

**ODISHA ELECTRICITY REGULATORY COMMISSION**  
**BIDYUT NIYAMAK BHAWAN**  
**PLOT NO. 4, CHUNAKOLI, SHAILASHREE VIHAR,**  
**CHANDRASEKHARPUR,**  
**BHUBANESWAR-751021**

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**Present : Shri U. N. Behera, Chairperson**  
**Shri A. K. Das, Member**  
**Shri S. K. Parhi, Member**

**CASE NO. 78 OF 2017**

**Date of Hearing : 08.02.2018 (at 3.00 PM)**

**Date of Order : 22.03.2018**

**IN THE MATTER OF: An application of the OPTCL for approval of Annual Revenue Requirement and Determination of Fees & Operating Charges for SLDC functions for FY 2018-19.**

**ORDER**

**PROCEDURAL HISTORY: (Para 1 to 10)**

1. The Odisha Power Transmission Corporation Limited, Bhubaneswar (for short OPTCL), a Govt. Company registered on 29<sup>th</sup> March, 2004 under the Companies Act, 1956 has been carrying on the business of transmission of electricity within the State of Odisha. It has also been notified as the State Transmission Utility (STU) under Section 39 (1) of the Electricity Act, 2003 “hereinafter referred to as “the Act”. GRIDCO Ltd. which was both the Bulk Supply and Transmission Licensee under the Orissa Electricity Reforms Act, 1995 had ceased to be a Distribution Supply License and has become only a Bulk Supply Trader under the new dispensation created by the Act, the supply business having been vested with four Distribution Licensees (now Distribution Utilities after revocation of their licenses vide Order dated 04.03.2015 in Case No.55 of 2013) viz WESCO Utility, NESCO Utility, SOUTHCO Utility & CESCO (now CESU). As such GRIDCO Ltd. could no longer carry on both bulk Supply and transmission business by virtue of 1<sup>st</sup> proviso to Section 39 of the said

Act. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities ) Scheme, 2005” of Govt. of Odisha under Sec.131 (4) of the Act, transferred the erstwhile transmission business along with SLDC functions of GRIDCO Ltd. with all the assets and liabilities of such business to OPTCL and vested the same with the said STU with effect from 1.4.2005. By virtue of the 2<sup>nd</sup> Proviso to Sec. 14 of the Act, OPTCL has been a deemed Transmission Licensee under the Act, so far as transmission functions are concerned. OPTCL is now governed by License Conditions set forth in OERC (Conditions of Business) Regulations, 2004, at Appendix 4B issued u/S. 16 of the Act, as modified by the Commission’s Order dated 27<sup>th</sup> October, 2006. By Clause 10(2) & (3) of the said Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the State Govt. has expressly notified OPTCL, a Govt. Company created for taking over transmission function of GRIDCO, as the State Transmission Utility with effect from 01.04.2005. Moreover, even though by the said Scheme, vide Clause 10(2), the OPTCL was ‘notified’ as State Transmission Utility, it was also empowered to “discharge” the State Load Dispatch functions till further orders of the State Govt. This provision as regards “discharge of State Load Dispatch functions” in the Transfer Scheme was obviously intended to be an interim, temporary and stop-gap measure pending establishment/Notification of a State Load Dispatch Centre under Sec.31(1) and the substantive part of Sec.31(2) of the Electricity Act, 2003.

2. As in Section 55 of the Electricity (Supply) Act, 1948 (now repealed), Sections 31 & 32 of the Electricity Act, 2003 contemplate SLDC as an independent *apex* body to ensure integrated operation of the power system in the State. SLDC has been empowered by Section 33 of the Electricity Act, 2003 to give such directions and exercise such supervision and control as may be required for ensuring integrated grid operations and for achieving maximum economy and efficiency in the operation of power system in the State. These are all highly responsible, technical, and *non-commercial* statutory functions conceived by the Electricity Act, 2003 and are entrusted to SLDC to be carried out as an independent apex body. Every Licensee including OPTCL and generating companies and generating stations and sub-stations are to comply with such directions vide Section 33 (2) and Section 40 (b) of the Act. At present SLDC has not been organizationally separated from OPTCL which is a regulated entity. This anomaly is ought to be removed without any further delay. In

this context it is noteworthy that under Section 31(2) of the Act; a government body is supposed to operate SLDC and directions of the State Govt. to such a body are to be confined within the ambit of Section 37 of the Act. The State Govt. has been advised accordingly from time to time the **latest reminder having been issued vide DO Letter No.OERC/Tariff/Case No.56/2015/1646 dated 26.11.2015.**

3. The Act has also provided for financial independence of SLDC under sub-section 3 of Section 32 by way of levy and collection of fees and charges from generating companies and the distribution Utilities engaged in Intra-State Transmission of electricity, Sub-section 2 under Section 2 of the Electricity (Removal of Difficulty) Sixth Order, 2005 issued by Ministry of Power (MoP) Govt. of India on 08.06.2005 provides that the State Load Dispatch Centre may levy and collect such fees and charges from the Licensees using the Intra-State transmission system as may be specified by the State Commission. Apart from the aforesaid statutory provisions, the National Electricity Policy (vide Paras 5.3.3 and 5.3.7), OERC (Terms and Conditions for Intra-State Open Access) Regulations, 2005 (vide Reg.7), Orissa Grid Code Regulation, 2006 (vide Regulations 2.2.1.3, 2.2.2, 2.2.4, 2.2.5 and 2.2.6), OERC (Intra-State ABT) Regulations, 2007(vide Regulations 6 and 10), CERC (Open Access in Intra-State Transmission) Regulations, 2008 (vide Regulation 8) also point to independent functionality of SLDC.
4. The Commission vide letter No.1313 dated 04.08.2007 issued the following Road Map for implementation of levy of annual Fees and Charges for SLDC functions in Odisha in order to separate SLDC Charges from the Transmission Charges of OPTCL with effect from 01.04.2008 to make SLDC self-reliant.

**Table – 1**

<b>ROAD MAP</b>		
<b>Agency/Unit</b>	<b>Preparedness Required</b>	<b>Time Limit Proposed by OERC</b>
OPTCL	(a) Transfer of all assets belonging to the Unified State Load Despatch Centre at Mancheswar and Sub-Load Despatch Centres at Bhubaneswar, Meramundali, Jayanagar and Budhipadar with the land, buildings, plant and equipments associated or related to the State Load and Sub-Load Despatch Centres to SLDC to function as an independent autonomous entity under OPTCL (in line with Transfer Scheme, 2005 of Govt. of Orissa). (b) Creation of one new 'Head of Account' for all the following and	31.08.2007

<b>ROAD MAP</b>		
<b>Agency/Unit</b>	<b>Preparedness Required</b>	<b>Time Limit Proposed by OERC</b>
	<p>related expenses of SLDC w.e.f. 01.04.2007.</p> <p>(i) Employee Cost  (ii) Administration and General Expenses  (iii) Repairs and Maintenance Expenses  (iv) Payment of ULDCS charges to PGCIL, and  (v) Any other relevant costs and expenses relating to SLDC mentioned in the Road Map approved by the Commission.</p> <p>(c) Filing of Application for approval of Annual Fee and Operating Charges for SLDC functions of Orissa SLDC for FY 2008-09.</p>	<p>31.08.2007</p> <p>30.11.2007</p>
SLDC	<p>(a) SLDC is to be equipped with state-of-the art communication and data acquisition capability to play the pivotal role of an independent system operator.</p> <p>(b) SLDC should have broadly three wings viz. Grid Operation, Commercial and Telecommunication for satisfactory operation of all SLDC functions assigned as per the Act, Codes and Regulations. SLDC should file the Organizational chart before the Commission for SLDC functions as stipulated above through OPTCL for examination and approval of the Commission.</p> <p>(c) Nodal Agency for the purpose of overall coordination for implementation of Intra-State ABT, Intra-State Open Access and operations there under.</p> <p>(d) Collection of data from the generators and DISCOMs on day-ahead basis, communication with ERLDC for Central Power availability, finalization of day-ahead schedules and intimation to all stakeholders for final implementation. Revision of Schedules during intra-day transaction and intimation of such revised schedules to all stakeholders.</p> <p>(e) Establish Energy Billing Centre (EBC) for preparation of monthly State Energy Accounting, weekly UI and Reactive Energy Accounting (both provisional and final) for billing and payment by stakeholders deploying requisite personnel, software and hardware.</p>	<p>31.08.2007</p> <p>30.09.2007</p> <p>15.08.2007</p> <p>15.08.2007</p> <p>31.08.2007</p>
OERC	<p>(a) Design and issue of appropriate tariff formats to OPTCL for filing for Annual Fee and Operating Charges for SLDC for FY 2008-09.</p> <p>(b) Filing of Application by OPTCL for approval of SLDC charges for FY 2008-09.</p> <p>(c) Scrutiny of Application of OPTCL for SLDC charges and seeking of clarification if any.</p> <p>(d) Public hearing on Application of OPTCL for approval of SLDC charges for FY 2008-09.</p> <p>(e) Approval of State Advisory Committee (SAC) of SLDC charges for FY 2008-09.</p> <p>(f) Issue of Order of Commission approving SLDC charges for FY 2008-09.</p>	<p>31.08.2007</p> <p>30.11.2007</p> <p>31.12.2007</p> <p>Jan/Feb.2008</p> <p>Feb/Mar'2008</p> <p>March,2008</p>
Final Implementation	Final Implementation of SLDC Charges (Annual Fee & Operating Charges) payable by Users.	From 01.04.2008

5. OPTCL by a petition dated 13.03.2008 filed before the Commission submitted that it was not in a position to achieve important milestones laid down in the Road Map issued by the Commission on 04.08.2007 for separation of SLDC charges from existing Transmission Charges of OPTCL and had prayed for deferring for one year on the decision of implementation of levy of Annual fee and operating charges for SLDC of Odisha. The Commission dismissed the Petition vide Tariff Order dated 20.03.2008 in Case No.62/2007 and while approving ARR and Transmission Tariff of OPTCL at Para 239 allowed to include the Charges of SLDC functions in the ARR and Transmission Tariff for FY 2008-09 for OPTCL. The Commission vide Para 357 of the said Order directed that the transmission charges for OPTCL would not include the charges of SLDC w.e.f. 01.04.2009.
6. The Commission perused the Recommendations of Shri Gireesh B. Pradhan Committee of the Ministry of Power (MOP), Govt. of India, submitted to MOP in August, 2008 especially the recommendation for ring-fencing of Load Dispatch Centre to ensure its functional autonomy. The recommendations were as under:

**(a) Recommendation 1**

*The Committee recommends that the LDCs should be ring-fenced suitably to ensure their functional autonomy by taking the following steps:*

- (i) *The Appropriate Government should take suitable steps to facilitate independent functioning of the Load Despatch Centres in line with the Electricity Act, 2003 and National Electricity Policy. To begin with, the State Governments are urged to create a separate representative board structure for governance of LDCs on the lines of wholly owned subsidiary being created for the independent System Operation of RLDCs and NLDC.*
- (ii) *The financial accounts should be separated for all LDCs by 31st March 2009 with the appropriate Electricity Regulatory Commissions (ERC) specifying the fees and charges payable.*
- (iii) *Capital Expenditure (CAPEX) plans for modernization of all LDCs during 2009-12 should be submitted and the approval of the respective Electricity Regulatory Commission (ERC) should be obtained by 31st March, 2009. The Central Transmission Utility (CTU) and Regional*

