

# GUJARAT ELECTRICITY REGULATORY COMMISSION



## **Tariff Order**

Truing up for FY 2023-24

and

Determination of ARR & SLDC Fees & Charges for  
FY 2025-26 to FY 2029-30

**For**

**State Load Despatch Centre**

**(SLDC)**

**Case No. 2420 of 2024**

**29<sup>th</sup> March, 2025**

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सत्यमेव जयते

**GUJARAT ELECTRICITY REGULATORY COMMISSION**

**(GERC)**

**GANDHINAGAR**

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**ABBREBRIATIONS**

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



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

**Case No. 2420 of 2024**

**Date of Order: 29<sup>th</sup> March, 2025**

**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 2021-22 and determination of Tariff for FY 2023-24**

The Commission vide its Order dated 31st 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.

## **1.3 Commission’s Order for approval of True up of FY 2022-23 and Determination of tariff for FY 2024-25**

The Commission vide its Order dated 1<sup>st</sup> June 2024 in Case No. 2317 of 2024 approved the Truing up for FY 2022-23 and determined the SLDC Fees and Charges for FY 2024-25.

## **1.4 Background of the present Petition**

The Commission has notified the GERC (MYT) Regulations, 2016 for the Control Period of 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 categorisation of variation in performance as those caused by factors within the control of applicant (controllable factors) and those caused by factors beyond the control of applicant (uncontrollable factors).

The Commission has notified GERC (MYT) Regulations, 2024 on 6<sup>th</sup> August 2024 for the Control Period of FY 2025-26 to FY 2029-30. Regulation 16.3.2 of GERC (MYT) Regulations, 2024 provides for determination of ARR and SLDC Fee & Charges for the Control Period, at the beginning of the Control Period.

State Load Dispatch Centre (hereinafter referred to as “SLDC” or the “Petitioner”) has filed the present Petition on 30<sup>th</sup> November, 2024 has filed the present Petition on 30<sup>th</sup> November, 2024 for



the Truing up for FY 2023-24 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”) and determination of ARR & Tariff for the 4<sup>th</sup> Control Period i.e. FY 2025-26 to FY 2029-30, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2024 (hereinafter referred to as “GERC (MYT) Regulations, 2024”).

SLDC vide submission dated 22.02.2025 rectified certain errors in the Petition No. 2420/2024 regarding O&M expenses projected for the Control Period and corresponding revision in the projected ARR and Tariff for the Control Period.

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

SLDC filed the Petition for Truing up for FY 2023-24 and Determination of ARR and SLDC Fees & Charges for 4<sup>th</sup> Control Period from FY 2025-26 to FY 2029-30 on 30<sup>th</sup> November, 2024. After Technical Validation, the Petition was registered on 16<sup>th</sup> December, 2024, as Case No. 2420/2024. As provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016 and Regulation 26.1 of the GERC (MYT) Regulations, 2024, the Commission has proceeded with this 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**

<b>S. No.</b>	<b>Name of the Newspaper</b>	<b>Language</b>	<b>Date of publication</b>
<b>1</b>	<b>The Times of India</b>	<b>English</b>	<b>21/12/2024</b>
<b>2</b>	<b>Gujarat Samachar</b>	<b>Gujarati</b>	<b>21/12/2024</b>





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 20<sup>th</sup> January, 2025.

The Commission also placed the Petition 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 Commission issued a notice for public hearing**

S. No.	Name of the Newspaper	Language	Date of publication
1	The Indian Express	English	13/02/2025
2	Divya Bhaskar	Gujarati	13/02/2025
3	Gujarat Samachar	Gujarati	13/02/2025

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 Commission's Office on 24<sup>th</sup> February, 2025 at 11:30 AM. Nobody represented before the Commission during the said hearing.

### **1.6 Approach of this Order**

The GERC (MYT) Regulations, 2016 provide for Truing up of the previous year and The GERC (MYT) Regulations, 2024 provide for determination of Tariff for the ensuing year.

Accordingly, the Commission has undertaken Truing up for FY 2023-24 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 2023-24, based on the audited accounts and prudence check.



While truing up for FY 2023-24, 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.
- Truing up of FY 2023-24 has been considered based on GERC (MYT) Regulations, 2024 and Tariff Order dated 31.03.2023.

The Commission has undertaken Determination of ARR and SLDC Fees & Charges for FY 2025-26 to FY 2029-30 in line with the provisions of GERC (MYT) Regulations, 2024.

### **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 2023-24;
- e) The **Fifth Chapter** deals with the Aggregate Revenue Requirement (ARR) for FY 2025-26 to FY 2029-30;
- f) The **Sixth Chapter** deals with the determination of SLDC Fees and Charges for FY 2025-26 to FY 2029-30;
- 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 2023-24 and determination of ARR and SLDC Fees and Charges for FY 2025-26 to FY 2029-30.

### 2.2 Truing up for FY 2023-24

SLDC submitted the Petition on 30th November 2024 seeking approval of Truing up of ARR for FY 2023-24. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2023-24 as a part of the True-Up of FY 2023-24. SLDC has presented the actual cost components based on audited accounts for FY 2023-24. A summary of the proposed ARR for Truing up for FY 2023-24 compared with the ARR approved for FY 2023-24 in the Tariff Order dated 31st March 2023 is presented in the Table below:

**Table 2-1: Summary of Truing up for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Deviation
1	Operation & Maintenance Expenses	3,140.94	3,073.62	67.32
1.1	Employee Cost	2,351.16	2,064.25	286.91
1.2	Repair & Maintenance	230.68	449.44	(329.25)
1.3	Administration & General Charges	559.10	559.93	109.66
2	Interest on Working Capital	45.41	49.95	(4.54)
3	Charges for ULDC & Other related Projects	506.91	192.64	314.27
4	Less: Non-Tariff Income	887.81	900.43	(12.62)
5	<b>Operating Cost Budget (a)</b>	<b>2,805.45</b>	<b>2,415.78</b>	<b>389.67</b>
6	Depreciation	432.67	700.97	(268.30)
7	Interest & Finance Charges	47.97	76.79	(28.82)
8	Return on Equity	223.99	254.53	(30.54)
9	<b>Total Fixed Costs</b>	<b>704.63</b>	<b>1,032.29</b>	<b>(327.66)</b>
10	Less: Expenses Capitalized	-	-	-
11	Add: Provision for Tax	-	135.97	(135.97)



Sl. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Deviation
12	<b>Capital Cost Budget (b)</b>	<b>704.63</b>	<b>1,168.26</b>	<b>(463.63)</b>
13	<b>Total Revenue Budget (a)+(b)</b>	<b>3,510.08</b>	<b>3,584.04</b>	<b>(73.96)</b>

The sharing of Gain and Loss due to controllable and uncontrollable factors claimed by the Petitioner for FY 2023-24 is shown in the Table below:

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

Sl. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Gain/(Loss) due to Controllable factors	Gain/(Loss) due to Un- Controllable factors
1	Operation & Maintenance Expenses	3,140.94	3,073.62	682.59	-615.28
1.1	<i>Employee Cost</i>	2,351.16	2,064.25		
1.2	<i>Repair &amp; Maintenance</i>	230.68	559.93		
1.3	<i>Administration &amp; General Charges</i>	559.1	449.44		
2	Interest on Working Capital	45.41	49.95		-4.54
3	Charges for ULDC & Other related Projects	506.91	192.64		314.27
4	SCADA upgradation charges	-	-		-
5	Less: Non-Tariff Income	887.81	900.43		-12.62
6	<b>Operating Cost Budget (a)</b>	<b>2,805.45</b>	<b>2,415.78</b>		<b>-292.92</b>
7	Depreciation	432.67	700.97		-268.3
8	Interest & Finance Charges	47.97	76.79		-28.82
9	Return on Equity	223.99	254.53		-30.54
10	<b>Total Fixed Costs</b>	<b>704.63</b>	<b>1,032.29</b>		
11	Less: Expenses Capitalized	-	-		
12	Add: Provision for Tax	-	135.97		-135.97
13	<b>Capital Cost Budget (b)</b>	<b>704.63</b>	<b>1,168.26</b>		
14	<b>Total Revenue Budget (a)+(b)</b>	<b>3,510.08</b>	<b>3,584.04</b>		<b>-756.55</b>
15	<b>Net Gains/Losses on account of Controllable/ Uncontrollable factors</b>			<b>682.59</b>	<b>-756.55</b>
16	<b>Gain on account of Controllable factor to be passed on to Consumer (1/3 x Sl. No. 14)</b>			<b>227.53</b>	



Sl. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Gain/(Loss) due to Controllable factors	Gain/(Loss) due to Un-Controllable factors
17	Losses on account of Uncontrollable factor to be passed on to consumer				-756.55

### 2.3 Revenue Gap for FY 2023-24

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

**Table 2-3: Revenue (Gap)/Surplus claimed for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	FY 2023-24
1	Approved ARR for 2023-24	3,510.08
2	Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2023-24	(756.55)
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 2023-24	227.53
4	Less: (Gap)/ Surplus apportioned for FY 2020-21 by Commission	(509.00)
5	<b>Revised ARR for FY 2023-24 (1 – 2 – 3 – 4)</b>	<b>4,548.10</b>
6	Revenue from SLDC charges	4,019.31
7	<b>Revenue (Gap)/Surplus for FY 2023-24 (5 – 6)</b>	<b>(528.79)</b>

### 2.4 Net Recovery for FY 2023-24

SLDC has submitted the total Gain/ (Loss) after the true up of FY 2023-24 as follows:

**Table 2-4: Net Recovery for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Amount
1	Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2023-24	(756.55)
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 2023-24	227.53



Sl. No.	Particulars	Amount
3	<b>Total Gain/ (Loss) of the true up to be addressed in the determination of tariff for FY 2023-24</b>	(529.02)

## 2.5 ARR and SLDC Charges for FY 2025-26 to FY 2029-30

In accordance with provisions of the GERC (MYT) Regulations, 2024, the ARR for FY 2025-26 to FY 2029-30 has been computed by SLDC as follows:

**Table 2-5: ARR for FY 2025-26 to FY 2029-30 as submitted by SLDC (Rs. Lakh)**

Sl. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Operation & Maintenance Expenses	3,840.67	4,655.51	6,066.63	6,541.38	6,785.54
1.1	<i>Employee Cost</i>	2,365.81	2,477.38	2,594.22	2,716.57	2,844.69
1.2	<i>Administration &amp; General Charges</i>	561.98	588.49	616.24	645.31	675.74
1.3	<i>Repairs &amp; Maintenance</i>	912.88	1,589.64	2,856.17	3,179.51	3,265.11
2	Interest on Working Capital	70.10	95.17	131.85	141.95	146.17
3	Charges for ULDC & other related projects	192.64	192.64	192.64	192.64	192.64
4	Less: Other Income	1.78	1.78	1.78	1.78	1.78
5	<b>Operating Cost Budget (a)</b>	4,101.63	4,941.53	6,389.34	6,874.19	7,122.56
6	Depreciation	1,265.19	2,247.64	3,051.42	3,258.17	3,362.86
7	Interest & Finance Charges	187.94	436.21	566.31	450.84	289.22
8	Return on Equity	753.14	1,334.34	1,809.84	1,932.15	1,994.08
9	<b>Total Fixed Costs (b)</b>	2,206.26	4,018.18	5,427.56	5,641.15	5,646.15
10	<b>Total ARR (a + b)</b>	6,307.89	8,959.72	11,816.90	12,515.34	12,768.71
11	Less: Revenue (Gap)/ Surplus from True up of FY	(528.79)	-	-	-	-



Sl. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	2023-24					
12	Carrying cost of gap for FY 2023-24	90.63	-	-	-	-
13	<b>Total SLDC charges</b>	6,927.31	8,959.72	11,816.90	12,515.34	12,768.71
14	<b>Provision for LDC Development Fund</b>	836.07	836.07	836.07	836.07	836.07

## 2.6 SLDC Charges for FY 2025-26 to FY 2029-30

SLDC has calculated the SLDC Charges for FY 2025-26 to FY 2029-30 after considering the (Gap)/Surplus of FY 2023-24 as follows:

**Table 2-6: SLDC Charges for FY 2025-26 to FY 2029-30 as submitted by SLDC (Rs. Lakh)**

Sl. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Total ARR	6,307.89	8,959.72	11,816.90	12,515.34	12,768.71
2	Less: Revenue (Gap)/Surplus from True-up of FY 2023-24	(528.79)	-	-	-	-
3	Add: Carrying Cost	90.63				
4	<b>Total SLDC Charges (2-1+3)</b>	<b>6,927.31</b>	<b>8,959.72</b>	<b>11,816.90</b>	<b>12,515.34</b>	<b>12,768.71</b>

## 2.7 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 2023-24;*
2. *To admit this Petition for determination of Aggregate Revenue Requirement for FY 2025-26 to FY 2029-30 and SLDC Fee & Charges for FY 2025-26;*
3. *To approve the True up for FY 2023-24 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 2023-24 as part of SLDC Fee & Charges for FY 2025-26;*
5. *To accept the prayers on consideration of ROE instead of ROCE as prescribed in the Regulations and consider ROE at 15% as prayed in the petition submitted on 28th November 2024;*
6. *To approve Aggregate Revenue Requirement for FY 2025-26 as submitted by the Petitioner;*
7. *Pass suitable orders for implementation of SLDC Fee & Charges Proposal for FY 2025-26 for making it applicable from 1st April 2025 onwards;*
8. *To approve the allowance of the R&M expenses as plead in petition 2219 of 2023 as uncontrollable expenses;*
9. *To allow the creation of the LDC fund as per the proposed in the Petition;*
10. *To approve the cost of capital expenditure made for the construction of REMC building out of SLDC fund arising out of APTEL judgement;*
11. *To determine SLDC fee and charges are appropriate for full recovery of ARR;*
12. *To grant any other relief as the Commission may consider appropriate;*
13. *The Petitioner craves leave of the Commission to allow further submissions, addition and alteration to this Petition as may be necessary from time to time;*
14. *Pass any other Order as the Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.*





### **3 Brief Outline of Objections raised, response from SLDC and 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 2023-24 and determination of ARR and SLDC Fees and Charges Tariff for the 4th Control Period i.e. FY 2025-26 to FY 2029-30, read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2024 (hereinafter referred to as “GERC (MYT) Regulations, 2024”), no comments/ suggestions on the Petition have been received by the Commission.



