

ORISSA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN,
UNIT – VIII, BHUBANESWAR – 751 012
*** **

Present : Shri B. K. Das, Chairperson
Shri K. C. Badu, Member
Shri B.K.Misra, Member

CASE NO. 150 OF 2010

Date of Hearing : 11.02.2011

Date of Order : 18.03.2011

IN THE MATTER OF : An application of the OPTCL for approval of Annual Revenue Requirement and Fees and Charges for State Load Despatch Centre (SLDC) for FY 2011-12.

ORDER

PROCEDURAL HISTORY: (Para 1 to 15)

1. The Orissa Power Transmission Corporation Limited, Bhubaneswar (for short OPTCL), a Govt. Company registered on 29th March, 2004 under the Companies Act, 1956 has been carrying on the business of transmission of electricity within the State of Orissa. 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 which was both the Bulk Supply and Transmission Licensee under the Orissa Electricity Reforms Act, 1995 had ceased to be a supply licensee and had become only a bulk supply trader under the new dispensation created by the Act, the supply business having been vested with 4 distribution licensees, viz WESCO, NESCO, SOUTHCO & CESCO (now CESU). As such GRIDCO could no longer carry on both supply and transmission business by virtue of 1st proviso of Section 39 of the said Act. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005” of Govt. of Orissa under Sec.131 (4) of the Act, transferred the erstwhile transmission business along with SLDC functions of GRIDCO 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 2nd 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 Commission’s Order dated 27th October, 2006. By Clause 10(2) & (3) of the said Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme, 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 Despatch 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 Despatch 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 S.33(2) and S.40(b) of the Act. At present SLDC has not been organizationally separated from OPTCL which is a regulated entity. This anomaly ought to be removed without further delay. In this context it is noteworthy that under S.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 S.37 of the Act. The State Govt. is advised accordingly.
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 licensees 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) on dated 08.06.2005 provides that the State Load Despatch Centre may levy and collect such fee 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) 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 Orissa 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
ROAD MAP

Agency/Unit	Preparedness Required	Time Proposed by OERC	Limit by
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	31.08.2007	

Agency/Unit	Preparedness Required	Time Proposed by OERC
	<p>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).</p> <p>(b) Creation of one new 'Head of Account' for all the following and related expenses of SLDC w.e.f. 01.04.2007. (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>31.08.2007</p> <p>30.11.2007</p>

Agency/Unit	Preparedness Required	Time Proposed by OERC	Limit by
	(c) Scrutiny of Application of OPTCL for SLDC charges and seeking of clarification if any. (d) Public hearing on Application of OPTCL for approval of SLDC charges for FY 2008-09. (e) Approval of State Advisory Committee (SAC) of SLDC charges for FY 2008-09. (f) Issue of Order of Commission approving SLDC charges for FY 2008-09.	31.12.2007 Jan/Feb.2008 Feb/March,2008 March,2008	
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 the decision of implementation of levy of annual fee and operating charges for SLDC of Orissa. 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 Despatch 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 S.31 (1) and (2) of the Act to establish a separate and independent entity for operation of SLDC. Hence, by virtue of the 1st Proviso to S.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 and Intra-State ABT and provisions under Orissa Grid Code Regulation, 2006. 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 OPTCL as STU shall collect Annual Fee and Operating Charges for SLDC function from the various stakeholders as per S.32 (3) of the Act and other sources permissible under OPTCL – the STU vide letter No. Director (Tariff)/365/2009/2508 dated 09.11.2009 to file separate application for ARR and approval of Annual Fees and Operating Charges for SLDC functions for FY 2010-11 in order to provide the necessary finance for the statutory functions of OPTCL-STU under the 1st Proviso to S.31(2) of the Act. It is made clear that this separate finance is being provided to STU for its additional statutory functions under the 1st Proviso to S.31(2) of the Act and is not to be mixed up with OPTCL’s finances as a transmission licensee.
8. In exercise of powers conferred under S.181(2)(g) read with S.32(3) of the Electricity Act,2003 and all other powers enabling it in that behalf, the Commission has framed Orissa 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 18th Nov,2010.
 - a. As per Regulation 3 of OERC (Fees and Charges for SLDC & other related matters) Regulations,2010 as well as in conformity with OERC (Conduct of Business) Regulations,2004, the Commission directed OPTCL-the Transmission Licensee to file two separate applications as mentioned below before the Commission by 30.11.2010.

- b. An application for approval of ARR and determination of Transmission Tariff for Intra-State Transmission Network of OPTCL for FY 2011-12.
 - c. An application for approval of Annual Fees and Charges for SLDC functions of Orissa SLDC for FY 2011-12.
9. It is to be noted that OPTCL's application as per Para 8(c) above is not a tariff application under S.62 of the Act. OPTCL filed the application before the Commission on 30.11.2010 for approval of independent SLDC charges for FY 2011-12.
10. The said application dated 30.11.2010 was duly scrutinized and was registered as Case No. 150 of 2010 and was admitted for hearing. Objections were invited after wide publication of the application in English and Oriya daily newspapers and Commission's and OPTCL's website. In response to the aforesaid public notice of the applicant, the Commission received 6 nos. of objections/suggestions from the following persons/associations/ institutions/organizations:-
- (1) Sri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003,(2) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour,Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (3) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (4) Sri M.V. Rao, Chairman, Power Committee, UCCI, N/6, IRC Village, Nayapalli,BBSR-15, Dist-Khurda, (5) Shri Pradeep Kumar Nath, Chief Manager (Elect), NALCO, Jayadev Vihar, Bhubaneswar & (6) The CEO (Comm), CSO- Office, N-1/22, IRC Village, Nayapalli, Bhubaneswar.All the above named Objectors were present during tariff hearing and their written submissions are taken into record for consideration of the Commission.
- After due notice to the Applicant, Govt.of Orissa and the Objectors and in the consultative process, the Commission heard the applicant, objectors, consumer counsel, representative of the State Government on 11.02.2011 and orders as follows:
11. The Commission vide order dated 20.03.2009 in Case No.65/2008, approved ARR of Rs 9.66 Crore for FY 2009-10 for SLDC and separated the Operating Charges @ Rs 2000/MW/Month from the Transmission Charges of OPTCL w.e.f. 01.04.2009 for collection from four DISCOMs and other LTOA & STOA customers of the State under OERC (Determination of Open Access Charges) Regulations,2006 so as to enable SLDC to function as an independent system operator as recommended by the Gireesh B. Pradhan Committee of the MOP, Govt. of India.
12. The Commission vide order dated 20.03.2010 in Case No.146 of 2009 had approved ARR of Rs.7.76 crore for FY 2010-11infavour of SLDC to recover through System Operation Charges(SOC) &Market Operation Charges (MOC)from Generators and Sellers, DISCOMs & Buyers and from Intra-state Transmission Licensee OPTCL. This was in line with CERC Notification dated 18.09.2009, i.e.CERC (Fees and Charges of RLDC and Other Related Matters) Regulation, 2009 where it is stipulated to collect the RLDC & NLDC charges from all the users who use the Inter-State Transmission Network as well as avail the services of RLDCs & NLDC.
13. In exercise of the power u/s. 94(3) of the Electricity Act, 2003 and in order to protect the interest of the consumers, the Commission appointed WISE, Pune as Consumer Counsel for objective analysis of OPTCL's proposal in respect of SLDC's ARR, Annual Fees and Charges for FY 2011-12.The Consumer Counsel submitted its report

to the Commission and its representative put forth its analysis and views on the matter in the presence of all the parties present during the proceeding on 11.02.2011.

