.20	498.57	(280.37)
4	<b>Operation &amp; Maintenance Expenses</b>	<b>2,971.00</b>	<b>3,022.76</b>	<b>(51.76)</b>

#### Employee Expenses

SLDC submitted that Employee expenses has broadly categorized into (1) Salaries and wages, (2) Contribution to provident & other funds, (3) Staff welfare expenses, and (4) Other terminal benefits.

The Employee cost incurred by the Company is purely on the basis of the guidelines issued by competent authorities like the State government. The actual employee cost as per

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Audited Accounts for FY 2022-23 is Rs. 2,166.66 Lakh.

In past True-up Orders for SLDC and various Licensees, the Commission had ruled that the impact in Employee Expenses due to revision in salary shall be considered by the Commission after prudence check as an uncontrollable factor. Accordingly, SLDC has considered Rs. 662.08 Lakh as the differential impact between payment as per 7<sup>th</sup> Pay Commission and 6<sup>th</sup> Pay Commission in FY 2022-23, and arrear payment of incentive amounting to Rs. 33.60 Lakh as uncontrollable expenses. SLDC has sought full pass through of the uncontrollable expenses in line with the provisions of GERC (MYT) Regulations, 2016. SLDC stated that these costs are already part of the employee cost booked in the Audited Accounts, however, they have been identified separately as a cost attributable to uncontrollable factors and claimed entirely (without sharing) through the ARR.

**Table 4-4 : Summary of Uncontrollable Employee Expenses for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Period	7 <sup>th</sup> Pay impact claimed	Paid in/Claimed in
1	Arrear payment of incentive against the provisions made in previous years	1 <sup>st</sup> Jan, 2016 to 31 <sup>st</sup> March 2020	33.60	FY 2022-23
2	Differential 7 <sup>th</sup> Pay impact in Employee cost of FY 2022-23	1 <sup>st</sup> April, 2022 to 31 <sup>st</sup> March 2023	662.08	FY 2022-23
3	<b>Total Uncontrollable Employee expenditure claimed in True-up of FY 2022-23</b>		<b>695.67</b>	

### Repair and Maintenance (R&M) Expenses

The Petitioner has claimed Rs. 498.57 Lakh towards actual R&M Expenses in the truing up for FY 2022-23 as against Rs. 218.20 Lakh approved for the year in the Tariff Order dated 30<sup>th</sup> March, 2022. The Petitioner submitted that R&M Expenses have been incurred in order to maintain the asset quality given the ageing of equipment. SLDC submitted that it has excluded the ULDC Charges in order to arrive at the R&M Expenses for FY 2022-23, 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 due to increase in expenses related to AMC of various projects.

### Administration & General (A&G) Expenses

The Petitioner has claimed Rs. 357.53 Lakh towards actual A&G Expenses in the truing up

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for FY 2022-23 against Rs. 528.85 Lakh approved for the year in the Order dated 30<sup>th</sup> March, 2022. The Petitioner submitted that these expenses mainly comprise conveyance and travel, legal charges, telephone charges, electricity charges, etc. SLDC has submitted that the cost has decreased on account of reduction in lease line expenses during the year.

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

**Table 4-5: Gain/ (Loss) claimed from O&M Expenses for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	O&M Cost	2,971.00	3,022.76	643.91	(695.67)

#### 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 2022-23 from the Audited Accounts.

SLDC has reported total Employees Expenses of Rs. Rs. 2,166.66 Lakh in FY 2022-23, which has been verified, as against the approved Employee Expenses of Rs. 2,223.95 Lakh. Thus, there is a gain of Rs. 57.29 Lakh against Employee Expenses in FY 2022-23.

Further, SLDC has stated that the above Employee Expenses of Rs. 2166.66 Lakh includes uncontrollable expenses of Rs. 662.08 Lakh against differential impact between payment as per 7<sup>th</sup> Pay Commission and 6<sup>th</sup> Pay Commission, and arrear payment of incentive amounting to Rs. 33.60 Lakh, which has been verified. Hence, the Commission has allowed the controllable gains of Rs. 643.91 Lakh.

The Total Employees Expenses approved after truing up for FY 2022-23 works out to Rs. 2,166.66 Lakh. However, the efficiency gain/(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 R&M Expenses, the ULDC charges of Rs. 1,286.06 Lakh have been considered separately, and hence, have been deducted from the R&M Expenses of Rs. 1,784.63 Lakh reflected in the Audited Accounts. The Total R&M Expenses approved after truing up for FY 2022-23 works out to Rs. 498.57 Lakh, as claimed by the Petitioner. However, as the actual R&M Expenses are higher than the approved R&M Expenses, the efficiency gain/(loss) on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.



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As regards A&G Expenses, from the Audited Accounts of SLDC, it is observed that the main contributors are travelling and conveyance, rent, rates and taxes, and electricity charges. The total A&G Expenses approved after truing up for FY 2022-23 works out to Rs. 357.53 Lakh, as claimed by the Petitioner. However, as the actual A&G Expenses are lower than the approved A&G Expenses, the efficiency gain/(loss) 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 2022-23 is shown in the Table below:

**Table 4-6: Operation & Maintenance Expenses approved for FY 2022-23 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Actual	Approved in True-up	Deviation +/- (-)
Employee Cost	2,223.95	2,166.66	2,166.66	57.29
Administration & General Charges	528.85	357.53	357.53	171.32
Repairs & Maintenance	218.20	498.57	498.57	(280.37)
<b>Operation &amp; Maintenance Expenses</b>	<b>2,971.00</b>	<b>3,022.76</b>	<b>3,022.76</b>	<b>(51.76)</b>

**The Commission approves the O&M Expenses at Rs. 3,022.76 Lakh in the Truing up for FY 2022-23.**

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. 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 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in True-up	Deviation +/- (-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	O&M Cost	2,971.00	3,022.76	(51.76)	643.91	(695.67)

**4.4. Depreciation****Petitioner's Submission**

The Petitioner has claimed Rs. 298.50 Lakh towards depreciation for FY 2022-23, against Rs. 522.86 Lakh approved by the Commission for the year in the Order dated 30<sup>th</sup> March, 2022, as given in the Table below:

**Table 4-8: Depreciation claimed for FY 2022-23 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Actual
Gross Block in Beginning of the year	3,325.09	3,226.46
Additions during the Year (Net)	1,878.00	1,610.65
Closing GFA	5,203.09	4,837.11
<b>Depreciation</b>	<b>522.86</b>	<b>298.50</b>
Wt. avg. rate of depreciation	12.26%	7.40%

SLDC has claimed Rs. 224.36 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 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Depreciation	522.86	298.50	-	224.36

**Commission's Analysis**

The Commission has computed the allowable depreciation for FY 2022-23 in accordance with the GERC (MYT) Regulations, 2016. The opening GFA of FY 2022-23 has been considered same as the closing GFA of FY 2021-22, as approved in the truing-up for FY 2021-22 in the Tariff Order dated 31<sup>st</sup> March, 2023. 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 7.43% based on the actual effective depreciation rate for FY 2022-23. The Depreciation approved after truing up for FY 2022-23 is shown in the Table below:

**Table 4-10: Gross Fixed Assets and Depreciation approved for FY 2022-23 (Rs. Lakh)**

Particulars	Approved Tariff Order	Actual	Approved in True-up
Gross Block in Beginning of the year	3,325.09	3,226.46	3,226.46
Additions during the Year (Net)	1,878.00	1,610.65	1,610.65
Closing GFA	5,203.09	4,837.11	4,837.11
Average Asset	4,264.09	4,031.79	4,031.79
<b>Depreciation</b>	<b>522.86</b>	<b>298.50</b>	<b>299.41</b>
Wt. avg. rate of depreciation	12.26%	7.40%	7.43%

**The Commission accordingly, approves Depreciation of Rs. 299.41 Lakh for FY 2022-23.**

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 2022-23 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Approved in True-up	Deviation +/- (-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Depreciation	522.86	299.41	223.45		223.45

**The Commission accordingly approves the Gain of Rs. 223.45 Lakh on account of uncontrollable factors against depreciation.**

#### 4.5. Interest and Finance Charges

##### Petitioner's Submission

The Petitioner has claimed Rs. 22.51 Lakh towards interest and finance charges in the Truing up for FY 2022-23, as against Rs. 27.50 Lakh approved for the year in the Tariff Order dated 30<sup>th</sup> March, 2022. SLDC has considered the addition in loans for FY 2022-23 based on the funding requirement of debt linked to the capitalisation during the year, as detailed earlier. Repayment has been considered as equal to depreciation 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., 5.43%. The interest and finance charges claimed by SLDC in the truing up for FY 2022-23, is shown in the Table below:

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**Table 4-12: Interest and Finance Charges Claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation
1	Opening Loans	-	-	-
2	Loan Additions during the Year	1,314.60	1,127.46	187.15
3	Repayment during the Year	522.86	298.50	224.36
4	Closing Loans	791.74	828.96	(37.21)
5	Average Loans	395.87	414.48	(18.61)
6	<b>Interest on Loan</b>	<b>27.50</b>	<b>22.51</b>	<b>4.99</b>
7	Other Finance Charges	-	-	-
8	<b>Total Interest &amp; Financial Charges</b>	<b>27.50</b>	<b>22.51</b>	<b>4.99</b>
9	Weighted Average Rate of Interest on Loan	6.95%	5.43%	

SLDC has claimed the variation of Rs. 4.99 Lakh between the approved and actual Interest and Finance Charges as gain due to uncontrollable factors, as detailed in the Table below:

**Table 4-13: Gain/ (Loss) claimed from Interest & Finance Charges for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest & Finance Charges	27.50	22.51		4.99

**Commission's Analysis**

The Commission has examined the submission of SLDC. The opening loan of FY 2022-23 has been considered same as the closing loan of FY 2021-22, as approved in the truing up for FY 2021-22 in the Tariff Order dated 31<sup>st</sup> March, 2023. The funding of capitalisation during the year through debt has been considered as approved earlier in this Chapter.

The repayment of loans during the year has been considered equal to the depreciation approved for FY 2022-23. 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 5.47% 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.

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The Commission has approved the interest on normative loans in the truing up for FY 2022-23, as detailed in the Table below:

**Table 4-13: Interest and Finance Charges approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in True-up
1	Opening Loans	-	-	-
2	Loan Additions during the Year	1,314.60	1,127.46	1,127.46
3	Repayment during the Year	522.86	298.50	299.41
4	Closing Loans	791.74	828.96	828.05
5	Average Loans	395.87	414.48	414.02
6	<b>Interest on Loan</b>	<b>27.50</b>	<b>22.51</b>	<b>22.65</b>
7	Other Finance Charges	-	-	
8	<b>Total Interest &amp; Financial Charges</b>	<b>27.50</b>	<b>22.51</b>	<b>22.65</b>
9	Weighted Average Rate of Interest on Loan	6.95%	5.43%	5.47%

**The Commission accordingly, approves Interest and Finance Charges as Rs 22.65 Lakh for FY 2022-23.**

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

**Table 4-14: Interest and Finance Charges and Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation +/- (-)	Gain/ (Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Interest & Finance Charges	27.50	22.65	4.85		4.85

**The Commission accordingly approves the Gain of Rs. 4.85 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 2022-23 as Rs. 56.97 Lakh, as against Rs 37.00 Lakh approved for the year in the Tariff Order dated 30<sup>th</sup> March, 2022. SLDC has submitted that normative IoWC has been computed in accordance with the GERC (MYT) Regulations, 2016. The IoWC is claimed @10.30%, being weighted average of the 1-year SBI MCLR during FY 2022-23 plus 250 basis points in line with the

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GERC (MYT) Regulations, 2016. The normative IoWC claimed by SLDC in the truing up of FY 2022-23 is shown in the Table below:

**Table 4-15: Interest on Working Capital claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual
1	O & M expenses (1 Month)	247.58	251.90
2	Maintenance Spares (1% of opening GFA)	33.25	32.26
3	Receivables (15 days)	108.62	161.83
4	Addition O&M Expenses (ULDC Charges)		107.17
5	<b>Total Working Capital</b>	<b>389.46</b>	<b>553.17</b>
6	<i>Rate of Interest on Working Capital</i>	9.50%	10.30%
7	<b>Interest on Working Capital</b>	<b>37.00</b>	<b>56.97</b>

SLDC has claimed the variation between the approved and actual IoWC as loss due to uncontrollable factors, as detailed in the Table below:

**Table 4-16: Gain/(Loss) from IoWC claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest on Working Capital	37.00	56.97		(19.97)

### Commission's Analysis

The Commission has examined the submissions made by the Petitioner. IoWC 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.