## 4 Truing up for FY 2023-24

### 4.1 Introduction

This Chapter deals with the Truing up for FY 2023-24. While doing ‘Truing up’ of various components of ARR for FY 2023-24, the actuals for FY 2023-24 are compared with the approved ARR as per the Tariff Order issued on 31st March 2023.

The Commission has analyzed each of the components of ARR for FY 2023-24 in the following sections.

### 4.2 Capital Expenditure, Capitalization and Funding

#### *Petitioner’s Submission*

#### 4.2.1 Capital expenditure for FY 2023-24

SLDC has submitted that the actual capital expenditure in FY 2023-24 was Rs. 3,247.08 Lakh against Rs. 2,285.00 Lakh approved by the Commission for the year in the Tariff Order dated 31<sup>st</sup> March 2023, as given in the Table below:

**Table 4-1: Capital Expenditure claimed for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual
1	Land Acquisition cost	-	-
2	Augmentation/ Upgradation of existing systems	-	899.87
3	Strengthening of communication channels	-	-
4	Additional system / Software planning	-	899.29
5	IT Infrastructure	-	466.40
6	SLDC Building development	-	936.10
7	Office Equipment	-	45.43
8	Staff recreation facilities	-	-
9	Additional Expenditure	-	-
10	<b>Total</b>	<b>2,285.00</b>	<b>3,247.08</b>



Capital expenditure incurred for SLDC during the FY 2023-24 is Rs. 3,247.08 Lakhs as against Rs. 2,285.00 Lakhs approved by the Commission in its Tariff Order in case No. 2164 of 2022 dated 31<sup>st</sup> March 2023. However, Rs. 936.10 Lakh is spent from the SLDC fund arising out of APTEL judgements and the remaining amount of Rs. 2,310.98 Lakh is considered as capex under the true-up for FY 2023-24.

The Commission approved the funding of the building vide letter GERC/Tariff/5717/4283/1565 dated 1<sup>st</sup> September 2017. Further, Return on Equity and Interest on Loan are not claimed for the expenditure incurred on asset created through ‘*SLDC funds arising pursuant to APTEL Judgements*’.

**Table 4-2: Breakup of Capital Expenditure (Rs. Lakh)**

Particulars	Total	Claimed in this True-Up Petition	Considered as Grant fund
Capital Expenditure	3,247.08	2,310.98	936.10

#### 4.2.2 Funding of Capitalization

The funding of actual capitalization is done through various sources categorised under two headings namely: Equity and Debt. The debt. equity ratio of 70:30 has been considered in line with the provisions of the GERC (MYT) Regulations, 2016. The detailed breakup of funding of capitalized asset during FY 2023-24 is mentioned in the table below.

**Table 4-3: Funding of Capitalization for FY 2023-24 (Rs. Lakh)**

Sr. No.	Particulars	FY 2023-24	FY 2023-24
		(Approved)	(Actual)
1	Capitalization	322.05	2,310.98
2	Debt	225.44	1,617.69
3	Equity	96.62	693.29

#### Commission’s Analysis

The Commission had approved Capital Expenditure and Capitalisation of Rs. 2,285.00 Lakh and Rs. 322.05 Lakh respectively for FY 2023-24 in the Order dated 31<sup>st</sup> March, 2023. SLDC has



achieved Capital Expenditure of Rs. 3,247.08 Lakh and Capitalisation of Rs. 2,310.98 Lakh, as reported in the Audited Accounts of SLDC. In accordance with the GERC (MYT) Regulations, 2016, the Commission has considered the Capitalization and 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 4-4: Capitalisation and Funding approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in ARR	Claimed for Truing up	Approved after truing up
1	Capitalisation for the Year	322.05	2,310.98	2,310.98
2	Debt	225.44	1,617.69	1,617.69
3	Equity	96.62	693.29	693.29
4	Grants	-	-	-

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

#### *Petitioner's Submission*

The Petitioner has claimed actual O&M expenses of Rs. 3,073.62 Lakh in the Truing up for FY 2023-24 against Rs. 3,140.94 Lakh approved vide Tariff Order in Case No. 2164 of 2022 dated 31<sup>st</sup> March 2023 as detailed in the Table below:

**Table 4-5: O&M Expenses claimed for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation +/-
1	Employee Cost	2,351.16	2,064.25	286.91
2	Administration & General Charges	559.10	449.44	109.66
3	Repairs & Maintenance	230.68	559.93	(329.25)
4	<b>Operation &amp; Maintenance Expenses</b>	<b>3,140.94</b>	<b>3,073.62</b>	<b>67.32</b>

#### 4.3.1 Employee Expenses

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



The Employee cost incurred by the company is purely based on the guidelines issued by competent authorities like the state government. The actual employee cost as per profit & loss account for FY 2023-24 were Rs. 2,064.25 Lakhs which excludes the impact of 7<sup>th</sup> Pay Commission, actually paid in FY 2023-24 amounting to Rs. 321.78 lakhs.

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. 321.78 lakhs as the impact of implementation of 7<sup>th</sup> Pay Commission in FY 2023-24 which is being worked out in the present Petition as uncontrollable expenses.

The computation of the 7<sup>th</sup> Pay impact covers impact due to payment of allowances and incentive as per the 7<sup>th</sup> Pay Commission scale.

The actual employee expense for FY 2023-24 is shown as per the table below:

**Table 4-6: Employee expenses for FY 2023-24 (Rs. in Lakh)**

Sl. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Deviation
1	Total Employee Cost	2,351.16	2,064.25	286.91

#### **4.3.2 Repairs & Maintenance Expenses**

The Repairs & Maintenance (R&M) expenses have been incurred on account of maintaining the assets given the ageing of equipment. The expenses have increased in the FY 2023-24 as compared to approved values due to increase in the expense related to AMC of various projects. The R&M expenses of Rs 293.5 lakhs pertaining to AMC contracts was proposed at the time of filing of petition for ARR for FY 2023-24 and the same was not approved. A review petition (2219 of 2023) was filed with GERC on the matter to consider the same as uncontrollable expenses. Therefore, in FY 2023-24 these expenses have being worked out in the present Petition as uncontrollable expenses.

The ULDC charges which are part of R&M expenses in the P&L accounts have been excluded to arrive at the R&M expenses for FY 2023-24 as the expenses related to ULDC have been considered under a separate head.



The actual R&M expenses for FY 2023-24 are shown as per table below:

**Table 4-7: R&M expenses for FY 2023-24 (Rs. in Lakh)**

Sr. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Deviation
1	Total R&M Expenses	230.68	559.93	(329.25)

### 4.3.3 Administration & General Expenses

Administrative & General (A&G) expenses mainly consist of conveyance & travel, legal charges, telephone charges, electricity charges etc. The cost has decreased on account of reduction in lease line expenses during the year. The actual cost incurred under A&G expenses is as below.

**Table 4-8: Administration & General expenses for FY 2023-24 (Rs. in Lakh)**

Sr. No.	Particulars	FY 2023-24 (Approved)	FY 2023-24 (Actual)	Deviation
1	Total A&G Expenses	559.10	449.44	109.66

O&M expenses are controllable in nature under Regulation 22 of GERC MYT Regulations, 2016. As discussed in the earlier paragraphs, SLDC has identified certain expenses related to impact of implementation of 7th Pay Commission as uncontrollable which are considered in the sharing of gains/losses. The O&M expenses and gains / (losses) considered in the Truing up for FY 2023-24 are summarized in Table below:

**Table 4-9: Gain/ (Loss) claimed from O&M Expenses for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Employee Cost	2,351.16	2,064.25	608.69	(321.78)
2	Repair & Maintenance	230.68	559.93	(35.75)	(293.50)
3	Administration & General Charges	559.10	449.44	109.66	
<b>Operation &amp; Maintenance Expenses</b>		<b>3,140.94</b>	<b>3,073.62</b>	<b>682.59</b>	<b>(615.28)</b>



In the computation of controllable & uncontrollable elements, the employee expenses to the tune of 7<sup>th</sup> Pay Commission and the R&M expenses to the tune of AMC expenses proposed at the time of ARR but disallowed during the issuance of tariff order for FY 2023-24.

A surplus under controllable expense is shown in the computation which is the difference between the actual employee expenses net off the impact of 7<sup>th</sup> Pay Commission.

### **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 2023-24 from the Audited Accounts.

SLDC has reported total Employees Expenses of Rs. 2,064.25 Lakh in FY 2023-24, which has been verified, as against the approved Employee Expenses of Rs. 2,351.16 Lakh. Thus, there is a gain of Rs. 286.91 Lakh against Employee Expenses in FY 2023-24.

Further, SLDC has stated that the above Employee Expenses of Rs. 2,064.25 Lakh includes uncontrollable expenses of Rs. 321.78 Lakh against differential impact between payment as per 7<sup>th</sup> Pay Commission, 6<sup>th</sup> Pay Commission and arrear payment of incentive amounting to Rs. 16.12 Lakh, which has been verified. Hence, the Commission has allowed the controllable gains of Rs. 608.69 Lakh.

The Total Employees Expenses approved after truing up for FY 2023-24 works out to Rs. 2,064.25 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. 192.64 Lakh have been considered separately, and hence, have been deducted from the R&M Expenses of Rs. 752.57 Lakh reflected in the Audited Accounts. The Total R&M Expenses approved after truing up for FY 2023-24 works out to Rs. 559.93 Lakh, as claimed by the Petitioner. The Commission vide Order dated 28.03.2025 on Review Petition No. 2219/2023 filed by SLDC decided that AMC Charges shall be considered at the time of truing up of FY 2023-24. Accordingly, the Commission considers the AMC Charges of Rs 293.50 Lakhs as uncontrollable R&M Expenses. The efficiency gain/(loss) on account of



controllable/ uncontrollable 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 travelling and conveyance, rent, rates and taxes, electricity charges and security expenses. The total A&G Expenses approved after truing up for FY 2023-24 works out to Rs. 449.44 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 2023-24 is shown in the Table below:

**Table 4-10: Operation & Maintenance Expenses approved for FY 2023-24 (Rs. Lakh)**

<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Actual</b>	<b>Approved in True-up</b>	<b>Deviation +/- (-)</b>
Employee Cost	2,351.16	2,064.25	2,064.25	286.91
Administration & General Charges	559.10	449.44	449.44	109.66
Repairs & Maintenance	230.68	559.93	559.93	(329.25)
<b>Operation &amp; Maintenance Expenses</b>	<b>3,140.94</b>	<b>3,073.62</b>	<b>3,073.62</b>	<b>67.32</b>

**The Commission approves the O&M Expenses at Rs. 3,073.62 Lakh in the Truing up for FY 2023-24.**

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 following table:





**Table 4-11: O&M Expenses and Gain/(Loss) approved for FY 2023-24 (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	3,140.94	3,073.62	67.32	682.59	(615.28)

#### 4.4 Depreciation

##### Petitioner's Submission

The Petitioner has claimed Rs. 700.97 Lakh towards depreciation for FY 2023-24, against Rs. 432.67 Lakh approved by the Commission for the year in the Order dated 31st March 2023, as given in the Table below:

**Table 4-12: Depreciation claimed for FY 2023-24 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Actual
Gross Block in Beginning of the year	5,104.46	4,837.11
Additions during the Year (Net)	322.05	2,310.98
Closing GFA	5,426.51	7,148.09
<b>Depreciation</b>	<b>432.67</b>	<b>700.97</b>
Wt. avg. rate of depreciation	8.22%	11.70%

SLDC has claimed Rs. 268.30 Lakh as Loss from Depreciation due to uncontrollable factors, as detailed in the Table below:

**Table 4-13: Gain/ (Loss) claimed from Depreciation for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Depreciation	432.67	700.97	-	(268.30)



**Commission’s Analysis**

The Commission has examined the audited accounts for the year FY 2023-24, submitted by the Petitioner and has considered the depreciation of Rs 700.97 Lakhs. The Commission observed that the Petitioner has erred in considering depreciation net of decapitalised Asset. The Commission has considered depreciation for the year as Rs 700.99 Lakhs in accordance with the MYT Regulations, 2016. Further, the opening GFA of FY 2023-24 has been considered same as the closing GFA of FY 2022-23, as approved in the truing-up for FY 2022-23 in the Tariff Order dated 1st June, 2024. The addition to GFA has been considered based on capitalisation approved in earlier section of this Order. The depreciation approved is shown in the Table below:

**Table 4-14: Gross Fixed Assets and Depreciation approved for FY 2023-24 (Rs. Lakh)**

<b>Particulars</b>	<b>Approved Tariff Order</b>	<b>Actual</b>	<b>Approved in True- up</b>
Gross Block in Beginning of the year	5,104.46	4,837.11	4,837.11
Additions during the Year (Net)	322.05	2,310.98	2,310.98
Closing GFA	5,426.51	7,148.09	7,148.09
Average Asset	5265.49	5,992.60	5,992.60
<b>Depreciation</b>	<b>432.67</b>	<b>700.97</b>	<b>700.99</b>
Wt. avg. rate of depreciation	8.22%	11.70%	11.70%

The Commission accordingly approves Depreciation of Rs. 700.99 Lakh for FY 2023-24.

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

**Table 4-15: Depreciation and Gain/(Loss) approved for FY 2023-24 (Rs. Lakh)**

<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Approved in True- up</b>	<b>Deviation +/- (-)</b>	<b>Gain/(Loss ) due to Controllabl e Factor</b>	<b>Gain/(Loss) due to Uncontrollable Factor</b>
Depreciation	432.67	700.99	(268.32)		(268.32)



## 4.5 Interest and Finance Charges

### Petitioner's Submission

The Petitioner has claimed Rs. 76.79 Lakh towards interest and finance charges in the Truing up for FY 2023-24, as against Rs. 47.97 Lakh approved for the year in the Tariff Order dated 31st March, 2023. SLDC has considered the addition in loans for FY 2023-24 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., 5.97%. The interest and finance charges claimed by SLDC in the truing up for FY 2023-24, is shown in the Table below.