*Load Despatch Centres (RLDCs) should extend the necessary assistance to SLDCs in this area.*

- (iv) *In the next stage, rolling 5-year CAPEX plans should be prepared by each LDC and got approved by the respective ERCs to take care of the system expansion, associated real-time data requirements as well as technological innovations and obsolescence of control center equipment. ERCs may examine CAPEX proposal considering a shorter life cycle of 7 to 10 years for such equipment.*

**(b) Recommendation 2:**

*For making LDCs financially self-reliant, the Electricity Regulatory Commissions (ERCs) should recognize the three distinct revenue streams:*

- (i) *Fees and charges for system operation*
- (ii) *Tariff for decision support system and IT infrastructure (currently only ULDC tariff)*
- (iii) *Operating charges for scheduling, metering and settlement for market players.*

*All Generating Companies and licensees using the services of the LDCs would make all the above payments. In addition the LDCs could provide value added services (studies, manpower development, reports, access to data archives etc.), on chargeable basis.*

7. So far the State Government has not exercised its power under Sec.31 (1) and (2) of the Act to establish a separate and independent entity for operation of SLDC. Hence, by virtue of the 1<sup>st</sup> Proviso to Sec.31 (2) of the Act, OPTCL as STU has to “operate” the SLDC for the time being. It is noteworthy that OPTCL as STU has not thereby become owner of SLDC. SLDC should function as an independent autonomous entity within the ambit of OPTCL - the STU to discharge its statutory functions/obligations in accordance with the Act, and Regulations of the Commission, such as those relating to Intra-State Open Access Regulations, 2005, Intra-State ABT Regulation, 2007 & Fees & Charges for SLDC Regulation, 2010, as well as provisions under Orissa Grid Code Regulation, 2006.

8. The Ministry of Power, Gol, by Letter dated 04.11.2008 has recommended implementation of Shri Gireesh B. Pradhan Committee on Manpower Certification and Incentives for System Operation and Ring-fencing Load Dispatch Centers. As such it is fit and proper that SLDC shall collect Annual Fees and Charges for SLDC functions from the various stakeholders as per Sec.32 (3) of the Act and other sources permissible under law from the various stakeholders and accordingly SLDC has filed an application for approval of Annual Fees and Charges for SLDC functions for FY 2018-19.
9. In exercise of powers conferred under Sec.181 (2)(g) of the Electricity Act,2003 read with Sec.32(3) of the said Act and all other powers enabling it in that behalf, the Commission has framed Odisha Electricity Regulatory Commission (Fees and Charges for SLDC and other related matters) Regulations,2010, which has been published in Odisha Gazette No.1924 dated 18.11.2010 and has come into force with effect from 18<sup>th</sup> Nov, 2010. As per the said Regulation OPTCL filed application before the Commission on 29.11.2017 for approval of Independent ARR & SLDC Fees & Charges for FY 2018-19.
10. The said application dated 29.11.2017 was duly scrutinized and was registered as Case No. 78 of 2017 and was taken up for hearing. Objections were invited after wide publication of the application in English and Odia daily newspapers and in Commission's and OPTCL's websites. In response to the aforesaid public notice of the applicant, the Commission received 08 number of objections/suggestions from the following persons/ associations/ institutions/organizations:-
  - (1) Shri G. N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balajee Mandir Bhawan, Khetrajpur, Sambalpur-768003, (2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012,(3) Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (4) M/s. Adhunik Metalik Limited, IPICOL House, 3rd Floor, Annexe Building, Janapath, Bhubaneswar-751022, (5) North Odisha Chamber of Commerece and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019, (6) M/s.Visa Steel Limited(VSL), At- VISA House,11 Ekamra Kanan, Nayapalli, Bhubaneswar-751015, (7) M/s Swain & Sons Power Tech Pvt. Ltd., At-K-8/82, Kalinga Nagar,

Ghatikia, Bhubaneswar-751003, (8) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (Gen.), Plot No-775 (P), Lane-3, Jayadev Vihar, Bhubaneswar-751013.

All the above named Objectors along with The Principal Secretary to Govt., Department of Energy, Govt. of Odisha, Bhubaneswar were present during tariff hearing and their written submissions filed before the Commission were taken on record for consideration by the Commission.

After due notice to the Applicant, Govt. of Odisha and the Objectors and in the consultative process, the Commission heard the applicant, objectors, consumer counsel, representative of the State Government on 08.02.2018 at 03.00 PM and orders as follows:-

**OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2018-19 (Para 11 to 21)**

11. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2018-19 has been prepared in line with the provision mentioned in the CERC (Fees & Charges of RLDC & other related matters) Regulations, 2009, OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010 and considering the following recommendation of the MOP Committee Report.
  - (a) SLDC is to be equipped suitably to play the pivotal role of an Independent System Operator (ISO).
  - (b) Power system operation is the core activity of LDCs. Efficient load dispatching also requires a deep understanding of Transmission, Generation and Distribution technology. In view of above, the executives shall be from electrical engineering discipline. Efforts need be made to supplement them with interdisciplinary learning and development.
12. As per the recommendation in the report of the task force committee on "Capital Expenditure and Issues related to Emoluments for Personnel in Load Despatch Centres", the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Despatch Centres. Provision for recovery of the outstanding amount for investments made by the POWERGRID on ULDC project shall be kept in the ARR of SLDC. As per the Taskforce report, SLDC is liable to pay the recovery cost of control centre equipments only. Since the assets presently being used at SLDC is



yet to be transferred, the ULDC asset recovery charges are not considered in the ARR. However, the depreciation cost has been considered in the ARR for FY 2018-19.

13. The manpower structure for SLDC operation proposed in the ARR of FY 2018-19 is in line with approved structure by the Govt. of Odisha and the abstract is indicated in **Annexure-I**.
14. Commission had approved the CAPEX expenses amounting Rs. 717.99 lakhs proposed by SLDC for FY 2017-18 to FY 2018-19 vide their order dated 23.03.2017. Out of the total Rs. 717.99 lakhs a sum of Rs. 402.99 lakhs would be spent during FY 2017-18 and Rs. 315 lakhs during FY 2018-19.
15. The Commission has approved, vide letter dated 27.10.2017, Rs. 3,09,10,579 towards expansion of existing VPS, up-gradation of existing VPS, procurement of RVDU for Jaynagar sub-station to monitor Machhakund generation and additional amount required for procurement of furniture and fixture and computer & peripherals for SLDC data center.

**Item wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2018-19**

16. As per the OERC (Fees and Charges of State Load Despatch Centre and other related matters) Regulations, 2010 the annual charges consist of the following components:
  - a. Return on Equity
  - b. Interest on Loan Capital
  - c. Depreciation
  - d. Operation & Maintenance Expenses Excluding Human Resource expenses
  - e. Human Resource Expenses
  - f. Interest on Working Capital

**a. Return on Equity:**

Since no equity has been invested by SLDC, item (a) is not considered in the ARR.

**b. Interest on Loan capital:**

Since there is no outstanding loan on SLDC, item (b) is not considered in the ARR.

**c. Depreciation:**

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. 58.528 lakhs as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for computers & peripherals for SLDC data centre procured during FY 2017-18 amounting Rs. 36.686 lakhs, Video Projection Screen (VPS) amounting Rs. 7.750 lakhs and the depreciation cost for IT equipments at EASSC amounting Rs. 6.547 lakhs. Depreciation of new assets such as AC, furniture, DG set RVDU at Jaynagar has also been considered. Total depreciation amount is provided in the table below.

**Table – 2: Statement of Depreciation**

(Rs. in Lakhs)

<b>Financial Year</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
Recovery of capital cost (amount to be recovered during the year)	0.000	0.000	0.000
Depreciation on existing assets	22.529	23.850	58.528
<b>Total</b>	<b>22.529</b>	<b>23.850</b>	<b>58.528</b>

**d. Operation and Maintenance Expenses:**

Operation and maintenance expenses excluding human resources expenses for FY 2018-19 has been computed as Rs.203.540 lakhs considering the R&M expenditure proposed to be incurred for Facility Management Services (FMS), Website charges, AMC charges for SCADA/EMS equipments, IT equipments and Electrical maintenance of office building and colony quarters etc and A&G expenses.

The O & M expenses have been projected considering actual expenditure to be incurred during FY 2017-18.

**Table – 3: Statement of O&M Expenses Excluding Human Resource Expenses**

(Rs. in Lakhs)

<b>ITEMS</b>	<b>2016-17 (Actual)</b>	<b>2017-18 (Approved)</b>	<b>2017-18 (Actual up to Sept.-16)</b>	<b>2018-19 (Proposed)</b>
Repair and maintenance expenses	55.478	54.480	4.759	51.700
Administrative and general expenses etc.	109.558	106.290	54.110	151.840
<b>Total</b>	<b>165.036</b>	<b>160.770</b>	<b>58.869</b>	<b>203.540</b>

**c. Human Resources Expenses:**

Human resources expenses have been computed as Rs. 1106.799 lakhs. Total number of proposed employees at SLDC is 67 nos. considering the expected induction of additional staff during FY 2018-19. The present staff strength of SLDC is 48 as on 31.10.2017 including 6 nos. of telecommunication personnel working at SLDC control centre. In addition to the above, 6 nos. of contractual/outsourcing staff are engaged at SLDC as on date. The salary of the employees has been computed by considering State Govt. approved 67 nos. of employees and implementation of 7<sup>th</sup> Pay Commission Report. Payment of arrear amounting Rs. 186.473 lakhs due to implementation of 7<sup>th</sup> Pay Commission Report has been considered. The details of calculation of human resources expenses can be seen in Form-7B (4) of the ARR filing.

**d. Interest on Working Capital:**

The interest on working capital is computed as Rs. 41.658 lakhs as per OERC Regulation considering 12.1% rate of interest (SBI base rate 9.1% plus 300 basis points). Even though SLDC has not taken loan to meet the working expenses, the provision has been kept due to non-receipt of SLDC charges from the users for two months from the commencement of financial year. The loss of interest for the above amount is being recovered as interest on working capital. The details on working capital requirement and interest on it is given in the table below.

**Table – 4: Statement of Interest on Working Capital**

**(in Rs. Lakhs)**

<b>Particulars</b>	<b>Amount Lakhs</b>
O&M expenses for one month excluding human resources expenses	16.962
Human resource expenses for one month	92.233
Receivables ( 2 months of SOC & MOC)	235.088
<b>Total Working Capital</b>	<b>344.283</b>
Rate of Interest	12.1%
<b>Interest on working capital</b>	<b>41.658</b>

Total expenses proposed by SLDC for FY 2018-19 is given in the table below.

**Table – 5: Abstract of Expenses Proposed for FY 2018-19**

		<b>(in Rs. Lakhs)</b>
<b>Sl. No.</b>	<b>Particulars</b>	<b>2018-19</b>
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	58.528
4.	O&M Expenses excluding human resource expenses	203.540
5.	Human Resource expenses	1106.799
6.	Interest on Working Capital	41.658
	<b>Total expenses</b>	<b>1410.525</b>

**Certificate of LDC Personnel:**

17. The committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” has recommended compensation structure, innovative incentive schemes for higher learning and monetary incentives based on the ratings of the employees. For imparting training to the executives, the expenditure for Training & Certification of LDC personnel has been projected as Rs 10 lakhs for FY 2018-19.