As regards the inclusion of ULDC Charges of one month by SLDC for computing the working capital requirement, it is to state that the Commission has allowed receivables for 15 days while computing the working capital requirement. This amount of receivable considered for computing the working capital requirement includes the amount of ULDC Charges, hence, the same is not included again separately.

The Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 7.80% prevailing during FY 2022-23 plus 250 basis points as the interest rate. Accordingly, the rate of interest is considered as

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10.30%.

Based on the O&M Expenses and other expenses now approved in the Truing up, the normative Working Capital requirement and IoWC thereon calculated at 10.30%, are detailed in the Table below:

**Table 4-17: Interest on Working Capital approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	O & M expenses (1 Month)	247.58	251.90	251.90
2	Maintenance Spares (1% of opening GFA)	33.25	32.26	32.26
3	Receivables (15 days)	108.62	161.83	154.45
4	Addition O&M Expenses (ULDC Charge)	-	107.17	-
5	<b>Total Working Capital</b>	<b>389.46</b>	<b>553.17</b>	<b>438.61</b>
6	<i>Rate of Interest on Working Capital</i>	9.50%	10.30%	10.30%
7	<b>Interest on Working Capital</b>	<b>37.00</b>	<b>56.97</b>	<b>45.17</b>

**The Commission, accordingly, approves Interest on Working Capital at Rs. 45.17 Lakh in the Truing up for FY 2022-23.**

The Commission considers IoWC as uncontrollable, since the components forming part of the Working Capital are mostly uncontrollable. The Commission, accordingly, approves the Gain/(Loss) on account of IoWC in the Truing up for FY 2022-23, as detailed in the Table below:

**Table 4-18: Interest on Working Capital and Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in True-up	Deviation +/- (-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest on Working Capital	37.00	45.17	(8.17)		(8.17)

**The Commission accordingly approves the Loss of Rs. 8.17 Lakh on account of uncontrollable factors against IoWC.**

#### **4.7. Return on Equity**

##### **Petitioner's Submission**

SLDC has claimed Rs. 172.17 Lakh towards RoE in the Truing up for FY 2022-23, as against Rs. 181.93 Lakh approved for the year in the Tariff Order. SLDC has submitted that the RoE

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has been computed @ 14% as specified in the GERC (MYT) Regulations, 2016. The deviation in RoE is considered as uncontrollable factor. The RoE claimed by SLDC in the truing up for FY 2022-23 is shown in the Table below:

**Table 4-19: Return on Equity claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual
1	Opening Equity Capital	1,017.79	988.20
2	Equity Additions during the Year	563.40	483.20
3	Closing Equity	1,581.19	1,471.40
4	Average Equity	1,299.49	1,229.80
5	Rate of Return on the Equity	14%	14%
6	<b>Return on Equity</b>	<b>181.93</b>	<b>172.17</b>

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

**Table 4-20: Gain/(Loss) from RoE claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	181.93	172.17		9.76

### 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 2022-23 has been considered same as the closing equity of FY 2021-22, as approved in the truing up for FY 2021-22 in the Tariff Order dated 31<sup>st</sup> March, 2023. 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 2022-23, as detailed in the Table below:

**Table 4-21: Return on Equity approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	Opening Equity Capital	1,017.79	988.20	988.20
2	Equity Addition during the Year	563.40	483.20	483.20
3	Closing Equity	1,581.19	1,471.40	1,471.40
4	Average Equity	1,299.49	1,229.80	1,229.80



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Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
5	Rate of Return on the Equity	14%	14%	14%
6	<b>Return on Equity</b>	<b>181.93</b>	<b>172.17</b>	<b>172.17</b>

**The Commission approves RoE at Rs. 172.17 Lakh in the Truing up for FY 2022-23.**

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/(Loss) on account of RoE in the Truing up for FY 2022-23, as detailed in the Table below:

*Table 4-22: Return on Equity and Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)*

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	181.93	172.17		9.76

**The Commission accordingly approves the Gain of Rs. 9.76 Lakh on account of uncontrollable factors against RoE.**

#### **4.8. 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.

The ULDC Charges incurred by SLDC for FY 2022-23 as shown below have been accounted as per the actual bills received:

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**Table 4-23: ULDC & SCADA Upgradation Charges claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation
1	ULDC & SCADA Upgradation Charges	477.74	1,286.06	(808.32)

SLDC submitted that the deviation in ULDC Charges is on account of impact of ULDC bills based on MYT of PGCIL and Deferred Tax Liability.

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

**Table 4-24: Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Charges for ULDC & Other related Projects	477.74	1,286.06		(808.32)

**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. 1,286.06 Lakh as per the Audited Accounts in the Truing up for FY 2022-23, as shown in the Table below:**

**Table 4-25: ULDC & SCADA Upgradation Charges approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	ULDC & SCADA Upgradation Charges	477.74	1,286.06	1,286.06

The Commission approves the Gain and Loss on account of ULDC Charges in the Truing up

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for FY 2022-23, as detailed in the Table below:

**Table 4-26: ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Charges for ULDC & Other related Projects	477.74	1,286.06		(808.32)

**The Commission accordingly approves the Loss of Rs. 808.32 Lakh on account of uncontrollable factors against ULDC and SCADA Upgradation Charges.**

#### 4.9. 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 NIL income tax in the Truing up for FY 2022-23 as per audited accounts of SLDC, as shown in the Table below:

**Table 4-27: Proposed Income Tax for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation
1	Provision for Taxation	213.00	-	213.00

##### Commission's Analysis

The Commission has verified the Income Tax as claimed by SLDC from the audited accounts and observes that NIL Income Tax is accounted by SLDC as an expense in their books of account.