**Table 4-16: Interest and Finance Charges Claimed for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation
1	Opening Loans	972.32	828.05	144.27
2	Loan Additions during the Year	225.44	1,617.69	(1,392.25)
3	Repayment during the Year	432.67	700.97	(268.30)
4	Closing Loans	765.09	1,744.77	(979.68)
5	Average Loans	868.71	1,286.41	(417.70)
6	<b>Interest on Loan</b>	47.97	76.79	(28.82)
7	Other Finance Charges	-	-	-
8	<b>Total Interest &amp; Financial Charges</b>	<b>47.97</b>	<b>76.79</b>	<b>(28.82)</b>
9	Weighted Average Rate of Interest on Loan	<b>5.52%</b>	<b>5.97%</b>	

SLDC has claimed the variation of Rs. 28.82 Lakh between the approved and actual Interest and Finance Charges as gain due to uncontrollable factors, as detailed in the Table below:

**Table 4-17: 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	47.97	76.79		(28.82)



### Commission’s Analysis

The Commission has examined the submission of SLDC. The opening loan of FY 2023-24 has been considered same as the closing loan of FY 2022-23, as approved in the truing up for FY 2022-23 in the Tariff Order dated 1st June 2024. 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 2023-24. 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 5.92% 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 2023-24, as detailed in the Table below:

**Table 4-18: Interest and Finance Charges approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in True-up
1	Opening Loans	972.32	828.05	828.05
2	Loan Additions during the Year	225.44	1,617.69	1,617.69
3	Repayment during the Year	432.67	700.97	700.99
4	Closing Loans	765.09	1,744.77	1,744.75
5	Average Loans	868.71	1,286.41	1,286.40
6	<b>Interest on Loan</b>	<b>47.97</b>	<b>76.79</b>	<b>76.20</b>
7	Other Finance Charges			
8	<b>Total Interest &amp; Financial Charges</b>	<b>47.97</b>	<b>76.79</b>	<b>76.20</b>
9	Weighted Average Rate of Interest on Loan	<b>5.52%</b>	<b>5.97%</b>	<b>5.92%</b>



The Commission accordingly, approves Interest and Finance Charges as Rs. 76.20 Lakh for FY 2023-24.

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

**Table 4-19: Interest and Finance Charges and Gain/(Loss) approved for FY 2023-24 (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 & Finance Charges	47.97	76.20	(28.23)		(28.23)

The Commission accordingly approves the Loss of Rs. 28.23 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 2023-24 as Rs. 49.95 Lakh, as against Rs 45.41 Lakh approved for the year in the Tariff Order dated 31st March, 2023. SLDC has submitted that normative IoWC has been computed in accordance with the GERC (MYT) Regulations, 2016. The IoWC is claimed @11.07%, being weighted average of the 1-year SBI MCLR during FY 2023-24 plus 250 basis points in line with the GERC (MYT) Regulations, 2016.

The normative IoWC claimed by SLDC in the truing up of FY 2023-24 is shown in the Table below:

**Table 4-20: Interest on Working Capital claimed for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual
1	O & M expenses (1 Month)	261.74	256.14
2	Maintenance Spares (1% of opening	51.04	48.37

Sl. No.	Particulars	Approved in Tariff Order	Actual
	GFA)		
3	Receivables (15 days)	165.18	146.89
4	Addition O&M Expenses (ULDC Charges)	-	16.05
5	<b>Total Working Capital</b>	<b>477.97</b>	<b>451.39</b>
6	<i>Rate of Interest on Working Capital</i>	9.50%	11.07%
7	<b>Interest on Working Capital</b>	<b>45.41</b>	<b>49.95</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 4-21: Gain/(Loss) from IoWC claimed for FY 2023-24 (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	45.41	49.95		(4.54)

### 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 8.57% prevailing during FY 2023-24 plus 250 basis points as the interest rate. Accordingly, the rate of interest is considered as 11.07%.

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 11.07%, are detailed in the Table below:

**Table 4-22: Interest on Working Capital approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	O&M expenses (1 Month)	261.74	256.14	256.14
2	Maintenance Spares (1% of opening GFA)	51.04	48.37	48.37
3	Receivables (15 days)	165.18	146.89	146.86
4	Additional O&M Expenses (ULDC Charge)	-	-	-
5	<b>Total Working Capital</b>	<b>477.97</b>	<b>451.39</b>	<b>451.37</b>
6	<i>Rate of Interest on Working Capital</i>	9.50%	11.07%	11.07%
7	<b>Interest on Working Capital</b>	<b>45.41</b>	<b>49.95</b>	<b>49.94</b>

The Commission, accordingly, approves Interest on Working Capital at Rs. 49.94 Lakh in the Truing up for FY 2023-24.

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 2023-24, as detailed in the Table below:

**Table 4-23: Interest on Working Capital and Gain/(Loss) approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in True-up	Deviation +/- (-)	Gain/(Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Interest on Working Capital	45.41	49.94	(4.53)		(4.53)



The Commission accordingly approves the Loss of Rs. 4.53 Lakh on account of uncontrollable factors against IoWC.

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

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

SLDC has claimed Rs. 254.53 Lakh towards RoE in the Truing up for FY 2023-24, as against Rs. 223.99 Lakh approved for the year in the Tariff 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. The RoE claimed by SLDC in the truing up for FY 2023-24 is shown in the Table below:

**Table 4-24:Return on Equity claimed for FY 2023-24 (Rs. Lakh)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Actual</b>
1	Opening Equity Capital	1,551.60	1,471.40
2	Equity Additions during the Year	96.62	693.29
3	Closing Equity	1,648.22	2,164.69
4	Average Equity	1,599.91	1,818.05
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	223.99	254.53

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

**Table 4-25:Gain/(Loss) from RoE claimed for FY 2023-24 (Rs. Lakh)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Approved in True up</b>	<b>Gain/(Loss) due to Controllable Factor</b>	<b>Gain/(Loss) due to Uncontrollable Factor</b>
1	Return on Equity	223.99	254.53		(30.54)

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

The Commission has examined the submissions 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 2023-24 has been considered same as the closing equity of FY 2022-23, as approved in the truing up for FY 2022-23 in the Tariff Order dated 1st June 2024. 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 2023-24, as detailed in the Table below:

**Table 4-26: Return on Equity approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	Opening Equity Capital	1,551.60	1,471.40	1,471.40
2	Equity Addition during the Year	96.62	693.29	693.29
3	Closing Equity	1,648.22	2,164.69	2,164.69
4	Average Equity	1,599.91	1,818.05	1,818.05
5	Rate of Return on the Equity	14%	14%	14%
6	<b>Return on Equity</b>	<b>223.99</b>	<b>254.53</b>	<b>254.53</b>

The Commission hereby approves RoE at Rs. 254.53 Lakh in the Truing up for FY 2023-24.

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 2023-24, as detailed in the Table below:

**Table 4-27: Return on Equity and Gain/(Loss) approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in true up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	223.99	254.53		(30.54)

The Commission accordingly approves the Loss of Rs. 30.54 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 01.02.2006. 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 31.03.2006.

The ULDC Charges incurred by SLDC for FY 2023-24 as shown below have been accounted as per the actual bills received:

**Table 4-28:ULDC & SCADA Upgradation Charges claimed for FY 2023-24 (Rs. Lakh)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Actual</b>	<b>Deviation</b>
1	ULDC & SCADA Upgradation Charges	506.91	192.64	314.27

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 following Table:



**Table 4-29:Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2023-24 (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	506.91	192.64		314.27

### 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. 192.64 Lakh as per the Audited Accounts in the Truing up for FY 2023-24, as shown in the Table below:

**Table 4-30:ULDC & SCADA Upgradation Charges approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up
1	ULDC & SCADA Upgradation Charges	506.91	192.64	192.64

The Commission approves the Gain and Loss on account of ULDC Charges in the Truing up for FY 2023-24, as detailed in the following Table:



**Table 4-31:ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in True up	Gain/(Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Charges for ULDC & Other related Projects	506.91	192.64		314.27

The Commission accordingly approves the Gain of Rs. 314.27 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 streams is computed as an expense and is to be recovered from the beneficiaries. GETCO makes a consolidated tax payment including SLDC. In FY 2023-24, there has been total income tax allocation in the SLDC Audited Accounts is 135.97 lakhs. The income tax worked out for SLDC as per accounts for FY 2023-24 is shown below:

**Table 4-32:Income Tax for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Deviation
1	Provision for Taxation	-	135.97	(135.97)

The variation between the approved and actual Income tax is considered uncontrollable as shown in the table below:

**Table 4-33:Income Tax and Gain/(Loss) claimed for FY 2023-24 (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	-	135.97		(135.97)



### **Commission’s Analysis**

The Commission has verified the Income Tax as claimed by SLDC from the audited accounts and observes that Rs. 135.97 Lakh of Income Tax is accounted by SLDC as an expense in their books of account.

The Commission approves the Income Tax as Rs. 135.97 Lakh and deviation of Rs. 135.97 Lakh as loss on account of uncontrollable factors in the truing up for the FY 2023-24, as given in the Table below:

**Table 4-34: Approved Income Tax for FY 2023-24 (Rs. Lakh)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Approved in Tariff Order</b>	<b>Approved in True up</b>	<b>Gain/(Loss) due to Controllable Factor</b>	<b>Gain/(Loss) due to Uncontrollable Factor</b>
1	Income Tax	-	135.97		(135.97)

### **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.

It is submitted that the Commission in its Order in Case No. 2027 of 2021 had noted that up to 31st March, 2020 the balance remaining in SLDC fund is Rs. 2,164.63 Lakh and the balance remained unchanged in FY 2021-22 and FY 2022-23 as well. Accordingly, in line with the approach adopted by the Commission in its last tariff order, SLDC has considered the notional interest of Rs. 185.40 Lakhs as part of the non-tariff interest. The notional interest has been calculated using the interest rate equal to weighted average 1-year SBI MCLR (which works out to 8.57%) on the average unspent balance.

Accordingly, the non-tariff income earned by the SLDC for the FY 2023-24 is shown in the following Table:



**Table 4-35: Non-Tariff Income claimed for FY 2023-24 (Rs. Lakh)**

Particulars	Approved in Tariff Order	Actual	Deviation
Penalties received from suppliers & contractors		1.25	
Scheduling & System operation charges		611.21	
Miscellaneous Receipts		102.56	
Notional Interest on SLDC Fund arising pursuant to APTEL Judgments		185.40	
<b>Net Non-Tariff Income</b>	<b>887.81</b>	<b>900.43</b>	<b>(12.62)</b>

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

**Table 4-36: Gain/(Loss) from Non-Tariff Income claimed for FY 2023-24 (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	887.81	900.43		(12.62)

### 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. 900.43 Lakh for FY 2023-24 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 2023-24. 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 interest of 8.57% 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 2023-24 is shown in the Table below:

**Table 4-37: Non-Tariff Income approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing-up
1	Penalties received from suppliers & contractors	-	1.25	1.25
2	Scheduling & System operation charges	-	611.21	611.21
3	Miscellaneous Receipts	-	102.56	102.56
4	Notional Interest on SLDC Fund	-	185.40	185.40
5	<b>Net Non-Tariff Income</b>	<b>887.81</b>	<b>900.43</b>	<b>900.43</b>

The Commission approves the Gain and Loss on account of Non-Tariff Income in the Truing up for FY 2023-24, as detailed in the Table below:

**Table 4-38: Non-Tariff Income and Gain/(Loss) approved for FY 2023-24 (Rs. Lakh)**

Sl. No.	Particulars	Approved in Tariff Order	Approved in True up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non-Tariff income	887.81	900.43	-	(12.62)

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

The Fixed Charges approved in the Tariff Order for FY 2023-24, claimed by SLDC in the truing up, and approved by the Commission after truing up, are summarized in the following Table:



Table 4-39: Fixed Costs Approved for FY 2023-24 (Rs. Lakh)

Sl. No.	Particulars	Approved in Tariff Order	Actual	Approved in Truing up	Gain/ (Loss) due to Controllable Factors	Gain/(Loss) due to Uncontrollable Factors
1	Operation & Maintenance Expenses	3,140.94	3,073.62	3,073.62	682.59	(615.28)
1.1	Employee Cost	2,351.16	2,064.25	2,064.25		
1.2	Repair & Maintenance	230.68	559.93	559.93		
1.3	Administration & General Charges	559.10	449.44	449.44		
2	Interest on Working Capital	45.41	49.95	49.94		(4.53)
3	Charges for ULDC & Other related Projects	506.91	192.64	192.64		314.27
4	Less: Non-Tariff Income	887.81	900.43	900.43		(12.62)
5	<b>Operating Cost Budget (a)</b>	<b>2,805.45</b>	<b>2,415.78</b>	<b>2,415.78</b>		<b>(292.92)</b>
6	Depreciation	432.67	700.97	700.99		(268.32)
7	Interest & Finance Charges	47.97	76.79	76.20		(28.33)
8	Return on Equity	223.99	254.53	254.53		(30.54)
9	<b>Total Fixed Costs</b>	<b>704.63</b>	<b>1,032.29</b>	<b>1,031.71</b>		<b>(327.08)</b>
10	Less: Expenses Capitalized	-	-	-		-
11	Add: Provision for Tax	-	135.97	135.97		(135.97)
12	<b>Capital Cost Budget (b)</b>	<b>704.63</b>	<b>1,168.26</b>	<b>1,167.68</b>		<b>(463.05)</b>
13	<b>Total Revenue Budget (a)+(b)</b>	<b>3,510.08</b>	<b>3,584.04</b>	<b>3,583.46</b>		<b>(755.97)</b>
14	<b>Net Gains / Losses on account of Controllable/Uncontrollable factor</b>				<b>682.59</b>	<b>(755.97)</b>
15	<b>Gain on account of Controllable factor to be passed on to Consumer (1/3 x Sr. No. 14)</b>				<b>227.53</b>	
16	<b>Losses on account of Uncontrollable factor to be passed on to Consumer</b>					<b>(755.97)</b>





#### **4.12 Sharing of Gain/(Loss) for FY 2023-24**

The Commission has analysed the Gain/(Loss) on account of controllable and uncontrollable factors. The relevant Regulations of the GERC (MYT) Regulations, 2016 are extracted below:

***“Regulation 23. Mechanism for pass-through of gains or losses on account of uncontrollable factors***

*23.1 The approved aggregate gain or loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of uncontrollable factors shall be passed through as an adjustment in the tariff of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee over such period as may be specified in the Order of the Commission passed under these Regulations.*

...