**SLDC Assets:**

18. Most of the assets of SLDC along with sub-SLDC have been identified for transfer as per the direction of the Commission.

**Determination of Annual Charges for SLDC:**

19. The Annual Charges for SLDC have been computed as per provision in Regulation 17, 18, 19, 20, 21 & 22 of OERC Regulation as detailed below:

Annual charges: Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
- b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge

- **System Operation Charges (SOC)** shall be collected from the users in the following ratio
  - Intra State Transmission Licensee - 10% on the basis of Ckt-KMs
  - Generating Company & Seller - 45% on the basis of installed capacity
  - Distribution Licensee and Buyers - 45% on the basis of allocation
- **Market Operation Charges (MOC)** shall be collected from user in the following ratio:
  - Generating Company & Seller - 50% on the basis of installed capacity

- Distribution Licensee & buyers - 50% on the basis of allocation
  - As per the proposed maintenance program, the installed capacity of OHPC stations has been considered as 1755 MW as per the availability projection made by OHPC considering the R&M programme. (**Annexure – II**)
  - For the purpose of determination of the above charges for CGPs, the maximum MW scheduled during April to October 2017 has been considered.
  - In the absence of approved injection schedule for some of the CGPs during FY 2017-18 (up to October 2017), the approved schedule quantum for previous year has been considered.
  - Further, it has been proposed to collect SLDC charges from industries which are importing power through intra/inter-state open access only for the month of their transaction basing on the maximum scheduled quantum.

**Table – 6: Abstract of Collection of SLDC Charges Proposed for FY 2018-19**  
(Rs. in lakhs)

<b>Annual charges (AFC)</b>	<b>1410.525</b>
<b>System Operation Charges (SOC) (80% of the AFC)</b>	<b>1128.420</b>
Intra State Transmission Licensee @10% of SOC	112.842
Generating Station & Sellers @45% of SOC	507.789
Distribution Licensees & Buyers@45% of SOC	507.789
<b>Market Operation Charges (MOC) (20% of the AFC)</b>	<b>282.105</b>
Generating Station & Sellers @50% of MOC	141.0525
Distribution Licensees & Buyers@50% of MOC	141.0525

**Registration Fee:**

20. Besides the above charges, provision for collection of registration fee @ Rs1.00 lakh from all users has been made as per OERC Regulation. It is also proposed to collect registration fee from the industries who are importing power through inter-state open access.

**Application Fee and Scheduling Charges:**

21. Application fee and scheduling charges of Rs 5000/- per application and Rs.2000/- per day or part thereof respectively shall be paid by the short term open access customers.

**Prayer**

Considering the submission made above, OPTCL prays Commission to approve the Annual Revenue Requirement of Rs.1410.525 lakhs for FY 2018-19 towards State Load Dispatch Centre (SLDC) function separately and kindly allow recovering the same from the users.

**Proposed Levy and Collection of Fees and Charges by OPTCL for SLDC operation for  
FY 2018-19**

**LEVY AND COLLECTION OF FEES & CHARGES (Rs. in Lakhs)**

<b>Annual charges</b>	1410.525
Total Cost (Annual Fixed Cost)	<b>1410.525</b>
System Operation Charges (SOC) (80% of the AFC)	1128.420
Market Operation Charges (MOC) (20% of the AFC)	282.105
<b>System Operation Charges (SOC)</b>	<b>1128.420</b>
Intra State Transmission Licensee @10% of SOC	112.842
Generating Station & Sellers @45% of SOC	507.789
Distribution Licensees & Buyers@45% of SOC	507.789
<b>(a) Intra State Transmission Licensee (SOC per month)</b>	9.404
<b>(b) Generating Station &amp; Sellers @45% of SOC</b>	<b>507.789</b>

*(Rs. in  
Lakhs)*

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	1755.00	195.294	16.274
2	OPGC	420.00	46.737	3.895
3	TTPS	460.00	51.188	4.266
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	2.226	0.185
5	Meenakshi Power Ltd. (Small Hydro)	37.00	4.117	0.343
6	Shalivahana Green Energy Ltd	20.00	2.226	0.185
<b>C</b>	<b>IPP</b>			
7	GMR, Kamalanga	350.00	38.948	3.246
8	Vedanta Limited (IPP)	600.00	66.767	5.564
9	NBVL (IPP)	60.00	6.677	0.556
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (up to end of October-2017)</b>		
10	Aarti Steel Ltd	37.21	4.141	0.345
11	Aditya Aluminium Limited	2.00	0.223	0.019
12	Aryan Ispat & Power Pvt. Ltd.	8.67	0.965	0.080
13	Bhubaneshwar Power Pvt. Ltd.	115.00	12.797	1.066
14	Bhusan Power & Steel Ltd., Jharsuguda	30.00	3.338	0.278
15	Bhusan Steel Limited, Meramundali	20.88	2.323	0.194
16	ESSAR Power (Orissa) Ltd.	12.00	1.335	0.111
17	FACOR Power Ltd.	10.98	1.222	0.102
18	HINDALCO	15.00	1.669	0.139
19	IFFCO	10.00	1.113	0.093
20	IMFA	48.08	5.350	0.446

21	Jindal Stainless Limited, Duburi	18.81	2.093	0.174
22	Jindal Steel & Power Ltd., Angul	86.93	9.673	0.806
23	Maithan Ispat Limited	2.00	0.223	0.019
24	MGM Minerals Ltd.	3.00	0.334	0.028
25	NALCO, Angul	61.00	6.788	0.566
26	Narbheram Power & Steel (P) Ltd	3.00	0.334	0.028
27	Nava Bharat Ventures Limited	47.74	5.312	0.443
28	Nilachal Ispat Nigam Limited	4.91	0.546	0.046
29	OCL India Ltd.	19.79	2.202	0.184
30	Pattaniak Steel & Alloys Limited	2.00	0.223	0.019
31	RSP	4.00	0.445	0.037
32	Shree Ganesh Metalicks Ltd.	1.05	0.117	0.010
33	Shyam Metalicks & Energy Ltd	1.00	0.111	0.009
34	SMC Power generation	4.00	0.445	0.037
35	Tata Sponge Iron Limited	20.18	2.246	0.187
36	Vedanta Limited (Jharsuguda)	169.99	18.916	1.576
37	Vedanta Limited (Lanjigarh)	5.00	0.556	0.046
38	VISA Steel Limited	25.00	2.782	0.232
39	Yazdani Steel & Power Ltd.	2.00	0.223	0.019
<b>E</b>	<b>Solar Projects</b>	<b>Installed Capacity (MW)</b>		
40	ACME, Odisha	25.00	2.782	0.232
41	AFTAB Solar	5.00	0.556	0.046
42	GEDCOL	20.00	2.226	0.185
	<b>Total</b>	<b>4563.22</b>	<b>507.789</b>	<b>42.316</b>
<b>(c)</b>	<b>Distribution Licensees &amp; Buyers @45% of SOC</b>		<b>507.789</b>	
		<b>% share</b>		
43	CESU	35.20	178.742	14.895
44	NESCO	22.59	114.710	9.559
45	WESCO	28.20	143.197	11.933
46	SOUTHCO	14.00	71.090	5.924
	<b>Total</b>	<b>99.99</b>	<b>507.738</b>	<b>42.312</b>

**Market Operation Charges (MOC)**

**282.105**

**(a) Generating Company @50% of MOC**

**141.053**

(Rs. in Lakhs)

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	1755.00	54.248	4.521
2	OPGC	420.00	12.983	1.082
3	TTPS	460.00	14.219	1.185
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	0.618	0.052
5	Meenakshi Power Ltd. (Small Hydro)	37.00	1.144	0.095
6	Shalivahana Green Energy Ltd	20.00	0.618	0.052
<b>C</b>	<b>IPP</b>			
7	GMR, Kamalanga	350.00	10.819	0.902
8	Vedanta Limited (IPP)	600.00	18.546	1.546
9	NBVL (IPP)	60.00	1.855	0.155
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (up to end of October-2017)</b>		
10	Aarti Steel Ltd	37.21	1.150	0.096
11	Aditya Aluminium Limited	2.00	0.062	0.005
12	Aryan Ispat & Power Pvt. Ltd.	8.67	0.268	0.022
13	Bhubaneshwar Power Pvt. Ltd.	115.00	3.555	0.296
14	Bhusan Power & Steel Ltd.,Jharsuguda	30.00	0.927	0.077
15	Bhusan Steel Limited, Meramundali	20.88	0.645	0.054
16	ESSAR Power (Orissa) Ltd.	12.00	0.371	0.031
17	FACOR Power Ltd.	10.98	0.339	0.028
18	HINDALCO	15.00	0.464	0.039
19	IFFCO	10.00	0.309	0.026
20	IMFA	48.08	1.486	0.124
21	Jindal Stainless Limited, Duburi	18.81	0.581	0.048
22	Jindal Steel & Power Ltd., Angul	86.93	2.687	0.224
23	Maithan Ispat Limited	2.00	0.062	0.005
24	MGM Minerals Ltd.	3.00	0.093	0.008
25	NALCO, Angul	61.00	1.886	0.157
26	Narbheram Power & Steel (P) Ltd	3.00	0.093	0.008
27	Nava Bharat Ventures Limited	47.74	1.476	0.123
28	Nilachal Ispat Nigam Limited	4.91	0.152	0.013
29	OCL India Ltd.	19.79	0.612	0.051
30	Pattaniak Steel & Alloys Limited	2.00	0.062	0.005
31	RSP	4.00	0.124	0.010
32	Shree Ganesh Metalicks Limited	1.05	0.032	0.003
33	Shyam Metalicks & Energy Limited	1.00	0.031	0.003
34	SMC Power generation	4.00	0.124	0.010
35	Tata Sponge Iron Limited	20.18	0.624	0.052



36	Vedanta Limited (Jharsuguda)	169.99	5.255	0.438
37	Vedanta Limited (Lanjigarh)	5.00	0.155	0.013
38	VISA Steel Limited	25.00	0.773	0.064
39	Yazdani Steel & Power Limited	2.00	0.062	0.005
<b>E</b>	<b>Solar Projects</b>	<b>Installed Capacity (MW)</b>		
40	ACME, Odisha	25.00	0.773	0.064
41	AFTAB Solar	5.00	0.155	0.013
42	GEDCOL	20.00	0.618	0.052
	<b>Total</b>	<b>4563.22</b>	<b>141.053</b>	<b>11.754</b>

**(b) Distribution Licensees & Buyers @50% of MOC**

**141.053**

Sl.		% share		
43	CESU	35.20	49.650	4.138
44	NESCO	22.59	31.864	2.655
45	WESCO	28.20	39.777	3.315
46	SOUTHCO	14.00	19.747	1.646
	<b>Total</b>	<b>99.99</b>	<b>141.038</b>	<b>11.753</b>

**Annexure – I**

**Position wise Role & Responsibilities proposed**

**1. Chief Load Despatcher**

The SLDC function shall be headed by a Chief Load Despatcher in the rank of a Director. He shall be assisted by two Sr. Load Dispatchers one in the rank of CGM and the other in the rank of Sr. GM for conducting the real time grid operation / support services and commercial activities respectively. For technical assistance one Executive Assistant in the rank of DGM and one no. of Sr. Private Secretary shall be attached to the Chief Load Despatcher. All technical function Heads shall be reporting to their respective Sr. Load Dispatchers. The position wise role and responsibility are detailed in the tables.