The Commission approves the Income Tax as NIL and deviation of Rs. 213.00 Lakh as gain on account of uncontrollable factors in the truing up for the FY 2022-23, as given in the Table below:

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**Table 4-28: Approved Income Tax for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Income Tax	213.00	0.00		213.00

**4.10. 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.

The head-wise details of actual Non-Tariff Income are shown in the Table below:

**Table 4-29: Non-Tariff Income claimed for FY 2022-23 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Actual	Deviation
Net Non-Tariff Income	1,133.20	921.04	212.16

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

**Table 4-30: Gain/(Loss) from Non-Tariff Income claimed for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non-Tariff income	1,133.20	921.04		212.16

**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. 1,133.20 Lakh for FY 2022-23 in the Tariff Order for SLDC based on SLDC submissions.

The Commission has verified the actual Non-Tariff Income from the Audited Accounts of SLDC for FY 2022-23. The Petitioner is having unspent balance of SLDC Funds. In line with the approach adopted in earlier True-up Orders, the Commission has considered the interest rate equal to weighted average 1-year SBI MCLR and worked out the notional

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interest on the average unspent balance of Rs. 2,164.63 Lakh.

**The total Non-Tariff Income approved by the Commission in the Truing up of FY 2022-23 is shown in the Table below:**

**Table 4-31: Non-Tariff Income approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing-up
1	Penalties received from suppliers & contractors	-	3.18	3.18
2	Scheduling & System operation charges	-	829.43	829.43
3	Miscellaneous Receipts	-	88.43	88.43
4	Notional Interest on SLDC Fund	-	-	168.81
5	<b>Net Non-Tariff Income</b>	<b>1,133.20</b>	<b>921.04</b>	<b>1089.85</b>

The Commission approves the Gain and Loss on account of Non-Tariff Income in the Truing up for FY 2022-23, as detailed in the Table below:

**Table 4-32: Non-Tariff Income and Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non-Tariff income	1,133.20	1,089.85	-	43.35

#### **4.11. Claimed and Approved Fixed Costs**

The Fixed Charges approved in the Tariff Order for FY 2022-23, claimed by SLDC in the truing up, and approved by the Commission after truing up, are summarized in the Table below:

**Table 4-33: Fixed Costs Approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Operation & Maintenance Expenses	2,971.00	3,022.76	3,022.76	643.91	(695.67)
1.1	Employee Cost	2,223.95	2,166.66	2,166.66		(695.67)
1.2	Repair & Maintenance	218.20	498.57	498.57		
1.3	Administration & General Charges	528.85	357.53	357.53		
2	Interest on Working Capital	37.00	56.97	45.17	-	(8.17)

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Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
3	Charges for ULDC & Other related Projects	477.74	1,286.06	1,286.06		(808.32)
4	Less: Non-Tariff Income	1,133.20	921.04	1,089.85	-	43.35
5	<b>Operating Cost Budget (a)</b>	<b>2,352.54</b>	<b>3,444.75</b>	<b>3,264.14</b>		<b>(1,555.51)</b>
6	Depreciation	522.86	298.50	299.41	-	223.45
7	Interest & Finance Charges	27.50	22.51	22.65	-	4.85
8	Return on Equity	181.93	172.17	172.17	-	9.76
9	<b>Total Fixed Costs</b>	<b>732.30</b>	<b>493.18</b>	<b>494.23</b>		
10	Less: Expenses Capitalized	-	-	-	-	-
11	Add: Provision for Tax	213.00	-	-	-	213.00
12	<b>Capital Cost Budget (b)</b>	<b>945.29</b>	<b>493.18</b>	<b>494.23</b>		
13	<b>Total Revenue Budget (a)+(b)</b>	<b>3,297.83</b>	<b>3,937.92</b>	<b>3,758.37</b>	<b>643.91</b>	<b>(1,104.45)</b>
14	<b>Net Gains / Losses on account of Controllable/Uncontrollable factor</b>				<b>643.91</b>	<b>(1,104.45)</b>
15	<b>Gain on account of Controllable factor to be passed on to Consumer (1/3 x Sr. No. 14)</b>				<b>214.64</b>	
16	<b>Losses on account of Uncontrollable factor to be passed on to Consumer</b>					<b>(1,104.45)</b>

**4.12. Gain/(Loss) after true-up for FY 2022-23**

**Petitioner's Submission**

The Petitioner has claimed a Loss of Rs. 1,069.37 Lakh during FY 2022-23 as given in the Table below:

*Table 4-34: Gain/(Loss) claimed for FY 2022-23 (Rs. Lakh)*

Sl. No.	Particulars	Actual
1	Gain/(Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2022-23	(1,284.00)
2	Gain/(Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 <sup>rd</sup> of Total Gain/(Loss) for FY 2022-23	214.64
3	<b>Total Gain/(Loss) of true-up to be addressed in tariff for FY 2024-25 (1+2)</b>	<b>(1,069.37)</b>

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#### 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 2022-23 is summarized in the Table below:

**Table 4-35: Gain/(Loss) approved for FY 2022-23 (Rs. Lakh)**

Sl. No.	Particulars	Actual	Approved in Truing-Up
1	Gain/(Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2022-23	(1,284.00)	(1,104.45)
2	Gain/(Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 <sup>rd</sup> of Total Gain/(Loss) for FY 2022-23	214.64	214.64
3	<b>Total Gain/(Loss) of true-up to be addressed in tariff for FY 2024-25 (1+2)</b>	<b>(1,069.37)</b>	<b>(889.81)</b>

Accordingly, the Commission approves the Loss of Rs. 889.81 Lakh in the Truing up for FY 2022-23 after adjustment of past period Gap. This gap is carried forward to the ARR of FY 2024-25 for determination of SLDC Fees and Charges.

## 5 Determination of Aggregate Revenue Requirement (ARR) for FY 2024-25

### 5.1. Introduction

This Chapter deals with the determination of ARR for SLDC for FY 2024-25.