14. The date of hearing was fixed and it was duly notified in the leading newspapers mentioning the list of objectors. The Commission conducted a public hearing in its premises and heard the applicant, objectors, consumer counsel and representative of the State Government on 11.02.2011.
15. The Commission convened the State Advisory Committee (SAC) Meeting on 14.02.2011 to discuss about the ARR application and levy of Annual Fee and Charges for SLDC functioning for FY 2011-12. Some Members of SAC pointed out that there is no need for enhancement of Annual Fee & Charges for SLDC during FY 2011-12 as SLDC has not so far geared up to play the real challenging role of an Independent system Operator (ISO) for Odisha Power Sector as per the provisions of the Act & National Electricity Policy.

OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2011-12 (Para 16 to 47)

16. As per direction of the Commission from time to time, separate applications for approval of Annual Fees and Charges for SLDC functions are being filed by OPTCL since FY 2009-10 onwards.
17. As per the direction of the Commission vide letter No Dit(T)-365/2009/2508 dated 09.11.2009, the application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2011-12 has been prepared by OPTCL 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 recommendations 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.
18. National Productivity Council (NPC) has been entrusted for preparation of a report on the manpower restructuring of OPTCL as well as that of SLDC. However, as per the directions of the Commission vide Order dated 20.03.09, the functional organizational structure of SLDC has been prepared in line with ERLDC for discharging SLDC functions smoothly as per the provisions of the Act to facilitate an independent system operator in order to ensure an efficient, reliable and secure power system operation and merit order dispatch of electricity pending finalisation of NPC structure.
19. The annual fees and charges of SLDC have been computed in line with CERC (Fees & Charges of RLDCs & NLDC) Regulation, 2009 and OERC (Fees & Charges of State Load Despatch Centre and other related matters) Regulations, 2010.
20. 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 center equipments only. Since the assets belongs to SLDC is yet to be transferred, the ULDC asset recovery charges is not considered in the ARR. However; the depreciation cost has been considered in anticipation of transfer of assets during the FY-2011-12.

Proposed Organizational Structure and their Functions

21. The SLDC function shall be headed by a Chief Load Dispatcher 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 SGM. For technical assistance one Executive Assistant in the rank of DGM, AGM & Manager respectively is being attached to the above officers. Besides one no. of Private Secretary shall be attached to each of the above officers. All technical function heads shall be reporting to their respective Sr. Load Dispatchers.

Grid Operation headed by CGM (Grid Operation).

22. The details of manpower and functions under CGM (Grid Operation) are given in the table below.

Table – 2

Work	Function	Manpower
A. Real time operation headed by GM, Operation:		
Real Time Operation	<p>Generation Despatch</p> <ul style="list-style-type: none"> ▪ Real time generation dispatch as per merit ▪ Scheduling revisions <p>Transmission Despatch</p> <ul style="list-style-type: none"> ▪ Network monitoring and control ▪ Congestion management ▪ Voltage & VAr control 	<p>(4 Nos. of Executives in each group consisting of 1 No. DGM, 1 No. AGM, 1 No. Manager & 1 No. Dy. Manager (4 Groups) and 3 No of Manager for Sub-LDCs (1 for each) headed by 1 cgm (Elect.)</p> <p>Total 21 Nos. Executives</p>
Operational Planning	<ul style="list-style-type: none"> ▪ Operational System Analysis ▪ Shutdown planning ▪ Operational report preparation ▪ Management of data base ▪ Transmission/Generation availability Monitoring ▪ EMS 	<p>1 No Manager and 2 No of Dy. Managers</p> <p>Total-3 nos.</p>
B. Operation services, MIS & Regulatory Affairs headed by G.M. (OS, MIS & RA) :		
Operation Services Group	<ul style="list-style-type: none"> • Demand forecast- Short term (Day ahead & Month ahead) • Day ahead scheduling of generation and optimization, in coordination with the State generators, ISGS allotment and neighboring utilities such as CGP, DISCOMs, etc. • Scheduling of drawl of DISCOMs • Maintenance of Historical data and database. 	<p>1 No GM, 1 No AGM, 1 No Manager & 1 No Dy. Manager</p> <p>Total- 4 nos.</p>

Work	Function	Manpower
	<ul style="list-style-type: none"> • Short term transaction (Open Access) coordination with traders • Off-line load flow study for outage planning and real time operation • Network Security and disturbance Analysis • Protection coordination • Implementation plan for intra state ABT 	
MIS & RA	<ul style="list-style-type: none"> • Data Archiving & Management report preparation • System Study • Incident Reporting & Disturbance Analysis • Meetings • Technical Library • OERC Reporting • ARR • Regulation and Regulatory matters 	1 No AGM, 1 No Manager & 1 No Dy. Manager Total-3 nos.

Commercial Group headed by Sr. General Manager (Commercial)

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

Table – 3

Work	Function	Manpower
Sr. GENERAL MANAGER (Commercial, TS & C & M):		
A. Commercial Group	<ul style="list-style-type: none"> • Reviewing Long term contracts and Short term contracts • Energy meter data collection & compilation • Review of metering arrangement for Short-term contracts. • Development of Billing & Settlement procedures and keeping of accounts of energy transacted. • Preparation of UI bill for intra state utilities in case of implementation of Intra state ABT. • Preparation of State Energy Accounting and Bills for State Distribution Utilities. 	<ul style="list-style-type: none"> • Sr. GM= 1 No. 1 No AGM, 1 Nos. Managers & 2 No D.M, 1 Nos. GM Total = 6 nos.
B. Technical Services / Contract & Material Management Group	<ul style="list-style-type: none"> • AC/DC auxiliary supply • Diesel generator operation and maintenance • UPS, battery, battery charger maintenance • Safety • Civil works maintenance. 	<ul style="list-style-type: none"> • 1 No. AGM, 1 No. Manager & 1 No. Dy. Manager Total = 3 nos.

Work	Function	Manpower
	<ul style="list-style-type: none"> Air conditioning plant maintenance. Award of contract and contract execution Material management and maintenance of stores. 	
C. SCADA/EMS Group	<ul style="list-style-type: none"> Monitoring of communication link availability such as Optical Fiber, MW, PLCC etc.(to be maintained by STU) Monitoring of RTU availability in coordination with STU Telecom Dept. SCADA System (hardware) maintenance. To develop suitable MIS for grid monitoring. Maintaining Historical database. Interface with ULDC project. To build up accounting oriented information system. 	<ul style="list-style-type: none"> 1 No. DGM, 1 No. AGM, 1 No. Manager & 1 No. Dy. Manager Total = 4 nos.

SUPPORT SERVICES FOR SLDC UNDER DIRECTOR , SLDC

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

Table – 4

A. HUMAN RESOURCES MANAGEMENT	<ul style="list-style-type: none"> Manpower planning, Training, Budgeting & placement Personal services (Leave / Loan / Recoveries etc) Installation Security and safety Human resource development Administration. 	<ul style="list-style-type: none"> 1 No Asst. Manager 1 No Jr. Manager Total = 2 nos.
B. FINANCE	<ul style="list-style-type: none"> Drawing and Disbursing functions Auditing Reconciliation Maintenance of asset registers Budget Accounts 	<ul style="list-style-type: none"> 1 No Assistant Manager, 1 No Junior Manager Total = 2 nos.