**2. Grid Operation headed by CGM (Grid Operation)**

The details of manpower and functions under CGM (Grid Operation) are given in the table below. For technical assistance one Executive Assistant in the rank of Dy. Manager and one no. of Private Secretary shall be attached to the C.G.M.

Work	Function	Manpower
<b>A. Real time operation headed by GM(Elect), Operation:</b>		
<b>1.1 Real Time Operation</b>	<p><b>Generation Despatch</b></p> <ul style="list-style-type: none"> <li>• Real time generation dispatch as per merit</li> <li>• Scheduling revisions</li> </ul> <p><b>Transmission Despatch</b></p> <ul style="list-style-type: none"> <li>• Network monitoring and control</li> <li>• Congestion management</li> <li>• Voltage &amp; VAr control</li> </ul>	<p>1 No DGM (E)  <b>SLDC – 4 groups</b>            5 Nos. of Executives in each group consisting of            1 No. AGM (E)            1 No. Manager (E)            1 No. Dy. Manager (E)            1 No. Asst. Manager (E)            1 No. AM(T)  <b>Total-21 nos.</b></p>
<b>Operational Planning</b>	<ul style="list-style-type: none"> <li>• Operational System Analysis</li> <li>• Shutdown planning</li> <li>• Operational report preparation</li> <li>• Management of data base</li> <li>• Transmission / Generation availability Monitoring</li> <li>• EMS</li> </ul>	<p>1 No. D.G.M. (E)            1 Nos of Dy. Manager (E)  <b>Total-2 nos.</b></p>
<b>SCADA/EMS Group</b>	<ul style="list-style-type: none"> <li>• Monitoring of communication link availability such as Optical Fiber, MW, PLCC etc.(to be maintained by STU)</li> <li>• Monitoring of RTU availability in coordination with STU Telecom Dept.</li> <li>• SCADA System (hardware) maintenance.</li> <li>• To develop suitable MIS for grid monitoring.</li> <li>• Maintaining Historical database.</li> <li>• Interface with ULDC project.</li> <li>• To build up accounting oriented information system.</li> <li>• Co-ordination with all Sub-SLDCs</li> </ul>	<p>1 No. DGM(T)            2 Nos. Dy. Manager(T)  <b>Total - 3 nos.</b></p>
<b>B. Operation Services, MIS &amp; Regulatory Affairs headed by G.M.(Elect). (OS, MIS&amp; RA)</b>		
<b>Operation Services Group</b>	<ul style="list-style-type: none"> <li>• Demand forecast- Short term (Day ahead &amp; Month ahead)</li> <li>• Day ahead scheduling of generation and optimization, in coordination with the State generators, ISGS allotment and neighboring utilities such as CGP, DISCOMs, etc.</li> <li>• Scheduling of drawl of DISCOMs</li> <li>• Maintenance of Historical data and database.</li> <li>• Short term transaction (Open Access) coordination with traders</li> <li>• Off-line load flow study for outage planning and real time operation</li> <li>• Network Security and disturbance Analysis</li> <li>• Protection coordination</li> <li>• Implementation plan for intra state ABT</li> </ul>	<p>1 No DGM (E)            1 No AGM (E)            1 No. Manager (E)            4 No A.M. (E)  <b>Total- 7 nos.</b></p>
<b>MIS &amp; RA</b>	<ul style="list-style-type: none"> <li>• Data Archiving &amp; Management report preparation</li> </ul>	

Work	Function	Manpower
	<ul style="list-style-type: none"> <li>System Study</li> <li>Incident Reporting &amp; Disturbance Analysis</li> <li>Meetings</li> <li>Technical Library</li> <li>OERC Reporting</li> <li>ARR</li> <li>Regulation and Regulatory matters</li> </ul>	
<b>LEGAL</b>	<ul style="list-style-type: none"> <li>All legal matters</li> </ul>	1 No. Dy. Manager(Legal)

3. **Commercial Group headed by Sr. General Manager (Commercial)**

The details of manpower and functions under Sr. General Manager (Commercial) are given in the table below.

Work	Function	Manpower
<b>Commercial, TS &amp; C &amp; M shall be headed by GM(Elect):</b>		
<b>Commercial Group</b>	<ul style="list-style-type: none"> <li>Reviewing Long term contracts and Short term contracts</li> <li>Energy meter data collection &amp; compilation</li> <li>Review of metering arrangement for Short-term contracts.</li> <li>Development of Billing &amp; Settlement procedures and keeping of accounts of energy transacted.</li> <li>Preparation of UI bill for intra state utilities in case of implementation of Intra state ABT.</li> <li>Preparation of State Energy Accounting and Bills for State Distribution Utilities.</li> </ul>	1 No AGM (E) 2 Nos Managers (E) 2 Nos Dy. Manager (E) 3 Nos A.M. (E) <b>Total - 08 nos.</b>
<b>Technical Services / Contract &amp; Material Management Group</b>	<ul style="list-style-type: none"> <li>AC/DC auxiliary supply</li> <li>Diesel generator operation and maintenance</li> <li>UPS, battery / charger maintenance</li> <li>Safety</li> <li>Civil works maintenance.</li> <li>Air conditioning plant maintenance.</li> <li>Award of contract and contract execution</li> <li>Material management and maintenance of stores.</li> </ul>	1 No D.G.M. (E)

4. **SUPPORT SERVICES FOR SLDC UNDER DIRECTOR, SLDC**

The functions directly controlled by Director, SLDC are given in the Table below.

<b>A. HUMAN RESOURCES MANAGEMENT</b>	<ul style="list-style-type: none"> <li>Manpower planning, Training, Budgeting &amp; placement</li> <li>Personal services (Leave / Loan / Recoveries etc)</li> <li>Installation Security and safety</li> <li>Human resource development</li> <li>Public Relation</li> <li>Administration.</li> </ul>	1 No. G.M. (HR) 1 No. DGM (HR) 1 No Dy. Manager (HR) <b>Total – 3 no.</b>
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<b>B. FINANCE</b>	<ul style="list-style-type: none"> <li>• Drawing and Disbursing functions</li> <li>• Auditing and Reconciliation</li> <li>• Maintenance of asset registers</li> <li>• Budget &amp; Accounts</li> </ul>	1 No. DGM (F) 1 No. Dy. Manager (F) 1 No. Jr. Manager (F) <b>Total - 3 nos.</b>
<b>C. SECRETARIAL STAFF</b>	<ul style="list-style-type: none"> <li>• Day to day secretarial work</li> </ul>	4 Nos. Office Assistant 4 Nos. Steno / Comp. Asst. <b>Total - 8 nos.</b>

### Abstract of Staff Requirement for SLDC

#### 1. Executive Staff Requirement:

Sl. No.	Category of Posts	Total Nos.
1	Director (Chief Load Despatcher)	01
2	Executive Assistant to Director [DGM(E)]	01
<b>1.2 A. GRID OPERATION</b>		
<b>REAL TIME OPERATION</b>		
3	CGM (Elect)	01
4	Executive Assistant to CGM [Deputy Manager (E)]	01
5	General Manager (Elect)	01
6	DGM (Elect)	01
7	AGM (Elect)	04
8	Manager (Electrical)	04
9	Deputy Manager (Electrical)	04
10	Assistant Manager (Electrical)	04
11	Assistant Manager (Telecom)	04
<b>OPERATIONAL PLANNING</b>		
12	DGM (Elect)	01
13	Deputy Manager (Electrical)	01
<b>SCADA</b>		
14	DGM (Telecom)	01
15	Deputy Manager (Telecom)	02
<b>A. OS, RA &amp; MIS</b>		
16	General Manager (Elect)	01
17	DGM (Elect)	01
18	AGM (Electrical)	01
19	Manager (Electrical)	01
20	Assistant Manager (Electrical)	04
21	Deputy Manager (Law)	01
<b>B. COMMERCIAL SERVICES</b>		
22	Sr. General Manager (Elect)	01
<b>Commercial, Tech Services, Contract &amp; Material Management</b>		
23	General Manager (Commercial, TS, C&M)	01

Sl. No.	Category of Posts	Total Nos.
	<b>COMMERCIAL</b>	
24	AGM (Elect)	01
25	Manager (Electrical)	02
26	Deputy Manager (Electrical)	02
27	Assistant Manager (Electrical)	03
	<b>TECHNICAL SERVICES / CONTRACT &amp; MATERIAL MANAGEMENT</b>	
28	DGM (Electrical)	01
<b>D. HRM</b>		
29	General Manager (HR)	01
30	DGM (HR)	01
31	Deputy Manager (HR)	01
<b>E. FINANCE</b>		
32	DGM (Finance)	01
33	Deputy Manager (Finance)	01
34	Junior Manager (Finance)	01
<b>F. SECRETARIAL</b>		
35	Sr. PS to Director	01
36	PA / PS	01
	<b>TOTAL EXECUTIVES</b>	<b>59</b>

**2. Non-Executive Staff Requirement:**

Sl. No.	Category of Posts	Total Nos.
1	Steno / Comp. Asst.	04
2	Office Assistant	04
	<b>TOTAL NON-EXECUTIVES</b>	<b>8</b>

**Total Staff Requirement proposed for SLDC=1 + 2 = 59 + 8= 67 Nos.**

**Annexure – II**

**Computation of Installed Capacity of OHPC Stations for FY 2018-19**

Units	Capacity (MW)	Zero Date of R&M	Tentative Date of Commercial Operation	Period of Shut Down during FY 2018-19	Capacity Available during the Period of Shut Down	Average available Installed Capacity during FY 2018-19 for Sharing of SLDC Charges
<b>Unit – 3, CHEP</b>	<b>24</b>	15.10.2015	15.07.2018	04/18 to 07/18	i) 4/18 to 7/18: 1808.5	$[(1808.5 \times 4) + (1712.5 \times 7) + (1832.5 \times 1)] / 12$

<b>Unit – 6, HHEP</b>	<b>37.5</b>	16.10.2015	15.04.2019	04/18 to 03/19	MW ii) 8/18 to 2/19: 1712.5 MW iii) 3/19: 1832.5 MW	= 1754.5 MW
<b>Unit – 1, BHEP</b>	<b>60</b>	05.08.2016	05.02.2019	04/18 to 02/19		
<b>Unit – 5, HHEP</b>	<b>37.5</b>	25.10.2016	30.05.2019	04/18 to 03/19		
<b>Unit – 2, BHEP</b>	<b>60</b>	20.11.2017	05.02.2019	04/18 to 02/19		
<b>Unit – 3, BHEP</b>	<b>60</b>	05.08.2018	05.02.2020	08/18 to 03/19		
<b>Unit – 4, BHEP</b>	<b>60</b>	05.08.2018	05.02.2020	08/18 to 03/19		

#### **VIEWS OF CONSUMER COUNSEL (Para 22 to 23)**

22. World Institute of Sustainable Energy (WISE), Pune - the Consumer Counsel has analyzed the ARR application of SLDC and some of their important observations are as under :-

#### **Observations on Annual Revenue Requirement**

- SLDC has given the proposal for revenue requirement of Rs.1410.525 lakhs for FY 2018-19 which is 74.09% rise over Rs.810.21 lakhs approved by the Commission for FY 2017-18. This would be recovered through Annual Fees and Charges. The Revenue Requirement includes Employee Cost of Rs. 1106.799 lakhs on account of salary and other cost of 67 nos. of executives and non-executives and implementation of 7<sup>th</sup> Pay Commission Report for FY 2018-19. SLDC has proposed Rs.186.473 lakhs on account of arrear payment due to consideration of implementation of 7<sup>th</sup> Pay Commission's Recommendations. The same may not be allowed by the Commission until the 7<sup>th</sup> Pay Commission's Recommendations are actually implemented.