### 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 amounting to Rs. 2,256 Lakh for FY 2024-25 as detailed in the Table below:

**Table 5-1: Proposed Capital Expenditure Plan for FY 2024-25 (Rs. Lakh)**

Particulars	Projections
Augmentation/ Upgradation of existing customers (systems)	800
Strengthening of Communication channels	5
Additional system / Software planning	550
IT Infrastructure	800
SLDC Building Development	96
Staff Recreation facilities	5
<b>Total</b>	<b>2,256</b>

#### Augmentation/Upgradation of existing System

SLDC submitted that it is essential that IT and other important infrastructure are upgraded at pre-defined intervals to ensure the reliable function of equipment at SLDC, ensuring compliance to various amendments to Regulations in force and new Regulations. In this regard SLDC is looking forward to strengthening its existing infrastructure by upgrading the existing software, hardware and other related accessories.



### **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, 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 of systems within the SLDC, including the IT infrastructure, has been in service for a number of years, in many instances dating back to 2003 or earlier, which was shifted from LD Jambuva to SLDC Gotri. Therefore, investment in the SLDCs infrastructure in the area of IT applications and infrastructure is necessary to reasonably ensure that 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 REMC/ SLDC and RLDC.

### **Additional Expenditure**

To monitor the real time data of various Renewable Energy (RE) Generators and important equipment, it is required to establish the communication network and need to install the devices in the field, which can capture and send the required data to the control centre.

### **SLDC Building Development**

Developing a modern SLDC building requires investment in infrastructure like construction, electrical systems, HVAC, and security systems to create conducive and secure environment for power system operations. SLDC need to adhere to various compliance and regulatory standards set by the various authorities. Meeting these requirements may involve investing in additional infrastructure, security measures, or upgrading existing systems and processes.

### **Capital Expenditure beyond FY 2024-25**

SLDC submitted that the projected Capital Expenditure for FY 2024-25 does not include Capex related to replacement/upgradation of existing SCADA and EMS System. As per

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guidelines of Grid Controller of India Ltd. (formerly POSOCO) dated 27<sup>th</sup> July 2020, the complete existing SCADA/EMS systems in all SLDCs shall have to be replaced/upgraded in a unified manner by the concerned SLDCs considering the latest requirements under ULDC Phase III. Estimated cost as per BOQ of Grid Controller of India Ltd. for SLDC Gujarat is Rs. 9400 lakh. The Board has accorded approval for the same.

SLDC submitted that the above stated cost of Rs. 9400 lakh has not been considered in the present Petition, however, the additional estimated Capex related to mandates under ULDC Phase III scheme may be presented under ARR of FY 2025-26 and FY 2026-27 as detailed below:

**Table 5-2: Plan for implementation of replacement/upgradation under ULDC Scheme (Rs. Lakh)**

<b>Particulars</b>	<b>FY 2025-26 (Projected)</b>	<b>FY 2026-27 (Projected)</b>
ULDC Scheme - Hardware	4935	2000
ULDC Scheme - Software	2115	350

SLDC requested the Commission to allow this Capex as an exception in ARR as and when presented.

#### **Commission's Analysis**

SLDC has projected a Capital Expenditure of Rs. 2,256 Lakh in FY 2024-25. The Commission notes the justification given by SLDC for the higher CAPEX. 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.

As regards the projected Capex beyond FY 2024-25, the same shall be addressed as and when submitted for approval by SLDC, in accordance with the existing regulatory framework.

### **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:

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**Table 5-3: Funding of Capex for FY 2024-25 (Proposed) (Rs. Lakh)**

Particulars	Proposed
Capitalization	2,256.00
Funding through Debt	1,579.20
Funding through Equity	676.80

#### Commission's Analysis

The Commission observes that the projected capitalisation of Rs. 2,256 Lakh is significantly higher than the capitalisation achieved in the recent past. The actual vis-à-vis projected capitalisation for last three years is tabulated as under:

**Table 5-4: Capitalisation Actual V/s Projected for last 3 Years (Rs. Lakh)**

Financial Year	Approved	Actual
FY 2020-21	966	317
FY 2021-22	400	301
FY 2022-23	1,878	1,610.65
<b>Average</b>	<b>1,081.33</b>	<b>742.88</b>

It is clearly seen from the above table that SLDC has projected capitalisation almost 3 times of the average capitalisation in the last three years. Hence, for the purpose of this Order, the Commission has considered capitalisation for FY 2024-25 equal to the average capitalisation achieved in last 3 years and the funding has been considered in the Debt:Equity ratio of 70:30, as detailed in the table below:

**Table 5-5: Approved Capitalisation and Funding for FY 2024-25 (Rs. Lakh)**

Particulars	Proposed	Approved
Capitalization	2,256.00	743.00
Funding through Debt	1,579.20	520.10
Funding through Equity	676.80	222.90

#### 5.4. Fixed Charges for FY 2024-25

The fixed charges for FY 2024-25 have been categorized into following elements:

- O&M expenses
- Depreciation
- Interest and Finance charges

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- Interest on Working Capital
- Return on Equity
- Non-Tariff Income
- ULDC and SCADA Upgradation Charge

## 5.5. O&M Expenses for FY 2024-25

### Petitioner's Submission

SLDC submitted that O&M expenses have been calculated by escalating the approved O&M of FY 2023-24. The annual escalation factor of 5.72% as specified by the Commission in the GERC (MYT) Regulations, 2016, has been considered on the approved Employee expenses, A&G expenses and R&M expenses of FY 2023-24 to arrive at O&M expenses for FY 2024-25.

SLDC further submitted that in addition to above, there is an additional requirement of O&M expenses of Rs. 507.27 Lakh on account of purchase of new software and hardware solutions for supporting REMC operations and its new AMC contracts that are required to be executed by SLDC for upkeep of the equipment/software. SLDC requested the Commission to approve this additional requirement considering that this requirement is important for the operations of the SLDC, and so that the huge gap between approved vs. actual O&M expenses can be avoided at the time of true-up. Since standard O&M escalation of 5.72% is not sufficient to meet the expenses, the expenses related to AMC have been proposed as additional expenses.