25. **Total Staff Requirement for SLDC:**

a. Executive Staff Requirement:

Table – 5

Sl. No.	Category of Posts	Total Nos.
1	Director	01
2.	Sr. Executive Assistant to Director	01
1.1 GRID OPERATION		
REAL TIME OPERATION		
3	CGM (Elect)	01
4	General Manager (Elect)	01
5	DGM (Elect)	04
6	AGM (Elect)	04

Sl. No.	Category of Posts	Total Nos.
7	Manager (Electrical)	07
8	Deputy Manager (Electrical)	04
	OPERATIONAL PLANNING	
9	Manager (Electrical)	01
10	Deputy Manager (Electrical)	02
1.2 OS, RA & MIS		
11	General Manager (Elect)	01
	OPERATION SERVICES	
12	AGM (Elect)	01
13	Manager (Electrical)	01
14	Deputy Manager (Electrical)	01
	MIS & RA	
15	AGM (Elect)	01
16	Manager (Electrical)	01
17	Deputy Manager (Electrical)	01
1.3 COMMERCIAL SERVICES		
18	Sr. General Manager (Elect)	01
	COMMERCIAL, TS, C&M	
19	General Manager (Commercial, TS, C&M)	01
	COMMERCIAL	
20	AGM (Elect)	01
21	Manager (Electrical)	01
22	Deputy Manager (Electrical)	02
TECHNICAL SERVICES / CONTRACT & MATERIAL MANAGEMENT		
23	AGM (Elect)	01
24	Manager (Electrical)	01
25	Deputy Manager (Electrical)	01
	SCADA	
26	DGM (Telecom)	01
27	AGM (Telecom)	01
28	Manager (Telecom)	01
29	Deputy Manager (Telecom)	01
1.4 HRM		
30	Assistant Manager (HR)	01
31	Junior Manager (HR)	01
1.5 FINANCE		
32	Assistant Manager (Finance)	01
33	Junior Manager (Finance)	01
	TOTAL EXECUTIVES	50

b. Non-Executive Staff Requirement:

Table - 6

Sl. No.	Category of Posts	Total Nos.
1	Sr. PS to Director	01
2	PS to CGM (GO)	01
3	PA to Sr. GM (Commercial)	01
4	Sec. Officer	01
5	Accountant	01

Sl. No.	Category of Posts	Total Nos.
6	Gr. I Assistant	01
7	Gr. II Assistant	02
8	L.D. Asst	03
9	Steno / Typist/ Comp. Asst.	05
10	Store Keeper	01
11	Record keeper	01
12	Fax Operator	05
13	Technician Electrical	01
14	Attendant /Messenger	10
15	Driver	02
	TOTAL NON-EXECUTIVES	36

Total Staff Requirement proposed for SLDC=A+B =50+36=86 Nos.

Computation of Annual Charges

26. As per the Regulation 10 of OERC (Fees and Charges of State Load Despatch Centre and other related matters) Regulations, 2010; the Annual Charges shall consist of the following components:
- Return on Equity
 - Interest on Loan Capital
 - Depreciation
 - Operation & Maintenance expenses excluding Human Resource expenses
 - Human Resource expenses
 - Interest on working capital

Return on Equity:

27. Since no equity has been provided, there is no return on equity.

Interest on Loan Capital:

28. There is no outstanding loan /loan proposed for SLDC expenditure.

Depreciation:

29. Depreciation for the assets in the Unified Load Despatch Centre and Offices in SLDC has been computed as Rs 17.536 lakh as per CERC Regulation 2009. Depreciation towards recovery of capital expenditure has been proposed as Rs 294.5 lakh considering all amount to be recovered during the financial year Cumulative depreciation cost has been computed as **Rs.312.036 lakh**. The details of depreciation are indicated in Table below.

Table - 7
Statement of Depreciation for FY 2011-12

Item	Amount (Rupees Lakh)
Recovery of Capital Cost (amount to be recovered during the year)	294.500
Depreciation on existing assets	17.536
Cumulative depreciation on capital recovery and existing assets	312.036

Operation and Maintenance Expenses:

30. Operation and Maintenance Expenses excluding Human Resources Expenses for FY 2011-12 has been computed as **Rs.231.700 lakhs** considering the Repair & Maintenance (R&M) expenditure proposed to be incurred for FMS, rent of lease lines, Website charges, AMC charges for SCADA/EMS equipments, IT equipments and civil work maintenance of office building and colony etc and A&G expenses considering Office expenses, Training and certification programme of operators and executives, professional charges, communication system, gardening, meeting expenses etc. The O & M expenses have been projected considering actual works to be taken up during FY 2011-12. The escalated rate of 5.72% of previous year's expenditure as provided in the OERC Regulation 2010 has not been adopted due to less expenditure incurred during the current financial year 2010-11 as the expenditure could not be made by SLDC due to non transfer of assets and deployment of required man power which are under process.

Administrative & General (A&G) Expenses:

31. A&G expenses include Office Expenses, Training & Certification Programme of Operators & Executives, Professional Charges, telephone expenses, gardening, Meeting expenses etc, which have been computed as Rs. 192.610 lakh for FY 2011-12, in addition to the general O&M expenditure indicated as Para 30 above. So total O&M expenses for SLDC function is projected at RS. 231.70 lakh + Rs. 192.61 lakh i.e. total Rs. 424.31 lakh.

Human Resources Expenses:

32. Human Resources Expenses have been computed as Rs.611.572 lakh considering the Organisational Structure proposed for SLDC in line with ERLDC Structure.

Interest on Working Capital:

33. The interest on working capital computed as Rs.31.02 lakhs as per CERC Regulation, 2009 considering 11.75% rate of interest. The details are indicated in Table below.

Table - 8

SI No.	Item	Amount (Rs in Lakhs)
1	O & M Expenses for one month excluding Human Resources Expenses	35.36
2	Human Resource Expenses for one month	50.96
3	Receivable (2 months of SOC & MOC)	230.86
4	Total Working Capital	317.19
5	Rate of Interest	11.75%
6	Interest on Working Capital	37.20

34. **Capital Expenditure (CAPEX) Plan:-** The capital expenditure proposed includes Procurement of computer, Precession AC for EASS Centre, UPS, Fire fighting equipments, Hiring of BSNL line for secondary communication link to three nos data hub stations (Sub-LDCs), establishment of WAN for collection of metering data from the Discom inter connection points, ERP Licensing, ERP implementing & Oracle user license, establishment of Video Conferencing System at SLDC etc. The CAPEX Plan costing Rs. 294.50 lacs is proposed to be incurred during the implementation period i.e FY 2011-12. The break-up of CAPEX for SLDC is shown in Table below:

Table - 9**Break-up CAPEX for FY 2011-12****(Rs. Lakhs)**

SI No	Details of Break-up	CAPEX Required
1	Civil Works	48.500
2	Equipments	29.000
3	Establishment of WAN, EPABX System, Video Conferencing System etc.	154.00
4	EASSC	63.00
Total CAPEX Required		294.500

35. The Commission has already approved establishment of EASSC during the FY 2010-11. Most of the equipments have been received for the above centre but the expenditure could not be booked due to turn key payment mechanism. It is expected to receive all the materials during the current FY 2010-11. Provision has been made for the balance work of EASSC for FY 2011-12.
36. **Certification for LDC personnel:-** The Recommendation No. (4) in Clause 6.4 of Report of the MOP Committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” has envisaged that the highly specialized and technical nature of LDC function necessitates a suitable compensation structure to attract and retain talent. The Committee recommended the compensation structure, innovative incentive schemes for higher learning and monetary incentives based on their ratings. Hence, the expenditure for Training & Certification of SLDC personnel have been projected as Rs 60 lakhs under Employee cost for FY 2011-12.
37. **SLDC Assets:-**Pursuant to the Transfer Scheme of 2005 as notified by Govt. of Orissa, OPTCL, the State Transmission Utility, has been vested with State Load Despatch functions until further orders of the State Govt. Pursuant to the said Notification, the said vesting is with effect from 01.04.2005. The Commission had directed to transfer all assets belonging to SLDC vide Order dated, 20.03.2010 in Case No. 146/2010. However, action has not been taken by OPTCL to transfer all assets to SLDC.