- SLDC has projected O&M expenses at Rs. 203.540 lakhs (Administrative and General (A&G) expenditure at Rs.151.84 lakhs and R&M expenses at Rs.51.70 lakhs) for FY 2018-19 against the approval of Rs.160.76 lakhs for FY 2017-18. However, the actual expenditure during first six months of FY 2017-18 is Rs.58.87 lakhs and if prorated for the full financial year, the O&M expenses would be Rs.117.74 lakhs only, which is just 73.24% of approved O&M for FY 2017-18. So, the proposed O&M expenses seem to be on higher side and should not be approved. SLDC has projected abnormally high A&G expenses and R&M expenses during the second half of FY 2017-18 compared to the actual expenditure in the first half of the year. The O&M expenses projected for FY 2017-18 on pro-rata basis, based on actual expenditure, may be escalated at 5.72% for FY 2018-19.
- SLDC has claimed Rs. 58.528 lakhs as depreciation for assets in ULDC and offices in SLDC, out of which an amount of Rs. 7.750 lakhs is claimed on account of Video Projection Screen (VPS) and Rs. 6.547 lakhs is claimed for IT equipments at EASSC. Depreciation on VPS and IT equipments at EASSC may be allowed for the FY 2018-19. The counsel is of the view that depreciation on new assets such as AC, furniture, UPS, photocopier, battery etc. should be scrutinized.
- Proposed working capital of Rs. 344.283 lakhs may not be approved separately and the interest on working capital may be allowed to be incurred from SLDC Development Fund, as per the earlier directive of the Commission.

#### **Non-Compliance of Directions of the Commission - Main Issues**

- Regarding Commission's directions on transfer of assets to SLDC, the OPTCL has responded by saying that all assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel. Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. The actual transfer of assets has not taken place as yet.
- On the Commission's direction that SLDC should operate as an independent system operator, SLDC has replied that as per provisions under Section 31(2) of the Electricity Act, 2003 OPTCL, being the designated STU, is operating SLDC at present. SLDC is now operating autonomously as an independent system operator

headed by Chief Load Despatcher under the direct administrative control of the Chairman-cum-Managing Director of OPTCL. The post of Director has already been approved by Government of Odisha. However, SLDC is yet to operate independently.

### **Summing Up**

23. The Consumer Counsel, WISE, presented before the Commission the following concluding remarks during hearing on application of SLDC for approval of its ARR & Annual Fees & Charges for FY 2018-19.
- The SLDC is considered as ‘Brain’ of Power System Operation.
  - SLDC is responsible for optimum scheduling and dispatch of electricity. It is carrying out real time operations for grid control and dispatch of electricity in cost-effective manner.
  - The actual utilization of the “SLDC Development Fund” so far may be produced by SLDC.
  - The SLDC has been delaying implementation of the various orders of the Commission.
  - The Commission may consider all the above facts before approving the ARR for FY 2018-19.

### **VIEWS OF OBJECTORS (Para 24 to 62)**

#### **Functioning of SLDC & Establishment of a Separate Corporation for SLDC**

24. One objector stated that SLDC should be an independent apex body under Sec 31 & 32 of the EA-2003.
25. One of the objectors stated that OPTCL was controlling SLDC and had not implemented the directives given by the Commission from time to time since 2007.
26. Some objectors submitted that OPTCL had not created wholly owned subsidiary and direction of the Commission in this regard has not been complied as yet.
27. Some objectors stated that SLDC/OPTCL had not complied with the directions of the Commission with regard to timely completion of works and assets transfer.



28. Few Objectors opined that CMD of OPTCL was also the CMD of GRIDCO due to which SLDC is not able to function independently. Thus, there is conflict of interest while permitting open access to consumers as permission to do so is affecting the interest of GRIDCO.
29. One objector wanted clarification whether OPTCL had sent its Board Resolution to Department of Energy for creation of a wholly owned subsidiary, Odisha Power System Corporation Ltd., and whether Government of Odisha had communicated OPTCL its formal approval for the same. Further, whether OPTCL had reminded Government of Odisha or the Commission to expedite the approval process should be intimated.
30. One objector stated that transfer of assets to SLDC had also not been effected as directed by the Commission's order dated 23.03.2017.
31. Another objector submitted that SLDC had not been separated from OPTCL and was not given functional autonomy as per the recommendations of the Gireesh Pradhan Committee. SLDC remains under the control of the management of OPTCL and does not enjoy functional and structural immunity.
32. Some objectors suggest that a Director may be appointed as Head of SLDC and he should function under administrative control of Energy Department of Govt. of Odisha.
33. Another objector pointed out that SLDC was not functioning as an Independent System Operator and it is taking 'Commercial Clearance' from GRIDCO before issuing permission for open access.

#### **Organizational Structure and Staffing of SLDC**

34. One of the objectors stated that normal SLDC functions like preparation of energy accounting, preparation of cross subsidy surcharge bills, updating of websites of SLDC were being hampered due to lack of sufficient manpower in SLDC.
35. Objectors stated that additional Executives required for highly specialized and technical functions of the SLDC had not been appointed.
36. Some objectors submitted that the recent appointment of Chief Load Dispatcher of SLDC had been from the general cadre of OPTCL.

### **Employee Cost**

37. Some of the objectors urged the Commission not to accept the proposed expenditure on employee cost based on 7th Pay Commission recommendations as requested by SLDC while approving ARR and Fees & Charges for SLDC for FY 2018-19 as performance of SLDC is dismal and highly inefficient.
38. Other objectors stated that SLDC should furnish action plan to deploy complete sanctioned manpower.
39. Some of the objectors requested that manpower cost of SLDC should be increased only to the extent of 6.35% from present actual manpower cost, if SLDC doesn't submit any justification of required manpower.

### **Energy Accounting & Settlement System Centre (EASSC) and Open Access related Issues**

40. Some objectors stated that SLDC charges should not be extended to open access customers importing power through inter-state or intra-state open access.
41. SLDC is not following merit order based optimum scheduling and dispatch of electricity within the state.
42. One objector stated that SLDC required the CGPs applying for open access to give an undertaking for not injecting power to the STU and not to bill GRIDCO for inadvertent injection of power.
43. Another objector requested that operating and scheduling charges of SLDC should be approved at Rs. 1000 per day instead of proposed Rs. 2000 per day as per CERC (Open Access (third amendment) Regulation, 2015).
44. Some objectors submitted that SLDC should be directed to publish the monthly Energy Accounts, weekly UI accounts, and weekly Reactive Energy Accounts status of open access applications in its website in a time bound manner.

### **Operation & Maintenance Expenses (O&M Expenses)**

45. Objectors stated that O&M expenditure of SLDC should be increased by 5.72% from previous year's O&M expenses provided it's below maximum permissible limit as per OERC Regulations.

### **Depreciation**

46. Some objectors submitted that depreciation cost of SLDC for FY 2018-19 might be approved at Rs. 22.92 lakhs.

### **SLDC Development Fund**

47. One objector pointed out that SLDC had accumulated huge amount of funds in the SLDC Development Fund and it was using part of this fund as deemed loan for working capital and hence there was no need to approve a separate amount under the head interest on working capital.
48. Another objector submitted that SLDC should furnish year-wise deposit in SLDC Development Fund and its utilization in each year. Besides that, fund available as on 31st March, 2017 and fund deposited thereafter in the SLDC Development Fund should be monitored.

### **SLDC ARR, Fees & Charges**

49. Some objectors submitted that Annual Revenue Requirement of SLDC for FY 2018-19 should be approved at Rs. 812.67 lakhs.
50. One of the objectors has urged the Commission not to pass claims of fees and charges for FY 2018-19 as they had violated the directions of the Commission, the provisions of electricity Act & recommendations of G B Pradhan Committee.
51. Objectors have submitted to the Commission not to allow OPTCL to collect fees and charges for SLDC separately in addition to their Transmission Tariff on the absurd presumption that SLDC is functioning as an autonomous & independent body which is factually wrong.
52. Some have stated that OPTCL had not separated the financial accounts of SLDC and in absence of that truing up exercise and performance review could not be done.

### **Others**

53. One of the Objectors has requested the Commission to take necessary action against SLDC authority for failure to provide copy of documents for sale to objectors. Non-supply of document to public on sale is a clear violation of the public notice and direction of Commission.

54. Some of the objectors stated that OHPC had alleged their inability to generate as per schedule due to non-evacuation by SLDC/OPTCL.
55. One objector stated that Penalty might be levied for continued and willful contravention of the directives of the Commission.
56. Objectors have stated before the Commission to implement Multi-Year Tariff (MYT) Principles which is a mandate under Electricity Act, 2003 in determining the tariff, charges, fees etc of various licensees of Odisha.
57. One of the objectors states that the deponent of ARR application of SLDC is not a commerce and accountancy expert and hence not the right person to apply for ARR of SLDC. Engineering profession and accountancy-cum-commerce profession should be clearly distinguished.
58. Objectors stated that failure of OERC to initiate actions u/S 193 and 228 of IPC & u/S 345 & 346 of CrPC as envisaged u/S 95 of Electricity Act, 2003 has made the electricity sector unsustainable.
59. Some objectors urged Commission to direct SLDC to publish its quarterly performance and quarterly expenses under CAPEX.
60. Objectors stated that SLDC should not levy SOC on the captive generating plants for which power is not scheduled for the year.
61. OPTCL should produce a status report on the following directives of the Commission:
  - ✓ direction given to the CMD OPTCL to ensure the posting of a full time Director in SLDC in order to enable SLDC to function effectively and independently as the state nodal agency.
  - ✓ direction given to CMD, OPTCL to post the existing Director (Technical) as Director of SLDC by 31st May, 2010.
  - ✓ direction on the creation of a separate “SLDC Development Fund” w.e.f. 01.04.2010 and deposition of the amount unspent as on 31.03.2010 of SLDC in the newly created fund.
  - ✓ direction on the functioning of the Energy Accounting & Settlement System Centre (EASSC) of SLDC from 01.04.2010 without fail and direction given

on preparation and issuance of the monthly energy accounts and weekly reactive energy accounts to all the stake holders.

- ✓ direction given to SLDC to submit monthly report on STOA transactions and to display the same in SLDC website for the information of all the stake holders/ general public.
- ✓ direction given to the OPTCL to post requisite number of executives as per ERLDC norms.
- ✓ direction given to the Chief Load Despatcher, SLDC to submit quarterly performance of each quarter to the Commission for performance review at the end of each quarter.