SLDC has projected the O&M expenses at Rs. 3,827.88 Lakh for FY 2024-25, as shown in the Table below:

**Table 5-6: O&M Expenses projected for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed
1	Employee Cost	2,485.65
2	Administration & General Charges	1,098.35
3	Repairs & Maintenance Charges	243.87
4	<b>Operations and Maintenance Expenses</b>	<b>3,827.88</b>

**Commission’s Analysis**

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, 2016 for the next Control Period, including FY 2024-25. However, as stated earlier, due to unavoidable circumstances, there is a delay in framing the GERC (MYT) Regulations, 2016 for the next Control Period, and hence, the applicability of the GERC (MYT) Regulations, 2016 has been extended by one year, to include FY 2024-25 also. Hence, the Commission has derived the normative O&M expenses for FY 2024-25 by escalating the approved O&M Expenses for FY 2023-24 by the annual escalation factor of 5.72%.

The expenses against AMC contracts shall be allowed as and when the same is actually incurred by SLDC.

Thus, the Commission approves the O&M Expenses for FY 2024-25 as detailed in the table below:

**Table 5-7: O&M Expenses approved for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Employee Cost	2,485.65	2,485.65
2	Administration & General Charges	1,098.35	591.08
3	Repairs & Maintenance Charges	243.87	243.87
4	<b>Operation &amp; Maintenance Expenses</b>	<b>3,827.88</b>	<b>3,320.60</b>

**The Commission accordingly approves the O&M expenses for FY 2024-25 as Rs. 3,320.60 Lakh.**

**5.6. Depreciation**

**Petitioner’s Submission**

SLDC has submitted that the Depreciation for FY 2024-25 has been computed on the basis of average depreciation rate for FY 2022-23 as per the audited accounts and the addition to the GFA has been considered as per the projected capitalization. The Depreciation projected by SLDC for FY 2024-25 is detailed in the Table below:

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**Table 5-8: Proposed Depreciation for FY 2024-25 (Rs. Lakh)**

S. No.	Particulars	Proposed
1	Gross Block in Beginning of the year	5,159.16
2	Additions during the Year (Net)	2,256.00
3	Closing GFA	7,415.16
4	Average GFA	6,287.16
5	<b>Depreciation</b>	<b>465.48</b>
6	Wt. avg. rate of depreciation	7.40%

#### Commission's Analysis

The Commission has considered the Closing Block of Fixed Assets of FY 2022-23 as approved in the truing up for FY 2022-23, as the Opening Block of Fixed Assets for FY 2023-24. The additions during FY 2023-24 are considered as approved for the year in the Tariff Order dated 31<sup>st</sup> March, 2023, while the asset addition during FY 2024-25 is considered as approved in this Chapter. The rate of depreciation is considered at the actual rate of depreciation for FY 2022-23 approved in this Order. Accordingly, the Commission has computed the depreciation for FY 2024-25 as given in the Table below:

**Table 5-9: Approved Depreciation for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Gross Block in Beginning of the year	5,159.16	5,159.16
2	Additions during the Year (Net)	2,256.00	743.00
3	Closing GFA	7,415.16	5,902.16
4	Average Asset	6,287.16	5,530.66
5	<b>Depreciation</b>	<b>465.48</b>	<b>410.72</b>
6	Wt. avg. rate of depreciation	7.40%	7.43%

**The Commission accordingly approves the depreciation of Rs 410.72 Lakh for FY 2024-25.**

#### 5.7. Interest and Finance Charges

##### Petitioner's Submission

The Petitioner submitted that the closing balance of normative loan for FY 2022-23 has been considered as the opening balance for FY 2023-24. Addition and repayment of loan during

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FY 2023-24 have been considered as approved by the Commission in the Tariff Order for FY 2023-24 dated 31<sup>st</sup> March 2023, to work out the opening balance for FY 2024-25.

SLDC submitted that the loan addition in FY 2024-25 has been considered as 70% of the capitalisation. Weighted average rate of interest on the actual loan portfolio for FY 2022-23, i.e., 5.43%, has been considered. Repayment is considered equivalent to depreciation for the year. SLDC has projected the Interest and Finance Charges at Rs. 64.00 Lakh for FY 2024-25 in the ARR Petition. The details of Interest and Finance Charges submitted by SLDC for FY 2024-25 are given in the Table below:

**Table 5-10: Proposed Interest and Finance Charges for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed
1	Opening Loans	621.72
2	Loan Additions	1,579.20
3	Repayment during the Year	465.48
4	Closing Loans	1,735.44
5	Average Loans	1,178.58
6	<b>Interest on Loan</b>	<b>64.00</b>
7	Other Financial Charges	-
8	<b>Total Interest &amp; Financial Charges</b>	<b>64.00</b>
9	Weighted Average Rate of Loan	5.43%

### Commission's Analysis

The Commission has examined the interest and finance charges projected by SLDC for FY 2024-25. The closing balance of normative loan approved in the truing up for FY 2022-23 has been considered as the opening balance for FY 2023-24. Addition and repayment of loan during FY 2023-24 have been considered as approved by the Commission in the Tariff Order for FY 2023-24 dated 31<sup>st</sup> March 2023, to work out the opening balance for FY 2024-25. The Commission has approved the capitalisation and the funding of the Capitalisation for FY 2024-25 at Table 5-3 of this Order. The rate of interest on loan has been considered same as that approved in the true-up for FY 2022-23, i.e., 5.47%. Repayment is considered equivalent to approved depreciation in accordance with the GERC (MYT) Regulations, 2016, limited to the extent of loan balance available. The details of Interest and Finance Charges approved for FY 2024-25 are given in the Table below:

**Table 5-11: Approved Interest and Finance Charges for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Opening Loans	621.72	620.81
2	Loan Additions	1,579.20	520.10
3	Repayment during the Year	465.48	410.72
4	Closing Loans	1,735.44	730.19
5	Average Loans	1,178.58	675.50
6	<b>Interest on Loan</b>	<b>64.00</b>	<b>36.96</b>
7	Other Financial Charges	-	-
8	<b>Total Interest &amp; Financial Charges</b>	<b>64.00</b>	<b>36.96</b>
9	Weighted Average Rate of Loan	5.43%	5.47%