Summary of Annual Revenue Requirement of SLDC for recovery through Annual Fees and Charges for FY 2011-12

Table - 10

Sl. No.	Item	Proposed Expenses (Rs. Lakhs)
1	Employee Cost including Certification of SLDC personnel	611.572
2	Repair & Maintenance Cost	231.700
3	Administrative & General Expenses	192.610
4	Interest on Loan Capital	0.000
5	Interest on Working Capital	37.270
6	Depreciation (Including Capital Recovery Cost)	312.036
7	Contingency Reserve	0.000
8	Bad & Doubtful Debt	0.000
9	Reasonable Return	0.000
	Total	1385.188

Determination of Annual Charges for SLDC

38. The Annual Charges for SLDC have been computed as per provision in Regulation, 20, 21, 22, 23 & 24 of CERC Regulation 2009 as well as Regulation 19, 20 & 21 of OERC Regulation, 2010 as detailed below:

- a. The Annual Charges 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
- b. System Operation Charges (SOC) is proposed to be collected from the Users in the following ratio
 - Intra State Transmission Licensee - 10% of the SOC
 - Generating Companies & Sellers - 45% of the SOC on the basis of Installed capacity or contracted capacity
 - Distribution Licensee & Buyers - 45% of the SOC in proportion to the sum of their allocation and/or Contracted Capacity.

39. Market Operation Charges (MOC) is proposed to be collected equally from the DISCOMs and Generating Companies apportioning to the entitlement and installed Capacity/ Contracted Capacity.

For the purpose of determination of the above charges, cost of proposed capital expenditure (CAPEX) plan and expenditure towards compensation (incentives) have been considered along with the Annual Charges.

40. OPTCL has proposed for recovery of Annual Fixed Cost (AFC) of Rs.1385.188 lakh through SOC & MOC as per CERC Regulation, 2009/ OERC-2010 Regulation, 2010.

- a. System Operation Charges (SOC) (80% of AFC) – Rs.1108.151 lakh
- b. Market Operation Charges (MOC)(20% of AFC) – Rs.277.038 lakh

System Operation Charges

41. System Operation Charges (SOC) of Rs.1108.151 lakh shall be collected from the following stakeholders as under:

- a. Generating Stations & Sellers @ 45% of SOC. Rs.498.668 lakh
- b. DISCOMs & Buyers @ 45% of SOC. Rs.498.668 lakh
- c. Intra –State Transmission Licensee @ 10% of SOC- Rs.110.815 lakh

Recovery of System Operation Charges

42. The installed capacity of all generators and CGPs has been assessed as 4660.5 MW. SOC of Rs.498.668 lakh/annum and Rs.41.556 lakh/month have been apportioned to each generator/CGP in proportion to its installed capacity as shown in table below:

Table - 11

Apportionment of Annual & Monthly SOC Charges amongst Generating Stations & Sellers

(in Rs Lakh)

Sl. No.	Generating Company/Sellers	Installed capacity	Total Amount (Annual)	Total Amount (Monthly)
A.	SGS & IPPs			
1	OHPC	2027.5	216.940	18.078
2	OPGC	420	44.939	3.745
3	TTPS	460	49.219	4.102
4	OPCL (Small Hydro)	20	2.140	0.178
5	Meenakshi (Small Hydro)	37	3.959	0.330
6	Arati Steels (IPP)	50	5.350	0.446
7	Sterlite (IPP)	600	64.199	5.350
B	CGPs			
8	NALCO	30	3.210	0.267
9	IMFA	58	6.206	0.517
10	HINDALCO	15	1.605	0.134
11	RSP	5	0.535	0.045
12	VAL(J)	370	39.590	3.299
13	VAL(L)	6	0.642	0.059
14	BSL:(MM)	40	4.280	0.357
15	BPSL(JSG)	30	3.210	0.267
16	JSL	215	23.005	1.917
17	NINL	21	2.247	0.187
18	VISA	20	2.140	0.178
19	SHYAM DRI	22	2.354	0.196
20	TSIL	18	1.926	0.160
21	PSL(keonjhar)	10	1.070	0.089
22	RATHI	5	0.535	0.045
23	IFFCO	25	2.675	0.223
24	Aryan Ispat	14	1.498	0.125
25	Arati Steel	26	2.782	0.232
26	NBVL	82	8.774	0.731
27	OSIL	15	1.605	0.134
28	Dinabandhu Steel & Power Ltd.	6	0.642	0.053
29	Maheswary Ispat Ltd	10	1.070	0.089
30	Nebheram Power & Steel (P) Ltd	3	0.321	0.027
	Total	4660.5	498.668	41.556

The percentage of share and recovery of SOC from DISCOMs are as under:

Table - 12
Apportionment of Annual & Monthly SOC Charges amongst Distribution Companies & Buyers

Name of DISCOMs	% Share	Annual Charge (Rs. lakh)	Monthly Charge (Rs. lakh)
CESU	31.87	158.925	13.244
NESCO	23.93	119.331	9.944
SOUTHCO	12.36	61.635	5.136
WESCO	31.84	158.776	13.231
Total	100	498.668	41.556

- a. OPTCL as Intra-State Transmission Licensees has to bear 10% of SOC of Rs.110.815 lakh/annum and Rs.9.235 lakh/month.

Recovery of Market Operation Charges

43. The recovery of Market Operation Charges (MOC) of Rs.277.038 lakh/annum shall be as per CERC/OERC Regulation as under.

- a. Generating Stations & Sellers @ 50% of MOC are to pay Rs.138.519 lakh/annum to SLDC. Individual generator & CGP are to pay MOC in proportion to its installed capacity vs. assessed installed capacity of 4660.5 MW as shown in Table below:

Table - 13
Apportionment of Annual & Monthly MOC Charges amongst Generating Stations & Sellers

Generating Company/Sellers	Installed capacity	Total Amount (Annual)	Total Amount (Monthly)
SGS & IPPs			
OHPC	2027.5	60.261	5.022
OPGC	420	12.483	1.040
TTPS	460	13.672	1.139
OPCL (Small Hydro)	20	0.594	0.050
Meenakshi (Small Hydro)	37	1.100	0.092
Arati Steels (IPP)	50	1.486	0.124
Sterlite (IPP)	600	17.833	1.486
CGPs			
NALCO	30	0.892	0.074
IMFA	58	1.724	0.144
HINDALCO	15	0.446	0.037
RSP	5	0.149	0.012
VAL(J)	370	10.997	0.916
VAL(L)	6	0.178	0.015
BSL:(MM)	40	1.1892	0.099
BPSL(JSG)	30	0.89	0.074
JSL	215	6.390	0.533
NINL	21	0.624	0.052
VISA	20	0.594	0.050
SHYAM DRI	22	0.654	0.054

Generating Company/Sellers	Installed capacity	Total Amount (Annual)	Total Amount (Monthly)
TSIL	18	0.535	0.045
PSL(keonjhar)	10	0.297	0.025
RATHI	5	0.149	0.012
IFFCO	25	0.743	0.062
Aryan Ispat	14	0.416	0.035
Arati Steel	26	0.773	0.064
NBVL	82	2.437	0.203
OSIL	15	0.446	0.037
Dinabandhu Steel & Power Ltd.	6	0.178	0.015
Maheswary Ispat Ltd	10	0.297	0.025
Nebheram Power & Steel (P) Ltd	3	0.089	0.007
Total	4660.5	138.519	11.543

- b. DISCOMs & Buyers @ 50% of MOC are to pay Rs.138.519 lakh/annum as shown in Table below:

Table - 14
Apportionment of Annual & Monthly MOC Charges
amongst Distribution Companies & Buyers

Name of DISCOMs	% Share	Annual Charge (Rs. lakh)	Monthly Charge (Rs. lakh)
CESU	31.37	44.146	3.679
NESCO	23.93	33.148	2.762
SOUTHCO	12.36	17.121	1.427
WESCO	31.84	44.104	3.675
Total	100	138.519	11.543

Registration Fee:-

44. Besides the above charges, provision for collection of registration fee@ **Rs1.00 lakh** from all users has been made as per CERC & OERC Regulations.