62. Objectors have prayed to take appropriate action against the CMD, OPTCL as per law in case of failure of submission of status report.

**REJOINDER AND REPLY OF SLDC TO QUERIES RAISED DURING HEARING (Para 63 to 99)**

**Functioning of SLDC & Establishment of a Separate Corporation for SLDC**

63. As per provision under Section 31(2) of the Act, the State Transmission Utility shall operate the State Load Despatch Centre (SLDC) until a government company or any authority or corporation is notified by the State Government. Accordingly, SLDC is at present operated by OPTCL, the STU. SLDC is operating the State grid most efficiently to maintain the electrical parameters within the statutory limits.
64. SLDC submitted that it was functioning autonomously headed by a Chief General Manager under the direct administrative control of the Chairman-cum-Managing Director, OPTCL, the designated State Transmission Utility (STU). Advertisement for the post of Director (SLDC) has already been made by the Government of Odisha.
65. SLDC has been financially unbundled and is maintaining separate books of accounts and is meeting its expenses out of the revenue generated as per OERC order. Hence SLDC is financially independent from OPTCL.
66. SLDC is discharging its duty as per the provision of the Electricity Act, 2003. Accordingly, SLDC is operating the State grid and performing all other activities efficiently.

67. OERC vide letter No. 1313 dated 04.8.2007 issued a road map for implementation of levy of annual fees and operating charges for SLDC functions in Odisha in order to separate SLDC charges from the existing transmission charges of OPTCL with effect from 01.04.2008 to make SLDC self-reliant. As per direction of the Commission, separate application for approval of Annual Fees and Operating Charges for SLDC function is being filed by OPTCL since FY 2009-10.
68. Subsequently, on notification of OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010, the application for approval of Annual Revenue Requirement and Fees & Charges for SLDC is being prepared & submitted before the Commission as per the provisions of Regulation.
69. The assets pertaining to SLDC are being used exclusively by SLDC personnel. Also, new assets are being added by SLDC to perform the day to day functions & activities. Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. However, the day to day functioning of SLDC is not being hampered.

#### **Organizational Structure and Staffing of SLDC & Employees Cost**

70. Government of Odisha has already approved the SLDC structure for 67 nos. of employees of different category excluding personnel at Sub-LDCs which have been included in OPTCL staff structure.
71. The present staff strength including contractual staff is 54 numbers, while the proposed staff strength for FY 2018-19 is mentioned as 67 nos. as approved by the Government of Odisha excluding personnel at Sub-LDCs which have been included in OPTCL staff structure. The approved staff strength (67nos.) is adequate to perform the present activities of SLDC. Filling up of the remaining posts is under process. The salary of 6 nos. of Telecom Executives working at SLDC is being paid by SLDC. They will be posted under the control of Chief Load Dispatcher in future.
72. With the existing manpower, SLDC is performing all major activities as per the provision of Act & Regulation.
73. The employee cost for 2018-19 has been computed considering the 67 number of employees as approved by the Government and considering implementation of 7th Pay Commission Report including arrear.

74. SLDC has been incurring HR expenses which are very close to the approved amounts during FY 2013-14, 2014-15, 2015-16 & 2016-17. It is anticipated that during FY 2017-18, the HR expenses shall reach the approved amount.
75. The Executives working at SLDC are highly specialized with strong technical knowledge in respect of SLDC function. All the Executives had undergone the System Operator training conducted by National Power Training Institute (NPTI).

**Energy Accounting & Settlement System Centre (EASSC) in SLDC and/or Open Access related Issues**

76. The website of SLDC is updated regularly in respect of major information like implementation of open access transactions, energy accounting, daily/monthly/quarterly/annual system performance reports, daily drawal schedule of DISCOMs and dispatch schedule of Generating Stations. However, some of the information which are not urgent in nature are yet to be displayed. Action is being taken for displaying the same.
77. As per provisions of Regulation 20 & 21 of OERC (Fees and Charges of SLDC and other related matters) Regulations, 2010, SLDC proposed to collect Annual Charges from those industries who are importing power through Intra/Inter-State open access as they are coming under 'buyer' category and hence are liable to pay the SLDC charges.
78. EASSC is functioning at SLDC for State Energy Accounting and UI charge/Deviation charge billing on receipt of energy meter data from the field. Schedule based energy accounting and Un-scheduled inter-change/deviation charges billing are being prepared by SLDC with effect from 01.04.2012 along with mock reactive energy charges billing.
79. The monthly energy accounting for DISCOMs and Open access customers on 15 minutes block basis is being uploaded in the SLDC website and forwarded to all customers on 1st day of each month by email.
80. It is submitted that SLDC has filed the compliance of the directives of the Commission at para 139 & 140 of the order dated 23.03.2017 in Case No. 65/2016 while approving the ARR & determination of Fees & Charges of SLDC functions for FY 2017-18. The contention of one of the Objectors is not based on facts in respect of processing of Open Access applications. SLDC is processing the Inter/Intra-State

Open Access applications independently as per the provisions of Act & Regulations without any influence.

81. SLDC is functioning autonomously under the ambit of OPTCL, the STU as per the provisions of the Act. GRIDCO is the designated entity for receiving power from all sources including State's ISGS share. In case of non-compliance of schedule by the embedded Open Access customers, GRIDCO's drawl schedule will be ultimately affected. In view of the above, some sort of commercial agreement is required between embedded Open Access customers and GRIDCO, in the absence of implementation of Intra-State ABT to the generators.
82. SLDC has never asked to any CGP for not to inject power to the System. However, as a part of grid operation activity, SLDC can direct any user not to inject power beyond the schedule depending on grid condition.

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

83. AMC charges of SCADA/EMS & VPS contribute to a substantial amount of R&M expenses. During FY 2017-18, the R&M expenses shall reach the approved amount as the bill towards AMC charges is pending for payment due to non-receipt of the bill from POWERGRID. As such, the proposal of the objector is not acceptable.

#### **Depreciation**

84. Depreciation for the assets in the Unified Load Despatch Centre and offices in SLDC has been computed as Rs. 58.528 lakhs as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for computers & peripherals for SLDC data centre, procured during FY 2017-18 amounting Rs. 36.686 lakhs and depreciation cost of VPS screen amounting Rs.7.750 lakhs, IT equipments for EASSC amounting Rs.6.547 lakhs. Besides, depreciation on assets such as AC, Furniture, DG set, RVDU at Jaynagar etc. has been considered.

#### **SLDC Development Fund and Interest on Working Capital**

85. SLDC stated that SLDC Development Fund has already been created and operative at present. The details of SLDC Development Fund are available in the ARR application filed by OPTCL.
86. The SLDC development fund is being utilized to meet the Capital Expenditure of SLDC with due approval of the Commission.



87. The interest on working capital amounting Rs. 344.283 lakhs computed as Rs. 41.658 lakhs as per OERC Regulation considering 9.1% rate of interest (SBI base Rate) plus 300 basis points. Even though SLDC has not taken loan to meet the working expenses, the provision has been kept due to non-receipt of SLDC charges from the users for a period of two months from the commencement of a Financial Year. The expenses have to be met from the charges collected from the users for the previous year which could have been kept in the SLDC Development Fund. The loss of interest for the above amount is being recovered as interest on working capital.

#### **SLDC Fees and Charges**

88. For the purpose of determination of the Annual Charges for CGPs, the maximum MW scheduled during April to October 2017 has been considered. In absence of approved injection schedule for some of the CGPs during the FY 2017-18 (up to October'17), the approved schedule quantum for previous year has been considered for purpose of levying SLDC charges.
89. OPTCL has suggested collecting scheduling charges @ 2000/- per day as per the previous tariff order.

#### **Others**

90. SLDC has submitted that it has complied with the directions of the Commission.
91. As per the direction of the Commission, a copy of the application filed by OPTCL for approval of Annual Revenue Requirement and determination of Fees & charges of SLDC functions for FY 2018-19 (Registered as Case No. 78/2017) has been forwarded to all EHT (O&M) Circles of OPTCL for inspection and sale to the interested persons. The said application is also uploaded in the SLDC website to facilitate the objector (s) to download.
92. SLDC submitted that monthly report on STOA transactions is being displayed on its website.
93. The objections made relating to merit order despatch is not specific. However, SLDC is adopting merit order generation despatch.
94. The Commission has been reviewing the performance of SLDC. SLDC is furnishing the Performance Report to OERC for review as directed by the Commission. Further,

statutory/internal audit of SLDC accounts is being conducted annually by independent Chartered/Cost accountant firms.

95. The function of SLDC is for integrated operation of the State grid to ensure reliability and quality of power supply to all the users and, therefore, question of loss & profit does not arise. As such, the allegation made by the objector is not maintainable.
96. As per the provision of Regulation 3(1) of the OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010, Chief Load Dispatcher, SLDC has filed the application for Annual Revenue Requirement and Fees and Charges of State Load Despatch Centre (SLDC), Odisha for the FY 2018-19.
97. SLDC is optimizing the State's drawl from Machhkund Power House with the available network configuration.
98. The State's hydro generation is being made as per the decision made by the Water Resources Department, Government of Odisha in coordination with OHPC. SLDC is operating the State grid in co-ordination with all the entities at different levels including Generation, Transmission & Distribution.
99. Function of SLDC is not related to the activities like electrification and low voltage in distribution network.

**OBSERVATIONS OF STATE ADVISORY COMMITTEE (SAC) (Para 100)**

100. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2018. The members of SAC deliberated on different issues related to power sector and the Annual Revenue Requirement of various licensees/generators. However, no specific view was offered related to the Annual Revenue Requirement and Fees & Charges of SLDC for the FY 2018-19.

**VIEWS OF GOVT. OF ODISHA (Para 101 to 102)**

101. During hearing the Government representative wanted to know whether the proposed AMC of different equipments at SLDC were covered under 'Warranty'. SLDC clarified that AMC has been proposed only after expiry of warranty of the equipments. As such, the AMC proposed for the equipments are not covered under warranty.

102. Govt. of Odisha communicated its suggestions/views/comments on various issues involving Tariff setting for the FY 2018-19 vide its letter No.ELC-OERC-03/2018/2253 dt.12.03.2018. However, no specific suggestion was given by the State Government with regard to determination of fees and charges for SLDC for the FY 2018-19.

**COMMISSION’S OBSERVATIONS (Para 103 to 142)**

103. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2018-19 followed the principles laid down in the Electricity Act, 2003, CERC (Fees and Charges of RLDC and Other Related Matters) Regulation, 2009 and OERC (Fees and Charges of SLDC and other Related matters) Regulations, 2010. The component-wise determination of Revenue Requirement for SLDC functions is given here under:

**Return on Equity (RoE)**

104. SLDC has not considered RoE in the ARR since no equity has been invested.

**Interest on Loan Capital**

105. SLDC has not considered Interest on Loan Capital as there is no outstanding loan.

**Depreciation**

106. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that the depreciation shall be calculated annually on straight line method and at rates specified by CERC from time to time. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. SLDC has proposed Depreciation of Rs.58.528 lakhs for FY 2018-19 for its assets in the following manner.