**The Commission approves the Interest and Finance Charges at Rs. 36.96 Lakh for FY 2024-25.**

## 5.8. Return on Equity

### Petitioner's Submission

The Petitioner submitted that the closing balance of equity for FY 2022-23 has been considered as the opening balance for FY 2023-24. Addition of equity during FY 2023-24 has been considered as approved by the Commission in the Tariff Order for FY 2023-24 dated 31<sup>st</sup> March 2023, to work out the opening balance for FY 2024-25. SLDC submitted that the equity addition in FY 2024-25 has been considered as 30% of the capitalisation. The Return on Equity submitted by SLDC for FY 2024-25 @14% on the equity base is given in the Table below:

**Table 5-12: Proposed Return on Equity for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed
1	Opening Equity Capital	1,568.01
2	Equity Additions during the Year	676.80
3	Closing Equity	2,244.81
4	Average Equity	1,906.41
5	Rate of Return on the Equity	14%
6	<b>Return on Equity</b>	<b>266.90</b>



**Commission's Analysis**

The Commission has examined the RoE projected by SLDC for FY 2024-25. The closing balance of equity approved in the truing up for FY 2022-23 has been considered as the opening balance for FY 2023-24. Addition of equity during FY 2023-24 has been considered as approved by the Commission in the Tariff Order for FY 2023-24 dated 31<sup>st</sup> March 2023, to work out the opening balance for FY 2024-25. The Commission has approved the capitalisation and the funding of the Capitalisation for FY 2024-25 at Table 5-3 of this Order.

The RoE has been computed on the opening balance of equity and approved equity addition during FY 2024-25. The rate of RoE as per the GERC (MYT) Regulations, 2016 is 14%. The Commission has approved the RoE for FY 2024-25 as detailed in the Table below:

**Table 5-13: Approved Return on Equity for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Opening Equity Capital	1,568.01	1,568.01
2	Equity Additions during the Year	676.80	222.90
3	Closing Equity	2,244.81	1,790.91
4	Average Equity	1,906.41	1,679.46
5	Rate of Return on the Equity	14%	14%
6	<b>Return on Equity</b>	<b>266.90</b>	<b>235.12</b>

**The Commission approves Return on Equity at Rs. 235.12 Lakh for FY 2024-25.**

**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. The 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 1<sup>st</sup> April of the financial year in which the Petition is filed plus 250 basis points, which works out to 10.30%.

SLDC has projected the interest on working capital at Rs. 60.57 Lakh for FY 2024-25, as given in the Table below:

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**Table 5-14: Proposed interest on working capital for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed
1	O&M expenses	318.99
2	Maintenance Spares	51.59
3	Receivables	217.55
4	<b>Total Working Capital</b>	<b>588.13</b>
5	Rate of Interest on Working Capital	10.30%
6	<b>Interest on Working Capital</b>	<b>60.57</b>

#### Commission's Analysis

The IoWC has been computed based on norms specified in the GERC (MYT) Regulations, 2016, as detailed in the Table below. The 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 1<sup>st</sup> April of the financial year in which the Petition is filed plus 250 basis points, which works out to 11%.

**Table 5-15 :Approved interest on working capital for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	O&M expenses	318.99	276.72
2	Maintenance Spares	51.59	51.59
3	Receivables	217.55	177.52
4	<b>Total Working Capital</b>	<b>588.13</b>	<b>505.82</b>
5	<i>Rate of Interest on Working Capital</i>	10.30%	11.00%
6	<b>Interest on Working Capital</b>	<b>60.57</b>	<b>55.64</b>

**The Commission approves the Interest on Working Capital as Rs. 55.64 Lakh for FY 2024-25.**

#### 5.10. Provision for Income Tax

##### Petitioner's Submission

The actual Tax paid for FY 2022-23 is considered as the Income Tax for FY 2024-25 as per Regulation 41.3 of the GERC (MYT) Regulations, 2016. Thus, SLDC has projected Income Tax as NIL for FY 2024-25.

##### Commission's Analysis

Regulation 41.1 of the GERC (MYT) Regulations, 2016, specifies that the Commission in the

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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 2022-23 and the Income Tax as per audited accounts for FY 2022-23 is NIL.

The Commission, accordingly, approves the Income Tax for FY 2024-25 as NIL.

**5.11. ULDC & Other Related Charges**

**Petitioner's Submission**

SLDC submitted that the ULDC Charges for FY 2024-25 are considered same as actual ULDC Charges of FY 2022-23, after deducting the impact of prior period charges. Thus, SLDC has projected ULDC and Other Related Charges at Rs. 460.57 Lakh for FY 2024-25, as given in the Table below:

*Table 5-16: Proposed ULDC & Other Related Charges for FY 2024-25 (Rs. Lakh)*

Sl. No.	Particulars	Proposed
1	ULDC Charges	460.57

**Commission's Analysis**

The Commission observes that SLDC has projected ULDC charges of FY 2024-25 same as the actual ULDC Charges in FY 2022-23, after deducting the impact of prior period charges. The Commission approves these charges for FY 2024-25 as given in the Table below:

*Table 5-17: Approved ULDC & Other Related Charges for FY 2024-25 (Rs. Lakh)*

Sl. No.	Particulars	Proposed	Approved
1	ULDC Charges	460.57	460.57

**The Commission approves the ULDC & Other Related Charges as Rs. 460.57 Lakh for FY 2024-25.**

**5.12. Non-Tariff Income**

**Petitioner's Submission**

SLDC has submitted that it has estimated Non-Tariff Income for FY 2024-25 same as actual Non-Tariff Income in FY 2022-23 as per audited accounts, as shown in the Table below:

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**Table 5-18: Proposed Non-Tariff Income for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed
1	Non-Tariff Income	921.04

**Commission's Analysis**

The Commission has considered the Non-Tariff Income for FY 2024-25 equal to the actual Non-Tariff Income for FY 2022-23. The Total Non-Tariff Income approved by the Commission for FY 2024-25 is shown in the Table below:

**Table 5-19: Approved Non-Tariff Income for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Non-Tariff Income	921.04	1,089.85

**The Commission accordingly approves Rs. 1,089.85 Lakh as Non-Tariff Income for FY 2024-25.**

**5.13. Approved ARR for SLDC for FY 2024-25**

The Fixed Charges claimed by SLDC in the projection for FY 2024-25 and approved by the Commission are summarized in the Table below:

**Table 5-20: Approved ARR for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Operation & Maintenance Expenses	3,827.88	3,320.60
1.1	<i>Employee Cost</i>	2,485.65	2,485.65
1.2	<i>Administration &amp; General Charges</i>	1,098.35	591.08
1.3	<i>Repairs &amp; Maintenance</i>	243.87	243.87
2	Interest on Working Capital	60.57	55.64
3	Charges for ULDC & other related projects	460.57	460.57
4	Less: Non-Tariff Income	921.04	1,089.85
5	<b>Operating Cost Budget (a)</b>	<b>3,427.97</b>	<b>2,746.95</b>
6	Depreciation	465.48	410.72
7	Interest & Finance Charges	64.00	36.96
8	Return on Equity	266.90	235.12
9	<b>Total Fixed Costs</b>	<b>796.37</b>	<b>682.80</b>
10	Less: Expenses Capitalized	-	-
11	Add: Provision for Tax	-	-

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<b>Sl. No.</b>	<b>Particulars</b>	<b>Proposed</b>	<b>Approved</b>
12	<b>Capital Cost Budget (b)</b>	<b>796.37</b>	<b>682.80</b>
13	<b>Total Revenue Requirement (a+b)</b>	<b>4,224.35</b>	<b>3,429.76</b>



## 6 Determination of SLDC Fees and Charges for FY 2024-25

The Table below summarizes the ARR approved by the Commission for FY 2024-25:

**Table 6-1: ARR approved for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Approved for FY 2024-25
1	Operation & Maintenance Expenses	3,320.60
1.1	Employee Cost	2,485.65
1.2	Administration & General Charges	591.08
1.3	Repairs & Maintenance	243.87
2	Interest on Working Capital	55.64
3	Charges for ULDC & other related projects	460.57
4	Less: Other Income	1,089.85
5	<b>Operating Cost Budget (a)</b>	<b>2,746.95</b>
6	Depreciation	410.72
7	Interest & Finance Charges	36.96
8	Return on Equity	235.12
9	<b>Total Fixed Costs</b>	<b>682.80</b>
10	Less: Expenses Capitalized	-
11	Add: Provision for Tax	-
12	<b>Capital Cost Budget (b)</b>	<b>682.80</b>
13	<b>Total Revenue Requirement (a+b)</b>	<b>3,429.76</b>

The approved ARR of Rs. 3,429.76 Lakh for FY 2024-25 has been adjusted with the Gain/(Loss) approved in the truing up for FY 2022-23, as given in the table below:

**Table 6-2: SLDC Fees & Charges approved for FY 2024-25 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved for FY 2024-25
1	ARR for 2024-25	4,224.35	3,429.76
2	Total Gain/(Loss) after True up of FY 2022-23	(1,069.37)	(889.81)
4	<b>Total SLDC charges (1 - 2)</b>	<b>5,293.71</b>	<b>4,319.57</b>

The Commission, accordingly, approves the annual SLDC Charges at Rs 4,319.57 Lakh for FY 2024-25, 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

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### 7.1. Compliance to Directives issued by the Commission

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:

#### **Directive 1: The Commission directed SLDC to submit details of Sign change violation Penalties paid at State Periphery on a six-monthly basis**

##### **Compliance by SLDC:**

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/GERC/Directives /1849 dated 20<sup>th</sup> October, 2023.

##### **Commission's Comment:**

The Commission has noted the submission of SLDC in this regard. SLDC is directed to continue to submit the details of above directions on quarterly basis.

#### **Directive 2: The Commission directed SLDC to 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**

##### **Compliance by SLDC:**

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/GERC/Directives /1849 dated 20<sup>th</sup> October, 2023.

##### **Commission's Comment:**

The Commission has noted the submission of SLDC in this regard. SLDC is directed to continue to submit the details of above directions on quarterly basis.

#### **Directive 3: The Commission directed SLDC to directed to submit the records of deviation from Scheduling of RE Generation by all generators above 1 MW**

##### **Compliance by SLDC:**

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/GERC/Directives /1849 dated 20<sup>th</sup> October, 2023.

**Commission's Comment:**

The Commission has noted the submission of SLDC in this regard. SLDC is directed to submit the details of above directions on quarterly basis.

**Directive 4: The Commission directed SLDC to 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.**

**Compliance by SLDC:**

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/GERC/Directives /1849 dated 20<sup>th</sup> October, 2023.

**Commission's Comment:**

SLDC is directed to adhere to the applicable Regulations / Orders of the Commissions and necessary reporting / compliance to be done accordingly.

## 7.2. New Directives issued by the Commission

The Commission hereby issues the following new directives to SLDC.

### **Directive 1: Submission of Quarterly Report on monitoring of Grid as per GERC Grid Code**

SLDC shall submit the Operation/Performance Report on grid stability and security on half-yearly basis to the Commission, in accordance with the provisions of the GERC Grid Code, 2013. SLDC should also submit the measures, if any, specifically taken by the SLDC in critical operational parameters conditions. SLDC should also ensure that no gaming is done by any entity connected with the grid in terms of the ABT Order and provisions of Grid Code and report the same, if such activities are found.



State Load Despatch Centre

Truing Up for FY 2022-23 and Determination of ARR and Tariff for FY 2024-25

**COMMISSION'S ORDER**

The Commission approves SLDC Fees and Charges for FY 2024-25 as shown in the Table below:

**SLDC Fees & Charges for FY 2024-25**

Sl. No.	Particulars	Unit	Approved for FY 2024-25
1	ARR for 2024-25	Rs. Lakh	3,429.76
2	Total Gain/(Loss) after True up of FY 2022-23	Rs. Lakh	(889.81)
3	<b>Total SLDC charges (1 - 2)</b>	<b>Rs. Lakh</b>	<b>4,319.57</b>
4	<b>Grid Charges</b>	<b>Rs.</b>	<b>10,000</b>

**This Order shall come into force with effect from 1<sup>st</sup> April, 2024.**

Sd/-

**S.R. PANDEY**  
Member

Sd/-

**MEHUL M. GANDHI**  
Member

Sd/-

**ANIL MUKIM**  
Chairman

Place: Gandhinagar

Date: 01.06.2024