Application Fee and Scheduling Charges:-

45. Application fee and Scheduling charges of **Rs 5000/- per application and Rs.2000/- per day** or part thereof shall be paid by the Short Term Open Access (STOA) Customers.
46. The details of ARR and proposed levy of SLDC Annual Fee and Charges for FY 2011-12 are summarized in Table below:

Table - 15

Sl. No.	Particulars	Unit	Proposal for 2010-11
1	Annual Revenue Requirement	Rs. lakh	1385.188
2	System Operation Charges (SOC)	Rs. lakh	1108.151
3	Market Operation Charges	Rs. lakh	277.038
4	Total Generation Capacity	MW	4660.50

Summary of Annual Revenue Requirement and Fees & Charges for SLDC functions proposed by OPTCL

47. OPTCL has proposed before the Commission to approve the Annual Revenue Requirement of Rs.1385.188 lakh for FY 2011-12 towards State Load Dispatch Centre (SLDC) functions separately and to approve to recover through:
- System Operation Charges (SOC) (80% of AFC) – Rs.1108.151 lakh/annum or Rs.78.027 lakh/month
 - Market Operation Charges (MOC) (20% of AFC) - Rs.277.038 lakh/annum or Rs.23.086 lakh/ month.

VIEWS OF OBJECTORS AND CONSUMER COUNSEL ON OPTCL PROPOSAL FOR ARR AND LEVY OF ANNUAL FEE AND CHARGES FOR SLDC FUNCTIONS FOR FY 2011-12 (Para 48 to 101)

Analysis of the proposal by Consumer Counsel (Para 48 to 58)

48. World Institute for Sustainable Energy (WISE), Pune- the Consumer Counsel had analyzed the application of the licensee and some of their important observations are as under:-

Annual Revenue Requirement

49. SLDC has given the proposal for revenue requirement of Rs.1385.188 lakhs for FY 2011-12 which is about 78.30% rise over Rs.776.85 lakhs approved by the Commission for FY 2010-11. This would be recovered through annual fees and charges. The Revenue Requirement includes Employee Cost of Rs.611.572 lakhs which is provisional. National Productivity Council (NPC) has already submitted a report on the manpower requirement of OPTCL & SLDC which is said to be under active consideration of OPTCL. The Report is yet to be finalized and implemented. However, in the absence of any approved organizational structure for SLDC, the proposed Employee Cost seems to be too high as the Commission had approved a working strength of 81 nos. at par with ERLDC vide Para 182 of its Order dated 20.3.2010 and only 48 nos. of employees are in place in SLDC during FY 2010-11.
50. SLDC has projected Administrative and General (A&G) expenditure at Rs.192.61 lakhs for FY 2011-12 which is about 157% rise over Rs.75 lakhs approved by the Commission to be spent during FY 2010-11. Against the approval of Rs.75 lakhs for FY 2010-11 SLDC has made an expenditure of Rs.41.89 lakhs during FY 2010-11 (from April, 10 to Jan, 11). A & G Expenditure is to be based on certain principles like escalation of 5.2% over the previous year expenses i.e. on the estimated expenditure of Rs.75 lakhs. Accordingly, the Commission may approve A & G Expenses for FY 2011-12.
51. Repair and Maintenance (R&M) expenses of Rs.231.70 lakhs has been projected for FY 2011-12 which are about 15% rise over Rs.201.80 lakhs approved by the Commission for FY 2010-11. SLDC has spent only an amount of Rs.156.45 lakhs during FY 2010-11 (April, 10 to January, 11). Hence the R&M Expenses proposed by SLDC for FY 2011-12 may be approved by the Commission considering 5.72% escalation over the approved amount of Rs.201.80 lakhs as per OERC SLDC Regulation, 2010.
52. An amount of Rs.312.036 lakhs has been projected for depreciation including Capital Recovery Cost during FY 2011-12. SLDC has also included depreciation of ULDC assets in addition to the depreciation of SLDC assets. Hence the recovery of capital cost and depreciation of ULDC assets should not be allowed under depreciation for

SLDC assets, as per OERC SLDC Regulation, 2010. An amount of Rs.17.53 lakhs towards depreciation of assets under ULDC & offices of SLDC may be considered in ARR for FY 2011-12 under depreciation.

53. SLDC has calculated Interest on Working Capital as Rs.37.270 lakhs by considering an interest rate of 11.75%. The proposed working capital may be reduced based on approved O & M and HR Expenses.
54. While calculating Annual Charges, capital cost has been taken into consideration. However, annual charge is treated as revenue requirement, which is supposed to be calculated on revenue expenditure only.

Non-Compliance of directions of the Commission-Main Issues

55. On transfer of assets of Sub-SLDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar to SLDC, no definite time frame has been suggested by OPTCL.
56. On functioning of EASSC of SLDC, the Commission has earlier directed to establish the EASSC and to commence its operations w.e.f. 01.04.2010 and also has approved fund for EASSC since 2008-09. However, EASSC is not operational till date.
57. SLDC is to be headed by a Chief Load Despatcher in the rank of Director with requisite supporting Executives and Staff (81 nos). The HR information's pertaining to 2009-10 and 2010-11 reveal that the present strength of SLDC is at 48 nos. without a Chief Load Despatcher.

Summing Up

58. The Consumer Counsel WISE presented before the Commission the following concluding remarks during hearing on 11.02.2011 on application of OPTCL for approval of ARR & annual Fees & Charges of SLDC for FY 2011-12.
 - a. The SLDC is considered as 'Brain' of Power System Operation.
 - b. SLDC is responsible for optimum scheduling and dispatch of electricity, carrying out real time operations for grid control and dispatch of electricity etc.
 - c. Non functioning of SLDC at the full strength will affect the Power System Operations and increase the cost of electricity.
 - d. The SLDC has been committing delay in implementing the orders of Commission.
 - e. Therefore, before approving the ARR of FY 2011-12, the Commission should verify the status of work, actual expenditure vis a vis projected cost in previous ARR's in case of A&G, R&M, HRD & Interest on Working Capital expenses proposed for FY 2011-12 and avoid the unnecessary items/ cost to be passed through in the ARR and to the end consumers.
 - f. The Commission may consider as the above facts before approving the ARR for FY 2011-12.

Views of Objectors (Para 59 to 101)

59. The Commission has considered all the views of various Objectors on the proposal of OPTCL on ARR and levy of Annual Fees and Charges for SLDC functions for FY 2011-12. Some of the views were found to be of general nature whereas others were specific to the proposed ARR filing for FY 2011-12. Based on their nature and point-at-issue, these views have been classified issue-wise as discussed below.

Functioning of SLDC & Establishment of a Separate Corporation for SLDC

60. Some Objectors submitted during hearing that SLDC should be ring-fenced suitably to ensure functional autonomy.
61. Some objectors pointed out that the Girish B. Pradhan Committee of MOP recommended that the State Government should take suitable steps to facilitate independent functioning of SLDC in line with Electricity Act, 2003 as well as National Electricity Policy. To begin with, a separate representative Board Structure may be constituted for better governance of SLDC in line with wholly owned subsidiary Power System Corporation of India (POSOCO) already created since March, 2009 Under POWERGRID for the independent system operation of RLDCs & NLDC.
62. Some objectors submitted during the hearing that as the State Government has not notified an appropriate Transfer Scheme separating SLDC from OPTCL, the decision of SLDC can not be expected to be an independent one.