**Table - 7**

<b>Financial Year</b>	<b>(Rs. in Lakhs)</b>		
	<b>2016-17 (Approved)</b>	<b>2017-18 (Approved)</b>	<b>2018-19 (Proposed)</b>
Recovery of capital cost (amount to be recovered during the year)	0.000	0.000	0.000
Depreciation on existing assets	22.529	23.850	58.528
<b>Total</b>	<b>22.529</b>	<b>23.850</b>	<b>58.528</b>

SLDC has claimed Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC which has been computed at Rs.58.528 lakhs as per CERC

Regulations. The Commission after hearing the objectors approves an amount of Rs.58.528 lakhs towards depreciation for the FY 2018-19 as the major amount of depreciation claimed by SLDC is for computers and peripherals for SLDC data centre and for the VPS screen which are crucial for day to day functioning of SLDC.

**Employee Cost (Human Resource Expenses)**

107. SLDC in its original application for ARR Fees and Charges had projected the Employee Cost at Rs.1106.799 lakhs for the ensuing FY 2018-19 considering the approved 67 nos. of employees as approved by the State Govt. and implementation of 7<sup>th</sup> Pay Commission's Report. The present staff strength of SLDC is 48 as on 31.10.2017 including 6 nos. of telecom personnel working at SLDC control centre. One employee has retired recently making the total actual strength 47. In addition to the above, 6 nos. of contractual/outsourcing staff are engaged at SLDC as on date.
108. SLDC was asked to submit the actual payment made to the existing employees up to November, 2017 for the FY 2017-18 which it has complied. On the basis of data submitted by the SLDC, Commission approves the Human Resource expenses of Rs.645.40 lakhs for the actual strength of 47 nos. of employees existing as on date as against the proposed expenses of Rs. 1106.799 lakhs for the full strength of 67 employees as approved by the State Govt. During discussion with SLDC, it was confirmed that SLDC might hire 5 nos. of contractual employees during 2018-19. Accordingly, provision has been made in the approved employee cost for the FY 2018-19. The details of proposed and approved human resource expenses based on 7<sup>th</sup> Pay Commission Recommendations taking into consideration the actual strength of SLDC at 47 nos. of employees is furnished in the table below:

**Table - 8**  
**Details of Human Resource Expenses (Rs. lakhs)**

Sl No.	Particulars	Proposed for FY 2018-19 ( APPROVED STRENGTH-67) with 7th pay	Approved for FY 2018-19 ( on existing STRENGTH-47) with 7th pay
1	2	3	6
1	Basic Pay + GP	630.612	491.783
2	Addl. Emp. Cost	0	0.00
3	DA	63.061	34.42
4	Other allowance	43.227	14.68
5	Contractual Employees	5.000	6.54
6	Compensation for LDC Personnel	12.000	12.00

Sl No.	Particulars	Proposed for FY 2018-19 ( APPROVED STRENGTH-67) with 7th pay	Approved for FY 2018-19 ( on existing STRENGTH-47) with 7th pay
7	Arrear salary due to 7th Pay (2015-16, 2016-17, 2017-18)	186.473	0.00
<b>A.</b>	<b>Total Emoluments (1 to 6)</b>	<b>940.373</b>	<b>559.43</b>
	<b>Other Staff Costs</b>		
8	Reimbursement. of medical expenses	31.530	24.59
9	Leave Travel Concession	10.000	10.00
10	Reimbursement of HR	100.896	27.38
11	Ex-gratia	10.000	10.00
<b>B.</b>	<b>Total Other Staff Costs (8 to 11)</b>	<b>152.426</b>	<b>71.97</b>
13	Staff Welfare Expenses	2.000	2.00
14	Provisions – RPP for 5 Executives	10.000	10.00
15	Terminal Benefits	1.000	1.00
16	Others	1.000	1.00
<b>C.</b>	<b>Total (13 to 16)</b>	<b>14</b>	<b>14</b>
<b>D.</b>	<b>Grand Total (A+B+C) Approved for 2016-17</b>	<b>1106.799</b>	<b>645.40</b>

Pay for 2018-19 has been calculated based on 7<sup>th</sup> Pay Commission's Recommendations. DA has been calculated as 7% of Pay. HRA as per 7<sup>th</sup> Pay Commission Recommendations has been approved for FY 2018-19 @ 15% of Pay+GP as on 1.4.2016 multiplied by 12 months. Medical allowances have been approved as 5% of Salary. An amount has been added for contractual employees. We have not considered arrear salary payment on account of 7<sup>th</sup> Pay w.e.f. 01.01.2016 for the FY 2018-19. Other allowances have been approved as proposed by SLDC. A sum of Rupees Rs.645.40 lakhs has been approved by the Commission towards Human Resources Expenses for 2018-19.

**Operation and Maintenance (O&M) Expenses (Excluding Human Resource Expenses)**

109. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 defines Operation and Maintenance (O&M) Expenses as expenses excluding Human Resources Expenses. The operation and maintenance thus includes Repair & Maintenance and A&G expenses only. Regulation also provides that the actual operation and maintenance expenses for the year 2010-11 under SLDC shall be escalated at the rate of 5.72% per annum to arrive at permissible operation and

maintenance expenses for the subsequent years of the tariff period. The actual O&M expenses for new items added under SLDC in each year shall also be escalated @ 5.72% per annum in subsequent years of the tariff period.

As per the submission made by the SLDC the actual expenditure during FY 2016-17, approved figure for 2017-18 and proposed A&G and R&M for 2018-19 are presented in the table below:-

**Table - 9**  
**Operation and Maintenance (O&M) Expenses (Rs. in Lakhs)**

Items	Actual for 2016-17	Approved for 2017-18	Proposed for 2018-19
A&G	109.558	106.290	151.840
R&M	55.478	54.480	55.700
Total O&M*	165.036	160.770	203.540

\*O&M expenses include A&G and R&M expenses as per OERC Regulations.

The following table presents the calculation of O&M expenses for the FY 2018-19 based on the above stated OERC Regulation.

**Table – 10**  
**Approved O&M for 2018-19**

<u>R&amp;M for 2018-19</u>	Rs. in Lakhs
Actual R&M Expenditure upto Nov 17	31.586
Pro-rated (2017-18)	<b>47.380</b>
Total R&M 2017-18	<b>47.380</b>
With 5.72% Escalation	<b>50.090</b>
<b>R&amp;M for 2018-19</b>	<b>50.090</b>
<u>A&amp;G for 2018-19</u>	
Actual A&G Expenditure upto Nov 17	82.656
Pro-rated (2017-18)	<b>123.983</b>
Total A&G 2017-18	<b>123.983</b>
With 5.72% Escalation	<b>131.075</b>
<b>A&amp;G for 2018-19</b>	<b>131.075</b>
<b>O&amp;M (R&amp;M and A&amp;G)</b>	
<b>Approved O&amp;M (R&amp;M+A&amp;G) for 2018-19</b>	<b>181.165</b>

110. As per SLDC's submission, the actual R&M of SLDC up to November, 2017 comes to Rs.7.50 lakhs. SLDC has submitted pending bills under R&M to the tune of

Rs.24.08 lakhs most part of which has already been paid and the remaining would be paid during the FY 2017-18. Added together the R&M figure upto November, 2017 comes to Rs.31.586 lakhs. This figure is pro-rated for the Year 2017-18 and the same is worked out at Rs.47.380 lakhs. Further, to arrive at the R&M figure for 2018-19, the R&M figure of SLDC for 2017-18 i.e. Rs.47.380 lakhs is escalated @5.72% in order to arrive at the approved R&M figure for FY 2018-19. Thus the approved figure for R&M is Rs.50.090 lakhs for the FY 2018-19.

111. As per SLDC's submission, the actual A&G of SLDC up to November, 2017 comes to Rs.73.00 lakhs. SLDC has mentioned in its ARR application about additional payment of Rs.9.65 lakhs, part of which has already been paid and part remains to be paid during the current FY 2017-18. Therefore, this amount has been added to the A&G figure and the total works out to Rs.82.656 lakhs. This figure is pro-rated for FY 2017-18 and the same is worked out at Rs.123.983 lakhs. The A&G figure for FY 2018-19 is arrived at by escalating the A&G of Rs.123.983 lakhs for FY 2017-18 @5.72%. The approved figure for A&G for FY 2018-19 thus turns out to be Rs.131.075 lakhs.
112. Thus, the O&M expenses of SLDC for FY 2018-19 is approved at Rs.181.165 lakhs which equals R&M of Rs.50.090 lakhs and A&G of Rs.131.075 lakhs.

#### **Interest on Working Capital**

113. SLDC has proposed interest on working capital as Rs.41.658 lakhs on the total working capital amounting to Rs.344.283 lakhs. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that rate of Interest on working capital shall be on normative basis and shall be equal to the short-term Prime lending rate of State Bank of India.
114. The Commission feels that since SLDC has accumulated huge amounts of funds in the SLDC Development Fund and it is using part of this fund as deemed loan for working capital purpose, there is no need to approve a separate amount under the head interest on working capital for FY 2018-19.

### **Provision of CAPEX Plan**

115. Commission had approved CAPEX expenses amounting to Rs.717.99 lakhs vide its order dt.23.03.2017 passed in Case No.47 of 2016. SLDC has submitted that out of the total sum of Rs.717.99 lakhs, a sum of Rs.402.99 lakhs would be spent during FY 2017-18 and Rs.315 lakhs during FY 2018-19. Further, Commission had permitted for additional capital expenditure amounting to Rs.3,09,10,579/- towards expansion of existing VPS, upgradation of existing VPS, procurement of RVDU for Jayanagar sub-station to monitor machkund generation etc.
116. The Commission lays importance on functioning of SLDC as the nerve centre of the electricity sector in Odisha. Strengthening of SLDC in terms of infrastructure, IT, Communication etc., are important parameters for effective functioning of SLDC. In view of the above, we direct SLDC to carry out the CAPEX programme as per the time schedule approved in our order as mentioned above and submit the details of CAPEX expenses to the Commission.

### **Summary of ARR for FY 2018-19**

117. Against Rs.810.21 lakhs approved for FY 2017-18 and Rs.1410.525 lakhs proposed by SLDC for FY 2018-19, the Commission hereby approves Rs.885.09 lakhs for FY 2018-19. The details of Expenses proposed by SLDC in its ARR and approved by the Commission for FY 2018-19 are depicted in the Table below:

**Table - 11**  
**Summary of ARR of SLDC for FY 2018-19**

(Rs. in Lakhs)

<b>SL No.</b>	<b>Items</b>	<b>Commission Approval for 2017-18</b>	<b>SLDC Proposal for 2018-19</b>	<b>Approved for 2018-19</b>
1	Employee Cost	625.590	1106.799	645.40
2	O & M*	160.76	203.54	181.16
3	Depreciation	23.85	58.528	58.528
4	Interest on loan	0.00	0.00	0.00
5	Interest on Working Capital	0.00	41.658	0.00
	Total	810.21	1410.525	885.09

\*O&M expenses include A&G and R&M expenses as per OERC Regulations.

### **Determination of Annual Charges of SLDC**

118. The Annual Charges for SLDC Operations during FY 2018-19 have been approved by the Commission at Rs.885.09 lakhs/annum and Rs.73.76 lakhs/month which are to be



recovered from the users who use the Intra-State Transmission Network or the associated facilities and services of SLDC during the ensuing year.