***Regulation 24. Mechanism for sharing of gains or losses on account of controllable factor***

*24.1 The approved aggregate gain to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account of controllable factors shall be dealt with in the following manner:*

*a. One-third of the amount of such gain shall be passed on as a rebate in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6;*

*b. The balance amount, which will amount to two-thirds of such gain, may be utilised at the discretion of the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.*

*24.2 The approved aggregate loss to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee on account*



*of controllable factors shall be dealt with in the following manner:*

*a. One-third of the amount of such loss may be passed on as an additional charge in tariffs over such period as may be stipulated in the Order of the Commission under Regulation 21.6; and*

*b. The balance amount of loss, which will amount to two-thirds of such loss, shall be absorbed by the Generating Company or Transmission Licensee or SLDC or Distribution Licensee.”*

The Revenue (Gap)/Surplus, based on the Trued-up ARR and the Gains/(Losses) approved in the Truing up for FY 2023-24, is summarized in the Table below:

**Table 4-40: Revenue (Gap)/ Surplus approved for FY 2023-24 (Rs. Lakh)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Actual</b>	<b>Approved in Truing-Up</b>
1	Gain/(Loss) on account of Uncontrollable factor to be passed on to Beneficiaries	(756.55)	(755.97)
2	Gain/(Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 <sup>rd</sup> of Total Gain/(Loss))	227.53	227.53
<b>3</b>	<b>Gross Revenue (Gap)/ Surplus of true-up to be addressed in tariff for FY 2025-26</b>	<b>(529.02)</b>	<b>(528.44)</b>

Accordingly, the Commission approves the Gross Revenue (Gap) of Rs. 528.44 Lakh in the Truing up for FY 2023-24 after adjustment of past period Gap. This Gross Revenue Gap is carried forward to the ARR of FY 2025-26 for determination of SLDC Fees and Charges.

#### **4.13 Carrying Cost for FY 2023-24**

##### **Petitioner’s Submission**

SLDC has provided the details under para 4.13 of its Petition. The carrying cost of the gap for FY 2023-24 is computed as per the interest rate as prescribed by the Commission. The same is recovered in FY 2025-26. An interest of 8.57% is considered as per the regulations which prescribes the applicability of the weighted average 12-month MCLR for the purpose. The computation of the carrying cost is presented in the following table:



**Table 4-41: Carrying Cost computed for Revenue Gap of 2023-24 (Rs. Lakh)**

S. No.	Particulars	Approved
1	Revenue (Gap)/ Surplus	(528.79)
2	Interest Rate (%)	8.57%
3	Carrying Cost claimed for Revenue gap of FY 2023-24	90.63

### Commission's Analysis

While examining the Annual Accounts of GUVNL for FY 2023-24, it is observed by the Commission that as per Note 48 of the GUVNL Accounts Rs. 176.22 Crore has been recouped by GUVNL to CPF Trust which subsequently allocated to its six subsidiaries. In this regard, GUVNL vide letter dated 01.03.2025 replied that the obligated entities are required to provide for contribution to CPF Trust in accordance with provisions of EPF and MP Act 1952 as a statutory compliance, therefore, GUVNL and six subsidiaries are recovering contribution towards CPF Trust as part of O & M expenses under Tariff Petitions, which are incurred towards employee benefit expenses being statutory, mandatory and in accordance with the industry practices following applicable Act/ Rules. In this regard, the Commission is of the view that the loss to CPF Trust that made good by GUVNL and allocated to its subsidiaries (GSECL, GETCO, four DISCOMs and GUVNL) were already recovered once by the respective utility under the head of Employee Expenses. In view of this, the Commission has decided to adjust the amount of Rs 61.12 Lakhs (In proportion to the Employee Cost apportioned to SLDC out of total amount of Rs 42.27 Cr allocated by GUVNL to GETCO) from trued up (Gap)/Surplus of FY 2023-24.

The Commission has allowed carrying cost on the trued up gap resulting post above adjustment and worked out net revenue (gap)/surplus to be carried forward to the ARR of FY 2025-26 as following:



**Table 4-42: Carrying Cost computed for Net Revenue Gap of 2023-24 (Rs. Lakh)**

<b>Particulars</b>	<b>Petitioner Submission</b>	<b>Approved</b>
Gain/(Loss) on account of Uncontrollable factors	(756.55)	(755.97)
Gain/(Loss) on account of Controllable factors (1/3rd)	227.53	227.53
Total Gain/(Loss) to be passed through	(528.79)	(528.44)
Less: Recouped CPF Trust Loss	-	61.12
Total (Gap)/ Surplus from FY 2023-24	(528.79)	(467.32)
Add: Carrying Cost (@8.57%) for FY2023-24 to be claimed in FY 2025-26	(90.63)	(80.10)
Revised Net Revenue (Gap)/ Surplus	(619.42)	(547.42)

The Commission has arrived at a **Net Revenue Gap of Rs. 547.42 Lakh** in the truing up for FY 2023-24. This Net Revenue Gap is carried forward to the ARR of FY 2025-26 for determination of Transmission Charges.



## **5 Determination of Aggregate Revenue Requirement for FY 2025-26 to FY 2029-30**

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### **5.1 Introduction**

This Chapter deals with the determination of ARR for SLDC for FY 2025-26 to FY 2029-30.

### **5.2 Capital Expenditure Plan for FY 2025-26 to FY 2029-30**

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

SLDC submitted that the Electricity Act, 2003 provides the function of State Load Dispatch Centre to ensure integrated operation of State Power System as per Section 32. Accordingly, SLDC is endeavoring to maintain reliability of State Power System with optimization of available resources. Benefit of reliable grid operation extended to all grid users of State Power System, including generating station and distribution licensees, open access users and ultimately to the end consumers of State.

SLDC runs round-the-clock operations and invests in State-of-the-Art equipment like SCADA, Communication system, other IT & Software etc. for smooth functioning for grid. Consequentially, SLDC would incur various costs on account of the above activities. Therefore, the annual revenue requirement of SLDC shall need to be recovered from the existing grid users or new grid users.

Section 32(3) of the Electricity Act, 2003 and Section 81 of GERC (MYT) Regulations, 2024 provides for levy and collection of fees and charges from grid users. It is therefore necessary to charge SLDC fees and charges to all grid users as per prevailing regulations.

The State Load Dispatch Centre is the apex body to ensure integrated operation of the power system in the Gujarat and discharging various functions specified under section 32 of Electricity Act 2003. With the increasing scale of operation on year-to-year basis and to support various new challenges envisaged in the forthcoming years, it is required to strengthen & upgrade the existing IT, OT and communication infrastructure. Hence, it is imperative for SLDCs to use State of the Art equipment with adequate redundancy provided to safeguard against failures and to comply with regulatory and cyber security guidelines.



The capital expenditure of SLDC for the control period is mentioned as below.

**Table 5-1:Capital expenditure of SLDC for the control period (Rs. In Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Augmentation/ Upgradation of existing customers (systems)	5,175.00	8,210.00	2,345.00	345.00	500.00
Strengthening of Communication channels	5.00	2.00	5.00	5.00	5.00
Additional system / Software planning	292.00	316.00	-	300.00	200.00
IT Infrastructure	214.00	190.00	440.00	90.00	345.00
SLDC Building Development	159.00	700.00			
Staff Recreation facilities	5.00	1.00	5.00	-	-
<b>Total</b>	<b>5,850.00</b>	<b>9,419.00</b>	<b>2,795.00</b>	<b>740.00</b>	<b>1,050.00</b>

## 5.2.1 SLDC submits the Need Analysis and Advantage of Projects

### 5.2.1.1 Nearby Data Centre (DC) Storage

#### Need Analysis

Following various systems have been implemented at SLDC which are considered as a “Critical Infrastructure “in respect of Cyber security / IT reference letter of notification.

- SCADA (Supervisory control and data acquisition) system
- Energy Accounting & scheduling software system (EASS)
- REMC (Renewable Energy Management Control Centre)
- URTDSM (Unified Real time dynamic state measurement) system

As SLDC has received CII notification from Govt of Gujarat, the Energy Accounting and Scheduling software is considering under critical infrastructure, it is required to setup the same oracle solution at DR site to mitigate the cyber security norms and guidelines.

Oracle database has been increasing day by day and incremental backup of 400 GB data observed during each day. In case of failure of main system along with database crash, the additional nearby DC storage can be utilized in early restoration process and in minimum time duration. SLDC can take the Energy Accounting and Scheduling Software in service without taking downtime.



## **Advantages**

- A. High Availability within built RAC to check, Auto scaling with no downtime for patching
- B. Less Down time
- C. Auto backup to destinations

### **5.2.1.2 Solar Rooftop Projects at SLDC Building and REMC Building**

#### **Need Analysis**

##### **SLDC Building:**

At SLDC building, 10 KW roof top solar power system is in running condition. The present electrical loads are SCADA servers, REMC servers, package AC system at ground floor and first floor, few split ACs working in server room as well as in SCADA room, computers etc. Monthly energy consumption of SLDC building is approx. 60,000 Units which leads to monthly electricity bill of approximately Rs. 5 Lacs.

##### **REMC Building:**

AT REMC building, electrical loads are cassette AC system, computers, SCADA VPN screen etc. Monthly energy consumption of SLDC building is approx. 30,000 Units which leads to monthly electricity bill of approximately Rs. 2.50 Lacs.

#### **Advantages of Solar roof top system**

- Cost savings – Monthly electricity consumption of SLDC from DISCOM will be reduced.
- Environmental benefits – The electricity produced is green energy.
- Low maintenance – Only washing of solar panel is required as routine maintenance.
- Long lifetime – Average life cycle of solar panel is around 25 years.
- Quick payback period – The payback period of solar roof top system is around 6 to 7 years.



- Hence, SLDC building and REMC building may be provided with solar roof top system

### **5.2.1.3 Energy accounting and scheduling software Oracle License**

#### **Need Analysis**

Energy accounting and scheduling software is notified as CII “Critical Information Infrastructure” in respect of Cyber security / IT in the Gazette of Government of Gujarat. SLDC/GETCO has established the oracle on prime solution at main control centre (at DC site)

#### **Advantages of Oracle License**

- A. High Availability within built RAC, Auto scaling with no downtime for patching
- B. Autonomous Database
- C. Best for Analytics
- D. Best for Consolidation
- E. Less Administration
- F. Auto backup to destinations
- G. Reliable operation

### **5.2.1.4 Change Request (CR) of Energy Accounting and Scheduling Software (EASS 2.0)**

#### **Need Analysis**

GERC/ CERC/ CEA issue and amend existing regulations time to time in relation to energy accounting and scheduling and same need to be incorporated in existing Energy Accounting and Scheduling software.

It is required for development of new Modules and make necessary modification in existing Energy Accounting Scheduling Software as per regulatory requirements and user requirements.

#### **Advantages**

- Compliance of regulatory directives





- Integration and exchange of data with secure API
- Cyber security compliance for data security and data theft
- Availability of new features and functionality
- Software scalability
- Integration of data with third party tools software
- Data access with authentication

#### **5.2.1.5 Enterprise Standalone Active-Passive Oracle License for Disaster Recovery (DR) Site.**

##### **Need Analysis**

Energy accounting and scheduling software is notified as CII “Critical Information Infrastructure” in respect of Cyber security / IT in the Gazette of Government of Gujarat.

It is required to setup the same oracle solution at DR site to mitigate the cyber security norms and guidelines.

##### **Advantages**

- High Availability within built RAC, Auto scaling with no downtime for patching
- Best for Analytics
- Reliable operation
- Best for Consolidation
- Less Down time
- Auto backup to DR site
- Compliances to Regulatory Guidelines

#### **5.2.1.6 Up-gradation/replacement of existing SCADA/EMS system at SLDC Gotri, Backup SLDC Gandhinagar and Three Sub SLDCs (Jambuva, Jetpur, and Gandhinagar) in line with the ULDC scheme**



**Need Analysis:**

SLDC Gujarat has been participating in ULDC Scheme since year 2004, to maintain the reliable data transfer between control centre and inter control centre, regional and national load dispatch centre, to have uniformity in network architecture across the India and availability of hardware spare and single OEM for maintenance of the SCADA/EMS system.

Previously, the ULDC Scheme of Western Region had executed by M/s. PGCIL in the year 2012 and in that SCADA/EMS System was installed at SLDC Gotri and three Sub SLDCs for monitoring the real time data of various sub-stations, generating stations, Existing SCADA\EMS system major technical and operational limitations such as:-

1. Real time Calculation not working in case of point becomes garbage.
2. Online Editing is not available Limitation of trend database- limited points can be added for trending.
3. Separate procedure for defining database, Windows (7.0) based application in critical servers i.e., FEP, ICCP for integration of real time data and same windows machines are required to restart at frequent intervals due to OS related and patches related issues.
4. Present SCADA/EMS systems are vulnerable as per the cyber security guideline as the hardware, software and applications are installed and commissioned 6 years back.
5. Web based API is not available for data integration with other existing system for reliable data exchange.
6. Real time network analysis – EMS system is getting affected in case of database updation and need to configure and tuned in line with real time power system network for carrying out real time study of power system and providing approval for critical transmission element outages can be overcome by Upgradation/replacement of existing SCADA/EMS system at SLDC, Three Sub-SLDCs and backup Control Center.

Western Region Load Dispatch Centre is upgrading SCADA in line with the ULDC project. Letter of Acceptance and awarding of contract shall be issued by concerned state after awarding letter of intent by Grid India.



## **Advantages**

- Availability of web-based API for integration of real time data with other running system like EASS software for scheduling and energy accounting, REMC, URTDSM, WAMS PHASE-II, PSSe software, SLDC Website etc.
- Compliance to cyber security guidelines.
- New system will have capability to integrate large number of RE Generators data and maintain the historical database.
- Reducing the time and manual intervention of database updating process for online the new upcoming sub-station/generating station.
- Seamless integration of State SCADA data with Regional SCADA data.

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 with 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.