Organizational Structure and Staffing of SLDC

63. Some Objectors pointed out that the National Productivity Council (NPC) has submitted the man power restructuring for SLDC long back which is still pending with OPTCL for approval and that clearly shows the lack of commitment of OPTCL to allow SLDC to function effectively as an ISO.
64. One Objector submitted that SLDC being a high-tech Organization should reduce number of clerical staff and class four employees like other High-tech Corporate Sector.
65. One Objector submitted that the Commission in its Order dated 20.03.2009 had directed OPTCL that SLDC should have 3 distinct wings for Grid Operation, Commercial Accounting and Settlement and Telecommunications with other support services in the pattern of Executives and Staff deployed in ERLDC. The Commission in the said Order had directed OPTCL that 81 nos. of executives and staff on par with ERLDC should be in place in SLDC by end of July, 2009.
66. The same objector pointed out during the hearing that the Commission while approving ARR for FY 2010-11 again reviewed the staff strength of SLDC and found it was below 50 nos. for which the Commission vide Order dated 20.03.2010 directed CMD, OPTCL to post 81 nos. of Executives and staff by July, 2010 under SLDC at par with ERLDC to function as an Independent System Operator.
67. The objector further submitted during hearing that OPTCL after 2 years of Commission's Order in its affidavit dated 05.01.2011 before the Commission submitted that the recruitment process of Executives by OPTCL is about to complete. After completion of above process, the required no. of Executives will be deployed to SLDC, where no time-frame has been mentioned. This amounts to utter disregard of Transmission Licensee to the Commission's Orders on the matter.
68. Some objectors submitted during the hearing that the Commission vide while approving ARR of SLDC Act FY 2009-10 Order dated 20.03.2009 directed OPTCL to ensure that SLDC should be headed by a Chief Load Despatcher in the rank of a Director.
69. Some objectors submitted during the hearing that the Commission while approving ARR of SLDC Act FY 2010-11 vide Order dated 20.03.2010 again directed CMD,

OPTCL to post the existing Director (Technical) as Director SLDC by 31st May 2010 as OPTCL did not comply to the Commissions earlier Order dated 20.03.2009.

70. Those objectors submitted during the hearing that the OPTCL as on date has not appointed a Director as Chief Load Despatcher of SLDC which amounts to complete disregard of the Orders of this Commission in this regard.
71. Some objectors submitted during the hearing that after 2 years of Commission's Orders OPTCL in its affidavit dated 05.01.2011 before the Commission informed that the matter of assigning the charge of Director, SLDC to Director (Engineering) OPTCL is under active consideration which is very much surprising and deplorable.

Establishment of Energy Accounting & Settlement System Centre (EASSC) in SLDC

72. Some objectors submitted during the hearing that as per the Road Map of the Commission issued vide Letter No. 1313, dated 04.08.2007, EASSC of SLDC was to function by 31.08.2007 to prepare and issue of Monthly State Energy Account, weekly UI and Reactive Energy Account for billing and payment to all the stake holders deploying requisite personnel, software & hardware.
73. The same objectors submitted during the hearing that the Commission while approving ARR and Transmission Charges of OPTCL for FY 2008-09 vide Order dated 20.03.2008 approved Rs 688 lakhs for SLDC separately towards R & M expenses and development of EASSC but OPTCL could spend only Rs. 2.90 lakhs during FY 2008-09.
74. Those objectors submitted during the hearing that the Commission while approving a separate ARR for SLDC for FY 2009-10 had approved Rs. 2 crore for infrastructure & development of EASSC during FY 2009-10.
75. They submitted during the hearing that OPTCL through an affidavit dated 11.01.2010 submitted before the Commission on functioning of EASSC as under:-

“All the infrastructures including civil works for establishment of EASSC at SLDC have been completed. Tender for procurement of the required hardware and software has been finalized and is expected to be commissioned during this financial year 2009-10.”

76. They further submitted that the Commission approved Rs 6.99 Cr. towards capital expenditure of EASSC and others during FY 2010-11.
77. They also submitted before the Commission that OPTCL through an affidavit dated 05.01.2011 submitted before the Commission on functioning of EASSC as under:-

“All the infrastructures including civil works for establishment of EASSC at SLDC have been completed. Most of the hardware has been received. The EASSC is likely to be operational by the end of FY 2010-11.”

In view of the above, the objectors pointed out before the Commissions that submissions of OPTCL under Oath through affidavit on 11.01.2010 and again on 05.01.2011 after a gap of one year are identical in its contents which clearly show that OPTCL is in the habit of submitting false statements before the Commission on all issues relating to SLDC. They further submitted that OPTCL should be directed by the Commission to install, trial run & commercial operation of EASSC by 31st March, 2011 as per SLDC affidavit dated 05.01.2011.

Transfer of Sub-LDCs to the Control of SLDC

78. Some objectors submitted during the hearing that the Commission directed OPTCL vide Order dated 20.03.2009 to transfer the assets of SLDC and Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar to the control of SLDC immediately i.e. by April, 2009.
79. The same objectors submitted during the hearing that OPTCL in its affidavit dated 05.01.2011 submitted before the Commission on transfer of assets by STU to SLDC that OPTCL had engaged one Chartered Accountant Firm for physical verification and valuation of fixed assets of SLDC Bhubaneswar only. The said firm had submitted its report to OPTCL on 09.08.2010 and no action has been taken there after by OPTCL.
80. They further submitted during the hearing that OPTCL even after expiry of 2 years of the direction of the Commission vide Order dated 20.03.2009 has not initiated any tangible action on valuation and transfer of Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar which are part and parcel of SLDC assets as per Govt. of Odisha "Transfer Scheme" Notification dated 09.06.2005.

SLDC Website

81. Another Objector pointed out that the Commission vide Para 207 of the Order dated 20.03.2009 directed SLDC to have its own Website by 20th May, 2009.
82. He further submitted that as SLDC website is not showing 15- minute scheduled/drawal data of Odisha and that of 4 DISCOMs, the Commission through an adhoc arrangement arranged to display the aforesaid 15 minutes data in OERC website w.e.f. 01.11.2009 for "Mock Implementation" of Intra-State ABT. This state of affairs is continuing till now and the general public and 30 lakhs Odisha consumers are depending on OERC website instead of SLDC Website to know the demand of the State and the drawal of 4 DISCOMs during each 15-minute settlement period which is ridiculous.
83. He requested the Commission that SLDC may be directed to display all data as per CERC/OERC Regulations for the information of all stakeholders and the public at large by 31st March, 2011 positively as SLDC should act as a transparent mirror of all the Power Sector on-line activities of Odisha.

Financial Performance of SLDC in present form under OPTCL

84. One objector submitted before the Commission during the hearing that the financial performance of SLDC for the last three financial years are extremely poor which can be seen from the data tabulated as under:

Table - 16
Financial Performance of SLDC

Financial Year	Amount approved by the Commission (In Cr.)	Amount spent by SLDC in Cr.	Percentage of expenses to the amount approved (%)
2008-09	6.88	0.029	0.42
2009-10	9.66	3.80	39.33
2010-11 (April to Nov, 10)	14.75	5.23	35.45

85. He therefore submitted that due to such poor financial performance of SLDC, the Commission should not approve more than the ARR of Rs.7.76 Cr. for FY 2011-12.

Annual Revenue Requirement

86. Some of the Objectors pointed out that SLDC have submitted an unusually inflated ARR of Rs.1385.188 lakhs for FY 2011-12 before the Commission.