119. OERC Regulations, 2010 define the System Operation Function & Market Operation Function of SLDC as under:

- i. **System Operation Function** includes monitoring of grid operations, supervision and control over the Intra-State Transmission System, real-time operations for grid control & dispatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management & black start coordination etc.
- ii. **Market Operation Function** includes functions of scheduling, dispatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administering ancillary services & information dissemination etc.

120. OERC Regulations, 2010 specify that the Annual Charges should comprise of

- A) **System Operation Charges (SOC) i.e. 80% of Annual charge**
- B) **Market Operation Charges (MOC) i.e. 20% of Annual charge**

121. As per OERC Regulations, 2010, System Operation Charges (SOC) shall be collected from the users in the following ratio

- Intra-State Transmission Licensee -10% of the SOC on the basis of Ckt-KMs
- Generating Companies & Sellers - 45% of the SOC on the basis of Installed Capacity or Contracted Capacity
- Distribution Licensees & Buyers - 45% of the SOC in proportion to the sum of their allocation & Contracted Capacities

122. As per OERC Regulations, 2010, Market Operation Charges (MOC) shall be collected equally from the DISCOM Utilities and Generating Companies apportioning to their entitlement and installed Capacity/Contracted Capacity.

123. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2018-19 at Rs.885.09 lakhs/ annum i.e. Rs.73.76 lakhs/month to be recovered through SOC & MOC as under:

- i) System Operation Charges (SOC) (80% of AC) – Rs.708.07 lakhs/annum or  
Rs.59.01 lakhs/month
- ii) Market Operation Charges (MOC)(20% of AC) – Rs. 177.02 lakhs/annum or  
Rs.14.75 lakhs/month

**System Operation Charges (SOC)**

124. The System Operation Charges (SOC) of Rs.708.07 lakhs/annum or Rs.59.01 lakhs/month shall be apportioned for collection from the following stakeholders as under:

- i) Intra-State Transmission Licensee @ 10% of SOC - Rs.70.81 lakhs/annum or  
Rs.5.90 lakhs/month
- ii) Generating Stations & Sellers @ 45% of SOC - Rs.318.63lakhs/annum or  
Rs.26.55 lakhs/month
- iii) DISCOM Utilities & Buyers @ 45% of SOC - Rs.318.63lakhs/annum or  
Rs.26.55 lakhs/month.

**125. Recovery of System Operation Charges (SOC)**

- i) The recovery of SOC from OPTCL as Intra-State Transmission Licensee shall be 10% of SOC of Rs.70.81 lakhs/annum and Rs.5.90 lakhs/month.
- ii) The recovery of SOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by SLDC at 4563.22 MW shall be @ Rs.6982.64/MW/annum or @ Rs.581.89/MW/month.
- iii) The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2018-19 & shall be as shown in table below:

**Table - 12**  
**Apportionment of Annual & Monthly SOC Charges amongst**  
**Distribution Companies for FY 2018-19**

<b>Name of DISCOM Utilities</b>	<b>Energy Consumption approved by OERC for FY 2018-19 (MU)</b>	<b>% Share of Energy Consumption</b>	<b>Annual Charge (Rs. lakhs)</b>	<b>Monthly Charge (Rs. lakhs)</b>
CESU	9070	34.90	111.20	9.27
NESCO Utility	6140	23.62	75.28	6.27
WESCO Utility	7120	27.40	87.29	7.27
SOUTHCO Utility	3660	14.08	44.87	3.74
<b>Total</b>	<b>25990</b>	<b>100.00</b>	<b>318.63</b>	<b>26.55</b>

### Market Operation Charges (MOC)

126. The Market Operation Charges (MOC) of Rs.177.02 lakhs/annum or Rs.14.75 lakhs/month shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC - Rs.88.51 lakhs/annum or Rs.7.38 lakhs/month
- DISCOM Utilities & Buyers @ 50% of MOC - Rs.88.51 lakhs/annum or Rs.7.38 lakhs/month

### 127. Recovery of Market Operation Charges (MOC)

- The recovery of MOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by SLDC at 4563.22 MW shall be @ Rs.1939.62/MW/annum or @ Rs.161.64/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2018-19 as shown in Table below:

**Table - 13**  
**Apportionment of Annual & Monthly MOC Charge amongst**  
**Distribution Companies for FY 2018-19**

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2018-19 (MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakhs)	Monthly MOC Charge (Rs. lakhs)
CESU	9070	34.90	30.89	2.57
NESCO Utility	6140	23.62	20.91	1.74
WESCO Utility	7120	27.40	24.25	2.02
SOUTHCO Utility	3660	14.08	12.46	1.04
<b>Total</b>	<b>25990</b>	<b>100.00</b>	<b>88.51</b>	<b>7.38</b>

### Registration Fee

128. SLDC has proposed for collection of one time Registration Fee of Rs.1.00 lakh as per Regulation 22 of OERC Regulation, 2010 from all users whose Scheduling, Metering & Energy Accounting are coordinated by SLDC. It has also proposed to collect registration fee from the industries who are importing power through Inter-state open access. The Commission approves the proposal of SLDC for collection of one time Registration Fee of Rs1.00 lakh from all users, which may be deposited in SLDC Development Fund as per Regulation 8 of OERC Regulations, 2010.

### **Application Fee and Scheduling Charges**

129. SLDC in its ARR application has proposed that the Application Fee and Scheduling Charges of Rs.5000/- per application and Rs.2000/- per day or part thereof respectively shall be paid by the Short Term Open Access (STOA) Customers. The Commission hereby approves the aforesaid Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2018-19.

### **ARR and Annual & Monthly Charges for FY 2018-19**

130. The details of ARR & Annual and Monthly Charges for FY 2018-19 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

**Table - 14**  
**ARR & Annual and Monthly Charges for FY 2018-19**  
**(Rs. in Lakhs)**

Sl. No.	Particulars	Approved for 2018-19	
		Per annum	Per month
1	ARR of SLDC	885.09	73.76
2	Intra-State transmission licensee to pay SOC to SLDC	70.81	5.90
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4563.22 MW)	407.14 (Rs.8922.26 per MW)	33.93 (Rs.743.52 per MW)
	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	407.14	33.93
4	(i) CESU	142.08	11.84
	(ii) NESCO Utility	96.19	8.02
	(iii) WESCO Utility	111.54	9.29
	(iv) SOUTHCO Utility	57.34	4.78

### **Payment Mechanism of Annual Charges to SLDC**

131. As per clause 11 of the Odisha Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the transmission charge of OPTCL is duly secured by a first charge over the receivables of GRIDCO from DISCOM Utilities and other Open Access Customers in favour of OPTCL. Receivables of DISCOM Utilities are escrowed in favour of GRIDCO. As on date there is no escrow arrangement between DISCOM Utilities and OPTCL. DISCOM Utilities are users of Intra-State Transmission network of OPTCL. OPTCL used to bill the Distribution Companies for the use of transmission services on the basis of meter reading at the delivery point to

DISCOM Utilities with intimation to GRIDCO. This bill is being paid by GRIDCO to OPTCL from the receivables of DISCOM Utilities escrowed with them.

132. In the above manner, the monthly SOC & MOC Charges for SLDC shall also be duly secured by a First Charge over the receivables of GRIDCO in favor of SLDC from the escrowed amount of DISCOM Utilities based on the bills served by SLDC to DISCOM Utilities with copy to GRIDCO for use of Intra-State transmission system as well as the services of SLDC. The above principle adopted in previous Financial Years from 2010-11 for payment of monthly SLDC charges to SLDC as FIRST CHARGES shall also be followed for FY 2018-19.
133. The Customers other than DISCOM Utilities shall pay the Monthly Charges to SLDC directly based on the bills served upon them from time to time by SLDC. The Customers other than DISCOM Utilities shall pay an amount equivalent to two months monthly SOC & MOC Charges as the case may be in advance as security against default in payment of SOC & MOC Charges of SLDC.
134. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 4563.22 MW for FY 2018-19 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2018-19.
135. For payment of bills through letter of credit on presentation, a rebate of 2% shall be allowed. Where payments are made other than through letter of credit within a period of one month of presentation of bills, a rebate of 1% shall be allowed.
136. In case the payment of any bill for SLDC charges is delayed by any user beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied by the SLDC.
137. The SOC & MOC Charges of SLDC shall be paid monthly by the Customers based on the monthly bills served upon them by SLDC following the payment mechanism mentioned above.

#### **SLDC Development Fund**

138. Based on the provisions in CERC Regulation, 2009 & Regulation-8 of OERC Regulation, 2010, the Commission vide Para-213 of the Order dated 20.03.2010 had approved to create a separate fund namely "SLDC Development Fund" under a

separate head of account under SLDC. SLDC Development Fund has already been established under SLDC with effect from 01.04.2010.

139. The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.35.09 Crore as at the end of 2016-17.
140. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short Term Open Access Charges, etc. during FY 2018-19 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.
141. SLDC shall be entitled to utilize the money from SLDC Development Fund as usual in assets creation and margin money for raising loan from FIs for assets creation & funding of R&D Projects, if any, relating to Odisha Power System with the necessary approval of the Commission.
142. Any asset created by SLDC out of money available in SLDC Development Fund shall not be considered for computation of Return on Equity & Interest on Loan.

**COMMISSION'S DIRECTIVES (Para 143 to 147)**

143. The Commission expects that the State Govt. & OPTCL shall take steps to make SLDC an independent system operator in accordance with intention of the Electricity Act, 2003. On reply to the Commission on independent functioning of SLDC, SLDC has stated that as per provision under Section 31(2) of the Electricity Act, 2003 the State Transmission Utility shall operate the State Load Dispatch Centre (SLDC) until a Government company or any authority or corporation is notified by the State Govt. Accordingly, OPTCL, being the designated STU, has been operating SLDC. SLDC is now operating autonomously as an independent system operator headed by Chief General Manager, under the direct administrative control of the Chairman-cum-Managing Director of OPTCL. Further SLDC is processing the open access applications independently in accordance with the prevailing Regulations.
144. The Commission feels that an independent entity free from any type of day-to-day influence can serve as an independent system operator. Many objectors raised views and doubts about independent functioning of Chief Load Despatcher in granting Open Access to the users. In view of objectors' submission and rival contentions we direct Chief Load Despatcher to act independently in accordance with law while granting Open Access to the users.

145. Some of the objectors raised the issue of transfer of assets to SLDC as directed by the Commission in past orders. SLDC clarified that all the assets pertaining to SLDC are being used for SLDC functions only. Further, SLDC has created many major assets such as computers & peripherals, furniture & fixtures, VPS screen by using funds from SLDC Development Fund with due approval of the Commission. In addition to the above, the Commission has approved for construction of a five storied building to be used by SLDC. As such, all assets have been acquired by SLDC for its own use. In view of the above, transfer of assets is not relevant in the present scenario. SLDC further stated that a formal 'Transfer Scheme' by Government of Odisha would be required for transfer of assets. The Commission directs OPTCL and the Chief Load Despatcher to pursue with Govt. of Odisha so as to make the Transfer Scheme effective.
146. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1<sup>st</sup> April, 2018 and shall continue until further orders.
147. The application of SLDC in Case No.78 of 2017 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.

**(S. K. PARHI)**  
**MEMBER**

**(A. K. DAS)**  
**MEMBER**

**(U. N. BEHERA)**  
**CHAIRPERSON**