## **Commission's Analysis**

Provisions related to CAPEX/ Capitalization approved as per GERC (MYT) Regulations, 2024 are as under:

*“80.1 SLDC shall submit a detailed capital investment plan, financing plan and physical targets for each year to the Commission for approval, as a part of the Multi-Year Aggregate Revenue Requirement for the entire Control Period based on the operational requirements prescribed by the Commission and recommendations of various Committees constituted for looking into matters related to strengthening of the State Load Despatch Centres by the Ministry of Power, Government of India or any such other statutory authorities, to the Commission for approval, as a part of the Aggregate Revenue Requirement for the entire Control Period.*



*80.2 SLDC shall submit the Capital Investment Plan as specified in Chapter 2 of these Regulations.*

*80.3 Capital Investment Plan shall be a least cost plan for undertaking investments and shall cover all capital expenditure projects of a value as specified in Guidelines for in-principle clearance of proposed investment schemes as provided in Annexure III of these Regulations or such other amount as may be stipulated by the Commission from time to time, and shall be in such form as may be stipulated.*

*80.4 Capital Investment Plan shall be accompanied by such information, particulars and documents as may be required showing the need for the proposed investments, alternatives considered, cost/benefit analysis and other aspects that may have a bearing on the SLDC Fees and Charges.”*

In spite of the above stipulations in the Regulations, SLDC has only provided details of Capital Expenditure along with some justification. The Commission notes that CAPEX is necessary for SLDC to discharge its functions effectively. In view of this, for determination of ARR for the Control Period, the Commission decides to provisionally approve the figures of CAPEX & Capitalization. It is made clear to the Petitioner that final figures of CAPEX will be considered by the Commission at the time of truing-up based on approved DPR of the respective CAPEX scheme. SLDC shall submit the DPR as per provisions of GERC (MYT) Regulations, 2024 and approval of CAPEX/ Capitalization in this Order shall not absolve the Petitioner to comply with GERC (MYT) Regulations, 2024 regarding submission of DPR.

### **5.3 Capitalisation & Funding of CAPEX**

#### **Petitioner’s Submission**

SLDC has submitted that the Capitalization has been based on the assets likely to put to use in the MYT Control Period. The Capitalization is assumed to be funded on normative basis through the means of debt and equity with the debt equity ratio of 70:30 on normative basis as per GERC MYT Regulations, 2024. Accordingly, the funding for Capex for the given control period is shown as follows:



**Table 5-2: Funding of Capex claimed for FY 2025-26 to 2029-30 (Proposed) (Rs. Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Projected	Projected	Projected	Projected	Projected
Capitalisation	5,850.00	9,419.00	2,795.00	740.00	1,050.00
Funding through Debt	4,095.00	6,593.30	1,956.50	518.00	735.00
Funding through Equity	1,755.00	2,825.70	838.50	222.00	315.00

The Commission is requested to consider above depicted capital expenditure for the approval along with the proposed funding mechanism as mentioned above.

### Commission's Analysis

The Commission observes that the Petitioner has projected capitalisation of Rs. 19,854 Lakh for the next Control Period.

Based on the submissions of the Petitioner and the requirements of creating a robust system at the load dispatch centre in the wake of upcoming demand of power and integration of RE, the Commission has provisionally considered the projections of the Petitioner. Further the funding has been considered in the Debt Equity ratio of 70:30, as detailed in the table below:

**Table 5-3: Approved Capitalisation and Funding for FY 2025-26 (Rs. Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Approved	Approved	Approved	Approved	Approved
Capitalisation	5,850.00	9,419.00	2,795.00	740.00	1,050.00
Funding through Debt	4,095.00	6,593.30	1,956.50	518.00	735.00
Funding through Equity	1,755.00	2,825.70	838.50	222.00	315.00

It is hereby clarified that the above figures are approved subject to submission of DPRs and approval thereof.

### 5.4 Fixed Charges for FY 2025-26 to FY 2029-30

The Fixed Charges for FY 2025-26 to 2029-30 have been categorized into the following elements:

- O&M Expenses
- Depreciation
- Interest and Finance Charges



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

## **5.5 O&M Expenses for FY 2025-26 to FY 2029-30**

### **Petitioner’s Submission**

SLDC submitted that O&M expenses consist of Employee cost, Administration & General Expenses, and Repair and Maintenance expenses.

In accordance with the Commission's regulations, the methodology for determining O&M expenses is based on audited historical data and inflation indices. The relevant regulation states:

*“The Operation and Maintenance expenses shall be derived on the basis of the average of the actual audited Operation and Maintenance expenses for the past ten years ending March 31, 2024, excluding abnormal Operation and Maintenance expenses, if any, subject to prudence check by the Commission.”*

Further, the Regulation provides that:

*“The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the year ended March 31, 2019, and shall be escalated at the respective escalation rate for FY 2019-20 to FY 2023-24, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2024.”*

Escalation Rate Computation:

*The escalation rate is computed using a weighted average of inflation indices, as prescribed:*

$$\text{“Index Escn} = \text{WECPI} * \text{CPI}n + \text{WEWPI} * \text{WPI}n$$



Where:

WECPI: Weightage of Consumer Price Index (CPI)

WEWPI: Weightage of Wholesale Price Index (WPI)

CPI<sub>In</sub>: Average yearly inflation of CPI for Industrial Workers (all-India)

WPI<sub>In</sub>: Average yearly inflation of WPI (all commodities).”

**Table 5-4: Computation of Escalation Factor**

Year	WPI	WPI Inflation	CPI	CPI Inflation
FY 2013-14	112.46		236.00	
FY 2014-15	113.88	1.26%	250.83	6.29%
FY 2015-16	109.72	-3.65%	265.00	5.65%
FY 2016-17	111.62	1.73%	275.92	4.12%
FY 2017-18	114.88	2.92%	284.42	3.08%
FY 2018-19	119.84	4.32%	299.92	5.45%
FY 2019-20	121.80	1.63%	322.50	7.53%
FY 2020-21	123.38	1.29%	338.69	5.02%
FY 2021-22	139.41	13.00%	356.06	5.13%
FY 2022-23	152.53	9.41%	377.62	6.05%
FY 2023-24	151.45	-0.70%	397.20	5.19%
<b>Average from FY 14-15 to FY 23-24</b>		<b>3.12%</b>		<b>5.35%</b>
<b>Weight</b>		<b>28%</b>		<b>72%</b>
Escalation Factor				4.72%
Efficiency factor				0.00%
<b>Net EF</b>				<b>4.72%</b>

The average of actual employee expenses as a percentage of the total O&M expenses for the last 10 years is calculated at 72%. Therefore, for the SLDC, 72% is considered as the weightage of CPI and the remaining 28% has been assigned as weightage of WPI. Hence, it is proposed to consider the weightage for CPI: WPI as 72:28 for the SLDC.

#### O&M Expense Formula for the Control Period

The Commission’s Regulations prescribe the following methodology for the computation of O&M expenses for the nth year of the Control Period:



*“O&Mn = (R&Mn + EMPn + A&Gn) x (1 - Xn) + Terminal Liabilities and other onetime Expenses,*

*where,*

$$R\&Mn = K * GFA * (1+Index Escn)$$

$$EMPn+ A\&Gn= (EMPn-1 + A\&Gn-1) * (1+Index Escn)$$

*R&Mn –Repair and Maintenance Costs of Generating Station / Generating unit for the nth year.*

*EMPn –Employee Cost of Generating Station / Generating unit for the nth year.*

*A&Gn –Administrative and General Costs of Generating Station / Generating unit for the nth year.*

*Xn -Efficiency factor for the nth Year. Value of Xn to be considered as zero till such time the same is determined through a study by the Commission.”*

The K factor is computed as per the formula prescribed by the Commission. For the computation of historic R&M expenses, the expenses against the ULDC charges are deducted from each year.

**Table 5-5:Computation of K Factor**

<b>Year</b>	<b>GFA</b>	<b>R&amp;M</b>
2014-15	813.50	79.27
2015-16	1768.83	136.72
2016-17	1,196.06	77.13
2017-18	1,568.56	144.91
2018-19	1,841.44	142.36
2019-20	2,195.64	236.74
2020-21	2,543.77	252.8
2021-22	2,917.98	400.91
2022-23	3,219.35	498.57
2023-24	4,830.00	559.93
Average	2,289.51	252.93
		<b>11.05%</b>





The Commission is requested to approve this additional requirement considering that this requirement is important for the operations of the SLDC.

Accordingly, the projected O&M expenses for FY 2025-26 to 2029-30 are shown in the table below:

**Table 5-6: Operation & Maintenance Expenses claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
1	Employee Cost	2,469.15	2,586.05	2,708.47	2,836.69	2,970.98
2	Administration & General Charges	562.18	588.79	616.66	645.86	676.43
3	Repairs & Maintenance Expenses	913.04	1,589.92	2,856.66	3,180.05	3,265.67
4	Operation & Maintenance Expenses	3,944.37	4,764.75	6,181.79	6,662.20	6,913.09

### **Commission's Analysis**

The Commission has examined the submissions made by SLDC. The Operation and Maintenance (O&M) expenses for the MYT control period have been determined based on the GERC (MYT) Regulations, 2024 which stipulate that the O&M expenses should be derived from the average of actual audited O&M expenses for the past ten years ending March 31, 2024.

*"The average of such Operation and Maintenance expenses shall be considered as Operation and Maintenance expenses for the year ended March 31, 2019, and shall be escalated at the respective escalation rate for FY 2019-20 to FY 2023-24, to arrive at the Operation and Maintenance expenses for the base year ending March 31, 2024."*

### **Escalation Rate Computation:**

The escalation rate is computed using a weighted average of inflation indices, as prescribed:

$$\text{"Index Escn} = \text{WECPI} * \text{CPIIn} + \text{WEWPI} * \text{WPIn}$$



Where:

*WECPI: Weightage of Consumer Price Index (CPI)*

*WEWPI: Weightage of Wholesale Price Index (WPI)*

*CPI<sub>In</sub>: Average yearly inflation of CPI for Industrial Workers (all-India)*

*WPI<sub>In</sub>: Average yearly inflation of WPI (all commodities).”*

**Table 5-7: Computation of Escalation Factor**

Year	WPI	WPI Inflation	CPI	CPI Inflation
FY 2013-14	112.46		236.00	
FY 2014-15	113.88	1.26%	250.83	6.29%
FY 2015-16	109.72	-3.65%	265.00	5.65%
FY 2016-17	111.62	1.73%	275.92	4.12%
FY 2017-18	114.88	2.92%	284.42	3.08%
FY 2018-19	119.79	4.28%	299.92	5.45%
FY 2019-20	121.80	1.68%	322.50	7.53%
FY 2020-21	123.38	1.29%	338.69	5.02%
FY 2021-22	139.41	13.00%	356.06	5.13%
FY 2022-23	152.53	9.41%	377.62	6.05%
FY 2023-24	151.42	-0.73%	397.20	5.19%
<b>Average from FY 14-15 to FY 23-24</b>		<b>3.12%</b>		<b>5.35%</b>
<b>Weight</b>		<b>28%</b>		<b>72%</b>
Escalation Factor				4.73%
Efficiency factor				0.00%
<b>Net EF</b>				<b>4.73%</b>

The average of actual employee expenses as a percentage of the total O&M expenses for the last 10 years is calculated at 72%. Therefore, for the SLDC, 72% is considered as the weightage of CPI and the remaining 28% has been assigned as weightage of WPI. Hence, it is proposed to consider the weightage for CPI: WPI as 72:28 for the SLDC.

O&M Expense Formula for the Control Period



The Commission’s Regulations prescribe the following methodology for the computation of O&M expenses for the nth year of the Control Period:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) \times (1 - X_n) + \text{Terminal Liabilities and other onetime Expenses,}$$

where,

$$R\&M_n = K * GFA * (1 + Index Escn)$$

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (1 + Index Escn)$$

*R&M<sub>n</sub> – Repair and Maintenance Costs of Generating Station / Generating unit for the nth year.*

*EMP<sub>n</sub> – Employee Cost of Generating Station / Generating unit for the nth year.*

*A&G<sub>n</sub> – Administrative and General Costs of Generating Station / Generating unit for the nth year.*

*X<sub>n</sub> -Efficiency factor for the nth Year. Value of X<sub>n</sub> to be considered as zero till such time the same is determined through a study by the Commission.*

The K factor is computed as per the formula prescribed by the Commission. For the computation of historic R&M expenses, the expenses against the ULDC charges are deducted from each year.

**Table 5-8:Computation of K Factor**

<b>Year</b>	<b>GFA</b>	<b>R&amp;M</b>
2014-15	813.50	79.27
2015-16	1,768.83	136.72
2016-17	1,805.18	77.13
2017-18	2,177.70	144.91
2018-19	2,416.54	142.36
2019-20	2,260.30	236.74
2020-21	2,608.44	252.80
2021-22	2,925.09	400.91
2022-23	3,226.46	498.57
2023-24	4,837.11	559.93
<b>Average</b>	<b>2,483.92</b>	<b>252.93</b>



Year	GFA	R&M
		10.18%

Accordingly, O&M expenses approved for FY 2025-26 to 2029-30 are shown in the table below:

**Table 5-9: Approved Operation & Maintenance Expenses for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Approved	Approved	Approved	Approved	Approved
1	Employee Cost	2,459.47	2,575.73	2,697.48	2,824.99	2,958.53
2	Administration & General Charges	558.83	585.25	612.91	641.88	672.23
3	Repairs & Maintenance Expenses	841.52	1,465.38	2,469.85	2,767.91	2,846.83
4	Operation & Maintenance Expenses	3,859.83	4,626.36	5,780.24	6,234.79	6,477.58

## 5.6 Depreciation

### Petitioner's Submission

SLDC has submitted that SLDC has considered the closing Gross block of fixed assets of FY 2023-24 as the opening Gross block of fixed assets for FY 2024-25. The addition during the FY 2024-25 is considered same as approved by the Commission in the Tariff Order dated 1st June 2024.

Accordingly, the closing balance of GFA for FY 2024-25 thus worked out is considered as opening balance of GFA for FY 2025-26. Addition for FY 2025-26 has been projected considering capitalization during the year. Depreciation has been calculated taking into consideration the opening balance of assets in the beginning of the year and the projected capitalization during the year. The projected depreciation for FY 2025-26 to 2029-30 is as shown below:

**Table 5-10: Depreciation claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
1	Gross Block in Beginning of the year	7,891.09	13,741.09	23,160.09	25,955.09	26,695.09
2	Net Additions during the year	5,850.00	9,419.00	2,795.00	740.00	1,050.00
3	Closing GFA	13,741.09	23,160.09	25,955.09	26,695.09	27,745.09



Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
4	Average Asset	10,816.09	18,450.59	24,557.59	26,325.09	27,220.09
5	Depreciation	1,265.19	2,158.21	2,872.57	3,079.31	3,184.00
6	Wt. avg. rate of depreciation	11.70%	11.70%	11.70%	11.70%	11.70%

### Commission's Analysis

The Commission has examined the submissions of SLDC w.r.t. the projection of depreciation for the Control period.