Annual Charges

87. Some Objectors submitted that the Annual Charges of SLDC if any applicable may be made out of the Open access Power Supply through SLDC to out side the State.
88. One Objector submitted that even though Electricity Act, 2003 and National Electricity Policy provided for establishment of State-of-the-Art SLDC to function as an Independent System Operator, the same is still operated under OPTCL the State Transmission Utility (STU). Therefore, he submitted before the Commission that there is no justification for any charges for SLDC like System Operation Charges & Market Operation Charges separately to be added to the BSP of GRIDCO since Transmission Tariff and Transmission Loss are being accounted for in ARR of OPTCL.
89. Some Objectors submitted that the Annual Charges approved by the commission for FY 2010-11 may continue in FY 2011-12 also as SLDC is not able to spend the approved outlay for FY 2009-10 & FY 2010-11.

Depreciation

90. Some Objectors submitted that proposed depreciation including recovery of capital expenditure for Rs.312.036 lakh is not justified as per CERC Regulation, 2009/OERC Regulation, 2010. Depreciation amount of Rs.17.53 lakh may be accepted in ARR.

Repair & Maintenance (R&M Expenses)

91. Some Objectors pointed out that the proposed R&M expenses for Rs.231.700 lakh is at higher side considering SLDC expenses during FY 2010-11 of about Rs.156 lakh during the period from April, 10 to January, 11. The Commission may approve R&M Expenses for FY 2011-12 considering 5.72% escalation over the approved amount of Rs 201.80 lakhs for FY 2010-11.
92. One Objector has proposed that R&M expenses may be calculated for SLDC on the basis of actual R&M expenses for the year FY 2008-09, FY 2009-10 and FY 2010-11.
93. Some Objectors submitted that R&M expenses for FY 2011-12 may be approved for Rs.1.60 Cr. on a pragmatic basis.
94. Another Objector submitted that as SLDC assets have not yet been transferred to SLDC by OPTCL, Civil Works (R&M) for residential building proposed for Rs.2 Cr in ARR of FY 2011-12 may not be allowed.

Employee Cost

95. Some Objectors proposed that the employee cost may be allowed to the extent of expected expenditure to be made during FY 2010-11 and no additional expenses may be allowed for implementation of Intra-State ABT during FY 2011-12 as Rs.85 lakh were allow by the Commission in ARR of FY 2010-11 has not yet been spent.
96. One objector proposed that HR expenses for FY 2011-12 may be approved considering escalation @ 5.72% on the approved amount of Rs.449.92 lakhs for FY 2010-11.

Interest on Working Capital

97. Some Objectors submitted that since SLDC has not availed any loan from Banks/Financial Institution towards Working Capital requirement, interest payment on Working Capital does not arise.

Administration & General (A&G Expenses)

98. Some Objectors submitted that since A&G Expenses during 1st six months of FY 2010-11 were only Rs.15.04 lakhs, the A&G Expenses for Rs.40 lakhs only may be allowed in ARR of SLDC for FY 2011-12.
99. One Objector has suggested that A&G Expenses for FY 2011-12 may be approved considering 5.2% escalation over the approved amount of Rs.75 lakhs for FY 2010-11.

SLDC Development Fund

100. One Objector suggested that SLDC should inform all the stake holders regarding the creation of "SLDC Development Fund" as per CERC Regulation, 2009 and OERC Regulation, 2010 and the amount available under the fund may be intimated to the Commission and to all the stake holders on 1st of April of each financial year.

Punishment for non-compliance of directions of OERC

101. One objector submitted before the Commission that as OPTCL being a licensee has been dishonoring the directions of the Commission year after year relating to revamping/ ring fencing of SLDC, MD, OPTCL is liable for penal action /punishment under Section 142 of Electricity Act, 2003 by way of penalty of Rs. 1 Lakh and in case of continuing failure there after the additional penalty of Rs. 6000/day may be levied during which the failure of compliance of the Commission's Order continues, which in this case may be considered w.e.f. 1st April, 2010.

OPTCL's response to queries raised by the Commission Staff (Para 102 to 120)

102. The Commission staff on scrutiny of the ARR and levy of Annual Fee & Charges for SLDC for FY 2011-12 had sought clarifications and additional information vide OERC letter no 150/2010/5663 Dated 24.12.2010 by raising certain queries. OPTCL submitted the following clarification and additional information in the paragraphs mentioned here under for information of the Commission.

Query on "Status of Mile-Stones mentioned in Road Map of OERC"

103. OERC issued a Road Map for implementation of levy of Annual Fees and Charges for SLDC functions vide letter No. 1313 dated 04.08.2007 and the important milestones and the time-line proposed by OERC are mentioned as under:
- (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 of 2005 of GOO).....31.8.2007.
 - (b) 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 hardware31.8.2007.

- (c) Transfer of all records / PPAs to SLDC relating to payment of ULDC charges to PGCIL31.3.2008.
- (d) SLDC is to act as Nodal Agency for the purpose of overall coordination of implementation of Intra-State ABT, Intra-State Open Access and Operations there under.....15.08.2007.

OPTCL was directed to furnish the up-to-date status on the milestones mentioned above for the perusal of the Commission.

104. In response to the query at Para 103 above, OPTCL replied as under :

- a. OPTCL has engaged one Chartered Accountant Firm M/s.A.N. Lenka & Associates for physical verification and valuation of Fixed Assets of SLDC at Mancheswar. The report dated 09.08.2010 submitted by the Firm is under examination of OPTCL.
- b. All infrastructures including Civil Works for establishment of EBC/EASSC at SLDC have been completed. Most of the hardware have already been received. The EASSC is likely to be operational by end of current FY 2010-11.
- c. As per the Recommendation in the Report of the Task Force Committee on “Capital Expenditure and issues related to Emoluments for personnel in LDCs”, the assets pertaining to Control Centre (SLDC) has to be handed over to SLDC. Provision for recovery of the outstanding amount for investment made by POWERGRID on ULDC Project shall have to be kept in ARR of SLDC. Since, the SLDC assets are yet to be transferred, ULDC asset recovery charges have not been considered in ARR of SLDC for FY 2011-12
- (d). As directed by OERC, SLDC is discharging its responsibility as a Nodal Agency for overall coordination for implementation of Intra-State ABT, Intra-State Open Access and operations there under.

Query on “Transfer of Sub-LDCs to the control of SLDC”

- 105. As per Para 151 and 152 of the Commission’s Order dtd. 20.03.2010, OPTCL was directed to submit definite timeframe for transfer of the Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar and Budhipadar to SLDC.
- 106. In reply to the Commission’s query at para 105 above, OPTCL replied that all the assets belonging to SLDC have been identified. The report furnished by the Chartered Accountant Firm is under examination OPTCL. All the assets are likely to be transferred to SLDC during FY 2011-12.

Query on “Establishment of EASSC under SLDC”

- 107. The Commission in Para 231 of the Order dated 20.03.2010 has directed that EASSC of SLDC should function from 01.04.2010 without fail and should prepare and issue the monthly Energy Account, weekly UI Account and weekly Reactive Energy Account to all the stake holders. The Commission has observed that in spite of such direction and allotment of funds for establishment of EASSC since FY 2008-09, EASSC is yet to be established. OPTCL is directed to file the exact timeframe for commercial operation of EASSC of SLDC and should furnish the reasons and persons responsible for such abnormal delay over 3 years for establishment of EASSC due to which SLDC is not in a position of prepare & issue of monthly SEA & weekly UI & Reactive Energy Account.
- 108. In response to the query at Para 107 above, OPTCL replied that the EASSC is liable to be operational by the end of current FY 2010-11. The delay for completion of EASSC is due to delay in receipt of hardwares from the Farm.