Furthermore, as per Regulation 37 of GERC (MYT) Regulations 2024, the depreciation of assets for GETCO has been determined as follows:

- For assets capitalized before 1st April 2025, depreciation has been considered at a weighted average depreciation rate of **11.70%** based on the approved weighted average rate of depreciation for FY 2023-24 for assets capitalized before 01.04.2025, which will be used to service the normative loan of SLDC for assets capitalized before this date. No further addition has been considered in this set of assets (prior 01.04.2025)
- For assets capitalized after 1st April 2025, depreciation has been calculated as per the rates specified in Annexure-I of the GERC (MYT) Regulations, 2024 and depreciation has been considered at various weighted average depreciation rates based on net additions during the ensuing years. Further addition by means of capitalisation has been considered in this set of assets as explained in consequent sections (from 01.04.2025)

For assets prior to 01.04.2025, the closing gross block of fixed assets of FY 2023-24 is considered as the opening Gross block of fixed assets for FY 2024-25. The addition during the FY 2024-25 is considered same as approved by the Commission in the Tariff Order dated 1st June 2024 in Case No. 2317 of 2024. The rate of depreciation is considered same as that of the true up of FY 2023-24. No further addition has been considered in this set of assets (prior 01.04.2025)

For assets w.e.f. 01.04.2025, NIL opening balance has been considered. Addition for FY 2025-26 has been projected considering capitalisation proposed and approved during the year. Depreciation



has been calculated taking into consideration the opening balance of assets in the beginning of the year and the projected capitalisation during the year.

Thus, the Commission approves Depreciation for FY 2025-26 to FY 2029-30 as detailed in the Table below:

**Table 5-11: Depreciation approved for MTY Control Period for asset capitalized before 01.04.2025 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Gross Block	7,891.09	7,891.09	7,891.09	7,891.09	7,891.09
2	Net Additions during year					
3	Closing Gross Block	7,891.09	7,891.09	7,891.09	7,891.09	7,891.09
4	Average GFA	7,891.09	7,891.09	7,891.09	7,891.09	7,891.09
5	<b>Depreciation for the year (A)</b>	<b>923.07</b>	<b>923.07</b>	<b>923.07</b>	<b>923.07</b>	<b>923.07</b>
6	Average Rate of Depreciation	11.70%	11.70%	11.70%	11.70%	11.70%

**Table 5-12: Depreciation approved for MTY Control Period for asset capitalized on or after 01.04.2025 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Opening Gross Block	-	5,850.00	15,269.00	18,064.00	18,804.00
2	Net Additions during year	5,850.00	9,419.00	2,795.00	740.00	1,050.00
3	Closing Gross Block	5,850.00	15,269.00	18,064.00	18,804.00	19,854.00
4	Average GFA	2,925.00	10,559.50	16,666.50	18,434.00	19,329.00
5	<b>Depreciation for the year (B)</b>	<b>273.20</b>	<b>1,815.42</b>	<b>3,363.67</b>	<b>3,730.70</b>	<b>3,944.51</b>
6	Average Rate of Depreciation	9.34%	17.19%	20.18%	20.24%	20.41%

**Table 5-13: Depreciation approved for MTY Control Period (Rs. Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
Total Depreciation approved for MYT Control Period (A+B)	1,196.27	2,738.49	4,286.74	4,653.77	4,867.58



## 5.7 Interest and Finance Charges

### Petitioner's Submission

The interest expenditure on account of long-term loans depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. Further, the projected capital expenditure and the funding of the same also have a major bearing on the interest expenditure on loans.

The closing balance of normative loan portfolio for FY 2023-24 as calculated in this Petition is taken as opening balance of FY 2024-25. Addition and repayment during FY 2024-25 are considered same as approved by the Commission in its Tariff Order dated 1st June 2024 to work out closing balance of FY 2024-25. Closing balance of FY 2024-25 thus work out has been considered as opening balance of normative loan for FY 2025-26.

The loan addition for FY 2025-26 is considered as 70% of the capitalization excluding consumer contribution and grants which has been worked out in earlier section and repayment during the year is equivalent to the depreciation for FY 2023-24. The rate of interest has been taken as the weighted average rate of interest on the actual loan portfolio for FY 2024-25 which is 6.02%.

The Interest and Finance Charges for FY 2025-26 to FY 2029-30 has been tabulated below:

**Table 5-14: Interest & Finance Charges claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
1	Opening Loans	1,706.16	440.97	-	-	-
2	Loan Additions	-	-	-	-	-
3	Repayment during the Year	1,265.19	440.97	-	-	-
4	Closing Loans	440.97	-	-	-	-
5	Average Loans	1,073.57	220.49	-	-	-
<b>6</b>	<b>Interest on Loan</b>	<b>64.65</b>	<b>13.28</b>	-	-	-
7	Other Financial Charges					
<b>8</b>	<b>Total Interest &amp; Financial Charges</b>	<b>64.65</b>	<b>13.28</b>	-	-	-
9	Weighted Average Rate of Loan	6.02%	6.02%	6.02%	6.02%	6.02%



The Petitioner has requested the Commission to approve the above projected Interest & Finance charges for FY 2025-26 to 2029-30.

**Commission’s Analysis**

The Commission has examined the interest and finance charges projected by SLDC for MYT Control Period from FY 2025-26 to FY 2029-30. In line with the provisions of GERC (MYT) regulations, 2024, RoCE mechanism shall be effective from 01.04.2025 and accordingly, all new loans shall be covered under RoCE. Only existing loans (prior to 01.04.2025), if any, shall be considered for calculation of Interest on Loans separately, in addition to new loans covered under RoCE, during the Control Period. All new loans shall be covered under the section of RoCE.

Accordingly, w.r.t. existing loans (prior to 01.04.2025), the closing loan as approved in the Truing-up for FY 2023-24 has been considered as the opening balance of loan for FY 2024-25. The loan addition and loan repayment in FY 2024-25 has been considered as approved for the year in the Tarff Order dated 1<sup>st</sup> June 2024. Repayment of loans has been considered as the depreciation for the year.

The weighted average rate of interest has been considered as **5.92%**, based on the truing- up for FY 2023-24. Accordingly, the Commission has considered the Interest on loans in the table below.

**Table 5-15:Interest & Finance Charges approved for FY 2025-26 to FY 2029-30 for the assets capitalized before 01.04.2025 (Rs. Lakh)**

Sr. No	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Approved	Approved	Approved	Approved	Approved
1	Opening Loans	1,706.14	783.07	-	-	-
2	Loan Additions					
3	Repayment during the Year	923.07	783.07	-	-	-
4	Closing Loans	783.07	-	-	-	-
5	Average Loans	1,244.61	391.54	-	-	-
<b>6</b>	<b>Interest on Loan</b>	<b>73.72</b>	<b>23.19</b>	-	-	-
7	Other Financial Charges					
<b>8</b>	<b>Total Interest &amp; Financial Charges</b>	<b>73.72</b>	<b>23.19</b>	-	-	-
9	Weighted Average Rate of Loan	5.92%	5.92%	5.92%	5.92%	5.92%





The Commission approves the interest and finance charges for FY 2025-26 to FY 2029-30 as above.

## 5.8 Return on Equity

### Petitioner’s Submission

Initially, SLDC had submitted RoE computations based on GERC (MYT) Regulations, 2016. On direction of Commission, GETCO re-submitted the RoE computations based on GERC (MYT) Regulations, 2024 which is enlisted below.

The base rate is grossed up with income tax of 34.97% and the effective rate of return on equity comes out to be 19.99%. The Return on Equity for FY 2025-26 to 2029-30 has been tabulated below:

**Table 5-16: Return on Equity claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	Legend	MYT Control Period				
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Projected	Projected	Projected	Projected	Projected
1	Regulatory Equity at the beginning of the year	A	2,387.59	2,387.59	2,387.59	2,387.59	2,387.59
2A	Capitalisation during the year	B1	-	-	-	-	-
2B	Decapitalisation during the year	B2					
3	Equity portion of capitalisation during the year	C	-	-	-	-	-
4	Reduction in Equity Capital on account of retirement / replacement of assets	D					
5	Regulatory Equity at the end of the year	E=A+C-D	2,387.59	2,387.59	2,387.59	2,387.59	2,387.59



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Sr. No.	Particulars	Legend	MYT Control Period					
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	
			Projected	Projected	Projected	Projected	Projected	
	<b>Rate of Return on Equity Computation</b>							
6	Base rate of return on equity	F	13%	13%	13%	13%	13%	
7	Additional rate of return on equity	G=H+I+J+K						
a	For Availability of SCADA System	H						
b	For Availability of Website	I						
c	For Timely issuance of monthly State Energy Account Statement and monthly State Transmission Loss Statement	J						
d	Achievement of 80% of approved capitalisation	K						
	Total rate of return on equity	L=H+I+J+K						
	Effective rate of Income tax	Form 12 (M)	34.97%	34.97%	34.97%	34.97%	34.97%	
	Effective Rate of return on Equity	$N=(F/(1-M))+G$	19.99%	19.99%	19.99%	19.99%	19.99%	
	<b>Return on Equity Computation</b>							
8	Average Equity	$O=(A+E)/2$	2387.59	2387.59	2387.59	2387.59	2387.59	
9	Total rate of return on equity	N	19.99%	19.99%	19.99%	19.99%	19.99%	
10	<b>Total Return on Equity</b>	$P=O*N$	<b>477.30</b>	<b>477.30</b>	<b>477.30</b>	<b>477.30</b>	<b>477.30</b>	



**Commission’s Analysis**

The Commission has examined the submission made by SLDC. In line with the provisions of GERC (MYT) Regulations, 2024, RoCE mechanism shall be effective for all the assets created from 01.04.2025. Accordingly, the return on equity for the new assets shall be considered under RoCE. Only for the assets created prior to 01.04.2025, Return on Equity shall be considered separately for the entire Control Period. Also, the rate of return on equity shall be 13% in line with the Regulation 35.2 of GERC (MYT) Regulations, 2024.

For the assets created before 01.04.2025, the closing balance of equity as approved in the Truing-up for FY 2023-24 has been considered as the opening balance of equity loan for FY 2024-25. The equity addition in FY 2024-25 has been considered as approved for the year in the Tariff Order dated 1<sup>st</sup> June 2024. Effective Rate of Return on Equity of 15.64% is computed considering the base rate of RoE i.e. 13% and effective tax rate of 16.90% worked out for FY 2023-24 for RoE computations for MYT Control Period from FY 2025-26 to FY 2029-30 in accordance with the GERC (MYT) Regulations, 2024. The Post Tax RoE for the Control Period on the asset capitalised before 01.04.2025 is calculated as detailed in the Table below.

**Table 5-17: Post Tax Return on Equity Approved for FY 2025-26 to FY 2029-30 for the Assets capitalised before 01.04.2025 (Rs. Lakh)**

Sr. No.	Particulars	Legend	MYT Control Period				
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Approved	Approved	Approved	Approved	Approved
1	Regulatory Equity at the beginning of the year	A	2387.59	2387.59	2387.59	2387.59	2387.59
2A	Capitalisation during the year	B1					
2B	Decapitalisation during the year	B2					
3	Equity portion of capitalisation during the year	C					
4	Reduction in Equity Capital on account of	D					



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Sr. No.	Particulars	Legend	MYT Control Period					
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30	
			Approved	Approved	Approved	Approved	Approved	
	retirement / replacement of assets							
5	Regulatory Equity at the end of the year	E=A+C-D	2387.59	2387.59	2387.59	2387.59	2387.59	
	<b>Rate of Return on Equity Computation</b>							
6	Base rate of return on equity	F	13%	13%	13%	13%	13%	
7	Additional rate of return on equity	G=H+I+J+K						
a	For Availability of SCADA System	H						
b	For Availability of Website	I						
c	For Timely issuance of monthly State Energy Account Statement and monthly State Transmission Loss Statement	J						
d	Achievement of 80% of approved capitalisation	K						
	Total rate of return on equity	L=H+I+J+K						
	Effective rate of Income tax	Form 12 (M)	16.90%	16.90%	16.90%	16.90%	16.90%	
	Effective Rate of return on Equity	$N=(F/(1-M))+G$	15.64%	15.64%	15.64%	15.64%	15.64%	
	<b>Return on Equity Computation</b>							



Sr. No.	Particulars	Legend	MYT Control Period				
			FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Approved	Approved	Approved	Approved	Approved
8	Average Equity	$O=(A+E)/2$	2387.59	2387.59	2387.59	2387.59	2387.59
9	Total rate of return on equity	N	15.64%	15.64%	15.64%	15.64%	15.64%
10	<b>Total Return on Equity</b>	<b>P=O*N</b>	373.53	373.53	373.53	373.53	373.53

It is to be noted that Accumulated Depreciation, in excess of Normative Debt., if any remains unaccounted is required to be adjusted in the Equity Structure. The Petitioner is directed to come up with all such details required to give treatment as narrated above in the true up of FY 2025-26.

### **Additional RoE**

Regulation 35.9 of GERC (MYT) Regulations, 2024 specify the allowance of additional RoE over and above the base RoE of 13% as under:

*“35.9 In case of SLDC, with effect from April 01, 2025, an additional rate of Return on Equity shall be trued-up, subject to the following: (a) Target Availability of SCADA System shall be 98.00% and for every 0.50% overachievement in Availability, rate of return shall be increased by 0.25%, subject to ceiling of additional rate of Return on Equity of 0.50%; (b) Target Availability of the Website, Web based Scheduling system and Web based STOA websites shall be 98.00% and for every 0.50% over-achievement in Availability, rate of return shall be increased by 0.25%, subject to ceiling of additional rate of Return on Equity of 0.50%; (c) Additional rate of Return on Equity of 0.50% shall be allowed for timely issuance of monthly State Energy Account Statement and monthly State Transmission Loss Statement, for which time may be specified by the Commission from time to time; (d) Additional rate of Return on Equity of 0.50% shall be allowed, if the total value of capital investment works capitalized in a financial year exceeds 80% of the approved capitalization of approved capital investment works.”*

*In view of the above Regulations 35.9 (b), the Commission specifies that SLDC shall issue final monthly State Energy Account and statement of State Transmission Loss of a month latest by 25<sup>th</sup> day of the next month.*



*The above statements shall carry system generated date and time stamp of publication of the same on the SLDC's website. SLDC shall be eligible for additional RoE @ 0.50% only if all the statements in a year are published in the manner and within the date specified as above.*

The above impact of additional RoE shall be taken up at the time of truing up. The Commission may require SLDC to substantiate their claims for additional RoE by documentary evidence, beneficiary satisfaction report, third party audit report etc. as may deem fit.

## **5.9 Return on Capital Employed**

### **Petitioner's Submission**

Initially, SLDC had not submitted Return on Capital Employed (ROCE) computations in its Petition. On direction of Commission, SLDC submitted the Return on Capital Employed computations based on GERC (MYT) Regulations, 2024 which is enlisted below.

Further, under its data-gap submissions, SLDC provided the Return on Capital Employed (ROCE) computations for MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated below:

**Table 5-18: Return on Capital Employed Claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	Legend	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Projected	Projected	Projected	Projected	Projected
1	Original Costs of Fixed Assets (OCFA)	A					
2	Accumulated Depreciation (net of assets decapitalised)	B					
<b>3</b>	<b>RRB Opening</b>	<b>C=A-B</b>	-	<b>5,576.80</b>	<b>13,180.38</b>	<b>12,611.71</b>	<b>9,621.02</b>
4	Assets Capitalization during the year	D	5,850.00	9,419.00	2,795.00	740.00	1,050.00
5	Depreciation during the year (net of Assets decapitalized during the year)	E	273.20	1,815.42	3,363.67	3,730.70	3,944.51
6	Consumer Contributions, capital	F	-	-	-	-	-



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Sr. No.	Particulars	Legend	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Projected	Projected	Projected	Projected	Projected
	subsidy/grant during the year						
7	Assets decapitalized during the year	G	-	-	-	-	-
8	<b>RRB Closing</b>	<b>H=C+D-E-F-G</b>	<b>5,576.80</b>	<b>13,180.38</b>	<b>12,611.71</b>	<b>9,621.02</b>	<b>6,726.51</b>
9	RRB Average	$I=(A+H)/2$	2,788.40	9,515.19	13,940.36	13,842.51	12,765.25
10	Consumer Contributions, capital subsidy/grant at the beginning of the year	J	-	-	-	-	-
11	Equity (Opening)	$K=X \times (A-J)$	-	1,673.04	3,954.12	3,783.51	2,886.30
12	Equity (Addition)	$L=X \times (D-E-F-G)$	1,673.04	2,281.07	-	-	-
13	Equity (Closing)	$M=K+L$	1,673.04	3,954.12	3,954.12	3,783.51	2,886.30
14	Equity (Average)	$N=(K+M)/2$	836.52	2,813.58	3,954.12	3,783.51	2,886.30
15	Debt (Opening)	$O=Y \times (A-J)$	-	3,903.76	9,226.27	8,828.20	6,734.71
16	Debt (Addition)	$P= Y \times (D-E-F-G)$	3,903.76	5,322.51	-	-	-
17	Debt (Closing)	$Q=O+P$	3,903.76	9,226.27	9,226.27	8,828.20	6,734.71
18	Debt (Average)	$R=(O+Q)/2$	1,951.88	6,565.02	9,226.27	8,828.20	6,734.71
19	Rate of Return on Equity (%)	S	19.99%	19.99%	19.99%	19.99%	19.99%
20	Rate of Interest on Debt (%)	T	6.02%	6.02%	6.02%	6.02%	6.02%
21	WACC (%)	$U=\{(N/(R+N)) \times S\} + \{(R/(R+N)) \times T\}$	10.21%	10.21%	10.21%	10.21%	10.21%
22	<b>Return on Capital Employed</b>	<b>V=I x U</b>	<b>284.76</b>	<b>971.73</b>	<b>1,423.64</b>	<b>1,413.65</b>	<b>1,303.64</b>

**Commission's Analysis**

The Commission has examined the submission made by SLDC. Regulation 36 of GERC (MYT) Regulations, 2024, is represented below for reference:



***“36 Return on Capital Employed in case of Assets capitalized on or after April 01, 2025***

*36.1 In case of an asset being capitalized on or after April 01, 2025, Return on Capital Employed (RoCE) approach shall be used to provide a return to the Generating Company or Transmission Licensee or SLDC or Distribution Licensee, as the case may be, and shall cover all financing costs except expenses for availing the loans, without providing separate allowances for interest on loans;*

*36.2 Regulated Rate Base (RBB) shall be used to calculate the total capital employed which shall include the Original Cost of Fixed Assets (OCFA) capitalized on or after April 01, 2025:*

*Provided that Capital Work in Progress (CWIP) shall not form part of the RRB:*

*Provided further that accumulated depreciation, consumer contribution, capital subsidies/ grants attributable to the fixed assets capitalized on or after April 01, 2025 shall be deducted in arriving at the RRB;*

*36.3 RRB shall be determined for each year of the Control Period at the beginning of the Control Period based on the approved capital investment plan with corresponding capitalisation schedule during the Control Period;*

*36.4 Regulated Rate Base for the  $i$ th year of the Control Period shall be computed in the following manner:*

$$RRBi = RRB_{i-1} + \Delta Abi / 2$$

*Where,*

*“ $i$ ” is the  $i$ th year of the Control Period;*

*RRBi: Average Regulated Base for the  $i$ th year of the Control Period;*

*$\Delta Abi$ : Change in Capital Investment in the  $i$ th year of the Control Period;*

*This component shall be arrived as follows:*





$$\Delta Abi = Invi - Di - CCi - Reti$$

Where,

*Invi*: Investments projected to be capitalised during the year of the Control Period and approved,

*Di*: Amount set aside or written off on account of Depreciation of fixed assets for the *ith* year of the Control Period:

*CCi*: Consumer Contributions, capital subsidy/grant pertaining to the  $\Delta Abi$  and capital grants/ subsidies received during *ith* year of the Control Period for construction of service lines or creation of fixed assets;

*Reti*: Amount of fixed asset on account of Retirement/ Decapitalisation during *ith* Year;  
*RRBi-1*: Closing Regulated Rate Base for the Financial Year preceding the *ith* year of the Control period. For the first year of the Control Period, Opening Regulated Rate Base i.e. *RRB0* shall be ZERO.

36.5 All components for the computation of Regulated Rate Base and related components under these Regulations shall be based on the Fixed Assets capitalized on or after April 01, 2025.

36.6 Return on Capital Employed (RoCE) for the year *ith* shall be computed in the following manner:

$$ROCE = WACCi \times RRBi$$

Where,

*WACCi* is the Weighted Average Cost of Capital for each year of the Control Period;

*RRBi* is Average Regulated Rate Base for the *ith* year of the Control Period.

*WACC* for each year of the Control Period shall be computed in the following manner:

$$WACC = [D/(D+E) * rd] + [E/(D+E) * re]$$



*Where,*

*D is the amount of Debt derived at the time of capitalisation as per these Regulations for the Fixed Assets capitalized on or after April 01, 2025;*

*E is the amount of Equity derived at the time of capitalisation as per these Regulations for the Fixed Assets capitalized on or after April 01, 2025;*

*Where equity employed is in excess of 30% of the capital employed (after deduction of grant, consumer contribution, if any), the amount of equity for the purpose of tariff shall be limited to 30% and the balance amount shall be considered as notional loan. The interest rate on excess equity shall be the weighted average rate of Interest on the actual loans for the regulated business of the Generating Station, Transmission Licensee, SLDC or Distribution Licensee, as the case may be, in accordance to Regulation 33 of these Regulations, for the respective years. Where actual equity employed is less than 30%, the actual equity and debt shall be considered;*

*rd is the Cost of Debt (or Interest and Finance Charges) as determined in Regulation 33 of these Regulations:*

*re is the pre-tax rate of Return on Equity as determined in Regulation 35 of these Regulations.”*

The Commission observes that Effective Rate of Return on Equity and Rate of Interest on Loans are required to calculate the Weighted Average Cost of Capital (WACC) for further calculation of RoCE.

Effective Rate of Return on Equity has been computed by considering base Rate of Return on Equity as 13%, as provided in GERC (MYT) Regulations, 2024 and grossing the same with the Effective Income Tax Rate worked out from FY 2023-24.

Rate of Interest on Loans has been considered as 5.92%, same as was considered for truing up of FY 2023-24.



Accordingly, the Commission computed the Return on Capital Employed (ROCE) for MYT Control Period from FY 2025-26 to FY 2029-30 as tabulated below:

**Table 5-19: Return on Capital Employed approved for FY 2025-26 to FY 2029-30 for the assets capitalised from 01.04.2025 (Rs. Lakh)**

Sr. No.	Particulars	Legend	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Approved	Approved	Approved	Approved	Approved
1	Original Costs of Fixed Assets (OCFA)	A	-				
2	Accumulated Depreciation (net of assets decapitalised)	B	-				
3	<b>RRB Opening</b>	<b>C=A-B</b>	-	5,576.80	13,180.38	12,611.71	9,621.02
4	Assets Capitalization during the year	D	5,850.00	9,419.00	2,795.00	740.00	1,050.00
5	Depreciation during the year (net of Assets decapitalized during the year)	E	273.20	1,815.42	3,363.67	3,730.70	3,944.51
6	Consumer Contributions, capital subsidy/grant during the year	F					
7	Assets decapitalized during the year	G					
8	<b>RRB Closing</b>	<b>H=C+D-E-F-G</b>	5,576.80	13,180.38	12,611.71	9,621.02	6,726.51
9	RRB Average	$I=(A+H)/2$	2,788.40	9,378.59	12,896.05	11,116.37	8,173.76
10	Consumer Contributions, capital subsidy/grant at the beginning of the year	J					
11	Equity (Opening)	$K=X \times (A-J)$	-	1,673.04	3,954.12	3,783.51	2,886.30
12	Equity (Addition)	$L=X \times (D-E-F-G)$	1,673.04	2,281.07	-	-	-
13	Equity (Closing)	$M=K+L$	1,673.04	3,954.12	3,954.12	3,783.51	2,886.30
14	Equity (Average)	$N=(K+M)/2$	836.52	2,813.58	3,954.12	3,783.51	2,886.30
15	Debt (Opening)	$O=Y \times (A-J)$	-	3,903.76	9,226.27	8,828.20	6,734.71
16	Debt (Addition)	$P= Y \times (D-E-F-G)$	3,903.76	5,322.51	-	-	-
17	Debt (Closing)	$Q=O+P$	3,903.76	9,226.27	9,226.27	8,828.20	6,734.71
18	Debt (Average)	$R=(O+Q)/2$	1,951.88	6,565.02	9,226.27	8,828.20	6,734.71



Sr. No.	Particulars	Legend	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
			Approved	Approved	Approved	Approved	Approved
19	Rate of Return on Equity (%)	S	15.64%	15.64%	15.64%	15.64%	15.64%
20	Rate of Interest on Debt (%)	T	5.92%	5.92%	5.92%	5.92%	5.92%
21	WACC (%)	$U = \left\{ \left( \frac{N}{R+N} \right) \times S \right\} + \left\{ \left( \frac{R}{R+N} \right) \times T \right\}$	8.84%	8.84%	8.84%	8.84%	8.84%
22	<b>Return on Capital Employed</b>	$V = I \times U$	246.49	829.04	1,139.97	982.65	722.54

The Commission thus, approves Return on Capital Employed for MYT Control Period from FY 2025-26 to FY 2029-30 for the Assets capitalised from 01.04.2025, as under:

**Table 5-20: Return on Equity as approved by the Commission for FY 2025-26 to FY 2029-30 (Rs. Lakhs)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Return on Capital Employed	246.49	829.04	1,139.97	982.65	722.54

## 5.10 Interest on Working Capital

### Petitioner's Submission

The interest on working capital is worked out on normative basis in accordance with the norms specified under the GERC (MYT) Regulations, 2024. The relevant provision for Interest on working capital is provided as under:

- i. Operation and maintenance expenses for one month; plus
- ii. Maintenance spares at one (1) per cent of the historical cost; plus
- iii. Receivables equivalent to 15 days of the expected revenue from SLDC Charges;



Interest rate for computation of working capital has been considered in line with clause 38.6 of the GERC MYT Regulations, 2024 which works out to 10.65%.

**Table 5-21: Interest on Working Capital claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Projected	Projected	Projected	Projected	Projected
1	O & M expenses	328.70	397.06	515.15	555.22	576.09
2	Maintenance Spares	78.91	137.41	246.89	274.84	282.24
3	Receivables	258.83	363.01	475.22	504.31	514.07
4	Additional O&M Expense (ULDC Charges)	16.05	16.05	16.05	16.05	16.05
<b>5</b>	<b>Total Working Capital</b>	<b>666.43</b>	<b>897.49</b>	<b>1,237.26</b>	<b>1,334.37</b>	<b>1,372.40</b>
6	Rate of Interest on Working Capital	10.65%	10.65%	10.65%	10.65%	10.65%
<b>7</b>	<b>Interest on Working Capital</b>	<b>70.98</b>	<b>95.58</b>	<b>131.77</b>	<b>142.11</b>	<b>146.16</b>

### Commission's Analysis

The Commission has computed the normative working capital requirement and interest on working capital in accordance with Regulation 38.6 of the GERC (MYT) Regulations, 2024, considering the 1-year MCLR of State Bank of India as on 1st April 2024, i.e., 8.65%, and adding a spread of 200 basis points, the interest rate works out to 10.65%. The Commission has calculated the working capital and interest on working capital for FY 2025-26 to FY 2029-30 as detailed in the following Table:

**Table 5-22: Interest on Working Capital approved for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	O & M Expenses (1 Month)	321.65	385.53	481.69	519.57	539.80
2	Maintenance Spares (1% of opening GFA)	78.91	137.41	231.60	259.55	266.95
3	Receivables (1 Month)	209.88	327.67	451.92	479.63	487.86
4	Additional O&M Expense (ULDC Charges)					
<b>5</b>	<b>Total Working Capital</b>	<b>610.44</b>	<b>850.61</b>	<b>1,165.21</b>	<b>1,258.75</b>	<b>1,294.61</b>
6	Rate of Interest on Working Capital	10.65%	10.65%	10.65%	10.65%	10.65%
<b>7</b>	<b>Interest on Working Capital</b>	<b>65.01</b>	<b>90.59</b>	<b>124.09</b>	<b>134.06</b>	<b>137.88</b>



The Commission thus, approves Interest on Working Capital from FY 2025-26 to FY 2029-30 as under:

**Table 5-23:Interest on Working Capital approved for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	Interest on Working Capital	65.01	90.59	124.09	134.06	137.88

### 5.11 ULDC & Other Related Charges

#### Petitioner’s Submission

ULDC charges are uncontrollable expenses as part of R&M expenses and is projected as per the actual expense incurred in FY 2023-24. The ULDC Charges for FY 2025-26 to 2029-30 are shown in table as under:

**Table 5-24:ULDC and Other Related Charges claimed for MYT Control Period (Rs. Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Projections	Projections	Projections	Projections	Projections
Recovery of ULDC charges	192.64	192.64	192.64	192.64	192.64

#### Commission’s Analysis

The Commission observes that SLDC has projected ULDC charges for FY 2025-26 to FY 2029-30 same as the actual ULDC Charges in FY 2023-24, after deducting the impact of prior period charges. The Commission approves these charges for FY 2025-26 to FY 2029-30 as given in the Table below:

**Table 5-25:Approved ULDC & Other Related Charges for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	ULDC Charges	192.64	192.64	192.64	192.64	192.64



## 5.12 Non-Tariff Income

### Petitioner’s Submission

The actual non-tariff income for FY 2023-24 is considered same for FY 2025-26 to 2029-30. However, we propose to create a LDC Development Fund as per clause 89 of the GERC MYT Regulation, 2024. In this regard, the incomes earned through “Miscellaneous Charges from beneficiaries (Scheduling and application charges for STOA)” and “Miscellaneous receipts such as application charges, Grid connection charges, QCA Registration charges, RTU charges etc.” and “Interest on SLDC Fund arising pursuant to APTEL Judgments” is channelled for the creation of LDC development fund. The same is reduced from the Non-Tariff Income.

The non-tariff income projections are as below:

**Table 5-26:ULDC and Other Related Charges claimed for MYT Control Period (Rs. Lakh)**

Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
	Projection	Projection	Projection	Projection	Projection
NTI	1.78	1.78	1.78	1.78	1.78

### Commission’s Analysis

Commission has reviewed and checked the submissions provided by SLDC. With regards to the proposal of Petitioner at its para 4.12 under non-tariff income regarding creation of LDC Fund, it is clarified that the Petitioner has funds of around Rs. 18.14 Crore as on 31.03.2025. Hence, no any new creation of LDC fund is envisaged in the Regulations.

Accordingly, the Commission approves the non-tariff income for FY 2025-26 to FY 2029-30 as given in the Table below:

**Table 5-27:Approved Non-Tariff Income for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
1	NTI	900.43	900.43	900.43	900.43	900.43



### 5.13 Approved ARR for SLDC for FY 2025-26 to FY 2029-30

The Fixed Charges claimed by SLDC in the projection for FY 2025-26 to 2029-30 is calculated as below.

**Table 5-28:ARR Claimed for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Approved	Approved	Approved	Approved	Approved
1	Operation & Maintenance Expenses	3,944.37	4,764.75	6,181.79	6,662.60	6,913.09
1.1	Employee Expense	2,469.15	2,586.05	2,708.47	2,836.69	2,970.98
1.2	A&G Expense	562.18	588.79	616.66	645.86	676.43
1.3	R&M Expense	913.04	1,589.92	2,856.66	3,180.05	3,265.67
2	Interest on Working Capital	70.98	95.58	131.77	142.11	146.16
3	ULDC Charges	192.64	192.64	192.64	192.64	192.64
4	Less: Non-Tariff Income	1.78	1.78	1.78	1.78	1.78
<b>5</b>	<b>Operating Cost Budget (a)</b>	<b>4,206.20</b>	<b>5,050.19</b>	<b>6,504.41</b>	<b>6,995.57</b>	<b>7,250.11</b>
6a	Depreciation (On Assets before 01.04.2025)					
6b	Depreciation (On the Assets capitalized from 01.04.2025)					
6	Depreciation	1,265.19	2,247.64	3,051.42	3,258.17	3,362.86
7a	Interest on Loan (On Assets before 01.04.2025)					
7b	Other Finance Charges					
7	Interest and Finance Charges on Loan Capital	64.65	13.28	-	-	-
8	Return on Equity (On Assets before 01.04.2025)	477.30	477.30	477.30	477.30	477.30
9	Return on Capital Employed (On Assets capitalized from 01.04.2025)	284.76	1,043.95	1,562.23	1,540.52	1,418.80
<b>10</b>	<b>Capital Cost Budget (b)</b>	<b>2,091.89</b>	<b>3,782.16</b>	<b>5,090.94</b>	<b>5,275.99</b>	<b>5,258.95</b>
<b>11</b>	<b>Total ARR [a+b]</b>	<b>6,298.09</b>	<b>8,833.35</b>	<b>11,595.35</b>	<b>12,271.55</b>	<b>12,509.06</b>





The Fixed Charges approved by the Commission for FY 2025-26 to 2029-30 is summarized in the Table below.

**Table 5-29:ARR Approved for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Approved	Approved	Approved	Approved	Approved
1	Operation & Maintenance Expenses	3,859.83	4,626.36	5,780.24	6,234.79	6,477.58
1.1	Employee Expense	2,459.47	2,575.73	2,697.48	2,824.99	2,958.53
1.2	A&G Expense	558.83	585.25	612.91	641.88	672.23
1.3	R&M Expense	841.52	1,465.38	2,469.85	2,767.91	2,846.83
2	Interest on Working Capital	65.01	90.59	124.09	134.06	137.88
3	ULDC Charges	192.64	192.64	192.64	192.64	192.64
4	Less: Non-Tariff Income	900.43	900.43	900.43	900.43	900.43
<b>5</b>	<b>Operating Cost Budget (a)</b>	<b>3,217.05</b>	<b>4,009.16</b>	<b>5,196.55</b>	<b>5,661.05</b>	<b>5,907.67</b>
6a	Depreciation (On Assets before 01.04.2025)	923.07	923.07	923.07	923.07	923.07
6b	Depreciation (On Assets capitalized after 01.04.2025)	273.20	1,815.42	3,363.67	3,730.70	3,944.51
6	Depreciation	1,196.27	2,738.49	4,286.74	4,653.77	4,867.58
7a	Interest on Loan (On Assets before 01.04.2025)	73.72	23.19	-	-	-
7b	Other Finance Charges	-	-	-	-	-
7	Interest and Finance Charges on Loan Capital	73.72	23.19	-	-	-
8	Return on Equity (On Assets before 01.04.2025)	373.53	373.53	373.53	373.53	373.53
9	Return on Capital Employed (On Assets capitalized after 01.04.2025)	246.49	829.04	1,139.97	982.65	722.54
<b>10</b>	<b>Capital Cost Budget (b)</b>	<b>1,890.00</b>	<b>3,964.24</b>	<b>5,800.24</b>	<b>6,009.95</b>	<b>5,963.64</b>
<b>11</b>	<b>Total ARR [a+b]</b>	<b>5,107.05</b>	<b>7,973.40</b>	<b>10,996.78</b>	<b>11,671.00</b>	<b>11,871.31</b>



## 6 Determination of SLDC Fees and Charges for FY 2025-26 to FY 2029-30

The Table below summarizes the ARR approved by the Commission for FY 2025-26 to FY 2029-30:

**Table 6-1: ARR approved for FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sr. No.	Particulars	FY 2025-26	FY 2026-27	FY 2027-28	FY 2028-29	FY 2029-30
		Approved	Approved	Approved	Approved	Approved
1	Operation & Maintenance Expenses	3,859.83	4,626.36	5,780.24	6,234.79	6,477.58
1.1	Employee Expense	2,459.47	2,575.73	2,697.48	2,824.99	2,958.53
1.2	A&G Expense	558.83	585.25	612.91	641.88	672.23
1.3	R&M Expense	841.52	1,465.38	2,469.85	2,767.91	2,846.83
2	Interest on Working Capital	65.01	90.59	124.09	134.06	137.88
3	ULDC Charges	192.64	192.64	192.64	192.64	192.64
4	Less: Non-Tariff Income	900.43	900.43	900.43	900.43	900.43
<b>5</b>	<b>Operating Cost Budget (a)</b>	<b>3,217.05</b>	<b>4,009.16</b>	<b>5,196.55</b>	<b>5,661.05</b>	<b>5,907.67</b>
6a	Depreciation (On Assets before 01.04.2025)	923.07	923.07	923.07	923.07	923.07
6b	Depreciation (On Assets capitalized from 01.04.2025)	273.20	1,815.42	3,363.67	3,730.70	3,944.51
6	Depreciation	1,196.27	2,738.49	4,286.74	4,653.77	4,867.58
7a	Interest on Loan (On Assets before 01.04.2025)	73.72	23.19	-	-	-
7b	Other Finance Charges	-	-	-	-	-
7	Interest and Finance Charges on Loan Capital	73.72	23.19	-	-	-
8	Return on Equity (On Assets before 01.04.2025)	373.53	373.53	373.53	373.53	373.53
9	Return on Capital Employed (On Assets capitalized from 01.04.2025)	246.49	829.04	1,139.97	982.65	722.54
<b>10</b>	<b>Capital Cost Budget (b)</b>	<b>1,890.00</b>	<b>3,964.24</b>	<b>5,800.24</b>	<b>6,009.95</b>	<b>5,963.64</b>
<b>11</b>	<b>Total ARR [a+b]</b>	<b>5,107.05</b>	<b>7,973.40</b>	<b>10,996.78</b>	<b>11,671.00</b>	<b>11,871.31</b>

### 6.1 SLDC Fees and Charges for MYT Control Period

The approved ARR of Rs. 5,247.50 Lakh for FY 2025-26 has been adjusted with the (Gap) / Surplus approved in the truing up for FY 2023-24, as given in the following table:



**Table 6-2:SLDC Fees & Charges approved for FY 2025-26 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved for FY 2025-26
1	ARR for 2025-26	6,298.09	5,107.05
2	Less: Revenue (Gap)/ Surplus from True up of FY 2023-24	(619.42)	(547.42)
3	<b>Total SLDC Charges</b>	<b>6,917.52</b>	<b>5,654.47</b>

Based on the adjusted approved ARR for FY 2025-26 and the above computed ARR for the rest of the Control period, the Commission has determined the SLDC Fees & Charges as under.

**Table 6-3:SLDC Fees & Charges approved for MYT Control Period from FY 2025-26 to FY 2029-30 (Rs. Lakh)**

Sl. No.	Particulars	Proposed	Approved
1	Total SLDC Charges for FY 2025-26	6,917.52	5,654.57
2	Total SLDC Charges for FY 2026-27	8,671.00	7,973.40
3	Total SLDC Charges for FY 2027-28	11,095.63	10,996.78
4	Total SLDC Charges for FY 2028-29	11,783.58	11,671.00
5	Total SLDC Charges for FY 2029-30	12,032.85	11,871.31

The Commission, accordingly, approves the annual SLDC Charges mentioned above for MYT Control Period from FY 2025-26 to FY 2029-30, and the grid connection fees at Rs. 10,000/- (Rupees Ten thousand only) for respective years. The total annual SLDC Charges as approved above, shall be recoverable as per the formula specified in Regulation 87 of the GERC (MYT) Regulations, 2024.

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## 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 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.**

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

SLDC has submitted compliance to directive vide SLDC Letter No. GETLD/0130/08/2024 Dt: 17-08-2024.

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

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.**

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

SLDC has submitted compliance to directive vide SLDC Letter No. GETLD/0130/08/2024 Dt: 17-08-2024.

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

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.



### **Petitioner's Submission**

SLDC has submitted compliance to directive vide SLDC Letter No. GETLD/0130/08/2024 Dt: 17-08-2024.

### **Commission's Analysis**

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 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.**

### **Petitioner's Submission**

SLDC has submitted compliance to directive vide SLDC Letter No. GETLD/0130/08/2024 Dt: 17-08-2024

### **Commission's Analysis**

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

**Directive 5: Submission of Quarterly Report on monitoring of Grid as per GERC Grid Code.**

### **Petitioner's Submission**

SLDC has submitted compliance to directive vide SLDC Letter No. GETLD/0130/08/2024 Dt: 17-08-2024.

### **Commission's Analysis**

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.



## **7.2 New Directives issued by the Commission**

The Commission hereby issues the following new directives to SLDC:

### **Directive 1: Submission of Roadmap for the development of the geotagging system by SLDC**

Regulation 80.7 of GERC (MYT) Regulations, 2024, illustrated as under:

*“Provided that regarding the assets already capitalized as on April 01, 2025, the SLDC shall prepare and submit to the Commission a time-bound plan to undertake the geotagging in phased manner, preferably within the Control Period, along with the MYT Petition. Provided further that the SLDC must provide access of the details of geotagging to the Commission for online monitoring.”*

Accordingly, the Petitioner is directed to geotag all its assets in line with the following schedule:

- a) NIT & Award of Contract: FY 2025-26
- b) Completion of geotagging of Assets: 30% for the year FY 2026-27
- c) Completion of geotagging of Assets: 35% for the year FY 2027-28
- d) Completion of geotagging of Assets: 35% for the year FY 2028-29
- e) Geotagging of Transmission Assets is anticipated to complete in FY 2028-29

The Commission directs SLDC to submit the progress report with respect to task related to tagging of assets on half-yearly basis to the Commission.

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## Commission's Order

The Commission approves the SLDC Fees and Charges for FY 2025-26 to FY 2029-30 as shown in the Table below:

**Table 0-1: SLDC Fees & Charges Approved for FY 2025-26 to FY 2029-30**

Sr. No.	Particulars	Unit	FY2025-26	FY2026-27	FY2027-28	FY2028-29	FY2029-30
1	Total ARR	Rs. Lakh	5,107.05	7,973.40	10,996.78	11,671.00	11,871.31
2	Less: Revenue (Gap)/ Surplus from True up of FY 2023-24	Rs. Lakh	(467.32)	-	-	-	-
3	Add: Carrying Cost	Rs. Lakh	80.10	-	-	-	-
4	<b>Total SLDC Charges</b>	<b>Rs. Lakh</b>	<b>5,654.47</b>	<b>7,973.40</b>	<b>10,996.78</b>	<b>11,671.00</b>	<b>11,871.31</b>
5	<b>Grid Charges</b>	<b>Rs.</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>	<b>10,000</b>

**This Order shall come into force with effect from 1<sup>st</sup> April, 2025.**

Sd/-

**S.R.PANDEY**  
**(Member)**

Sd/-

**MEHUL M.**  
**GANDHI**  
**(Member)**

Sd/-

**ANIL MUKIM**  
**(Chairman)**

Place: Gandhinagar

Date: 29<sup>th</sup> March 2025