Query on “Appointment of Director as Chief Load Despatcher and other Executives in SLDC”

109. As per Para 227 & 233 of the Commission’s Order dtd. 20.03.2010, OPTCL is to ensure that SLDC should be headed by a Chief Load Dispatcher in the rank of Director by 31st May, 2010 and should have Executives and Staff of 81 nos. during FY 2010-11 at par with ERLDC to man all SLDC Operation having 3 distinct wings of Grid Operation Commercial and Telecommunication. OPTCL is directed to file the status of posting of a Director, availability of Staff / Executives as on 30.11.2010 and the reason of non-compliance of Commission’s specific direction in this regard.
110. In reply to the Commission’s query at Para 109 above, OPTCL replied that as per the direction of Commission in the above order, the matter of assigning the charge of Director, SLDC / Chief Load Dispatcher to Director (Engg.), OPTCL is under active consideration. Recruitment process of Executives by OPTCL is about to complete. After completion of the above process, the required number of Executives will be deployed to SLDC.

Query on “Establishment of SLDC Development Fund”

111. The Commission vide Para 230 of the Order dtd.20.03.2010 directed that a separate fund styled as “SLDC Development Fund” under a separate Head of Account under SLDC should be established with effect from 01.04.2010 with a corpus of unspent amount as on 31.03.2010 of SLDC to start with. OPTCL is directed to furnish the following as regard to “SLDC Development Fund”
- a. Initial corpus available as on 01.04.2010.
 - b. Amount deposited during FY 2010-11 (from April-November, 2010) under this head with details thereof.
 - c. The amount spent out of this fund during FY 2010-11 (from April-Nov, 2010) along with the authority to do so.
 - d. The details of “SLDC Development Fund” created under Head of Account 57.10
112. In reply to the Commission’s query at Para 111 above, OPTCL replied that initial corpus available as on 01.04.2010: was Rs.585.92 lakhs (unspent amount as on 31.03.2010)
- a. Amount deposited during FY 2010-11 (from April-November, 2010) under this head with details thereof:
 - (i) Application Fees - **Rs.4.75 lakhs**
 - (ii) Scheduling charges - **Rs.47.10 lakhs**
 - (iii) Registration Fees - **Rs.34.88 lakhs**
 - b. The amount spent out of this fund during FY 2010-11 (from April-Nov, 2010) is **Rs 68.68 lakhs** out of Rs 699 lakhs approved by the Commission to spend under Capex during FY 2010-11 vide OERC letter No 4753 Dated. 21/08/2010 to do so.

Query on “Collection of Application Fee & Scheduling Charges from STOA customers”

113. It is observed from the application filed by OPTCL on 30.11.2010 before the Commission that OPTCL has proposed at Page 8 Para 5 (c) to collect Application Fee of Rs.5000/- per application and Scheduling Charges of Rs.2000/- per day or part thereof from STOA customers. OPTCL is directed to furnish the receipt of such Application Fee and Scheduling Charges from STOA customers for FY 2008-09, FY

2009-10 and for FY 2010-11 (from April – November, 2010) for the perusal of the Commission.

114. In reply to the Commission’s query at Para 113 above, OPTCL replied that the amount received for application fee and scheduling charges from STOA customers for the period from 01.04.2008 to 30.11.2010 is as tabled below.

Table - 17

Sl. No.	Details of charges	FY 2008-09	FY 2009-10	FY 2010-11 (up to 11/2010)
1.	Application fee charge	13.43 lakhs	14.95 lakhs	4.75 lakhs
2.	Scheduling Charges		31.81 lakhs	47.10 lakhs
3.	Total	13.43 lakhs	46.76 lakhs	51.85 lakhs

Query on “Collection of one time Registration Fee from Users”

115. OPTCL in its ARR Application for FY 2011-12 at Page 8 Para 5 (c) has mentioned for collection of Rs.1.00 lakh from all users towards Registration Fee. OPTCL is directed to furnish the details of collection towards Registration Fee from the users during FY2010-11 (from April-November 2010) for the perusal of the Commission.
116. In reply to the Commission’s query at Para 115 above, OPTCL replied that the amount received towards one-time registration fees from the Users (35 numbers) during FY2010-11 (from April-November 2010) is ` 34,88,000.00. Only M/s Meenakshi Power Ltd. has not deposited the one-time registration fee. M/s NTPC (TTPS) & M/s IMFA have deducted ` 2000.00 and ` 10,000.00 respectively as TDS.

Query on “SLDC Expenses during FY 2010-11 (upto November, 2010)”

117. In the Annual Revenue Requirement for FY 2010-11, the Commission had approved an amount of Rs.7.76 crore towards SOC & MOC of SLDC. OPTCL may furnish the item-wise actual expenditure viz. Employee cost, additional Compensation, R&M, A&G, depreciation, and infrastructure development of EASSC, incurred from April to November 2010 during FY 2010-11.
118. In reply to the Commission’s query at Para 117 above, OPTCL replied that the item wise actual expenditure for FY 2010-11 up to November 2010 is tabled as under.

Table - 18

SI No.	Item	Expenditure in lakh
1.	Employee Cost	248.49
2.	Additional compensation	-
3.	R & M	184.39
4.	A & G	22.24
5.	Reasonable Return	-
6.	Depreciation	-
7.	Interest on Loan	-
8.	TOTAL	455.12

Query on “Financial & Functional autonomy to SLDC”

119. Why OPTCL in not allowing functional and financial autonomy to SLDC in contrary to the provisions of the Electricity Act, 2003 and recommendations of Girish B. Pradhan Committee?
120. In reply to the Commission’s query at Para 119 above, OPTCL replied as under

- a. The pre-arrangement for independent operation of SLDC is in progress and OPTCL needs further time to complete the task so that full-fledged independent functioning of SLDC can be proposed to the State Govt. OPTCL has been sincerely steering its concerted endeavour to implement directions of Commission in conformity with the Road Map issued by the Commission in letter dated 04.08.2007. Although the preparedness stipulated for OPTCL and SLDC have not reached the finality within the time limit specified therein, the related activities for implementation of the Road Map have progressed.
- b. OPTCL has been continuously putting its effort to equip and strengthen SLDC by creating necessary state-of-the-art communication and data acquisition capability to enable it to play the pivotal role of an independent system operator.

OPTCL's RESPONSE TO THE OBJECTORS (Para 121 to 133)

121. In response to the views of the Objectors on the ARR and Annual Fees and Charges for SLDC functions for FY 2011-12, OPTCL/SLDC had filed rejoinders in respect of each issue as under :-

Functioning of SLDC

122. As per the Report of the Committee constituted by Government of India Ministry of Power the appropriate Government shall take necessary steps to facilitate independent functioning of the Load Dispatch Centre in line with Electricity Act, 2003 as well as National Electricity Policy. As per the recommendations of the Committee under the Chairmanship of Girish B. Pradhan, Addl. Secy. to MoP, GoI, the matter is under examination by the Government of Odisha. However as per the provision U/s 31 (2) of the Electricity act, 2003 "*The State Load Dispatch Centre shall be operated by a Government Company or any authority or Corporation established or constituted by or under any State act, as may be notified State Government*". Provided that until a Government Company or any authority or corporation is notified by the State Government, the STU shall operate the SLDC.

Organizational Structure and Employee Strength

123. As per the direction of the Commission at Para 233 of its Order dated 20.03.2010 passed in Case No 146/2009 for approval of ARR and SLDC Charges for FY 2010-11, provision of manpower as per ERLDC structure has been made in the ARR application for FY 2011-12.
124. National Productivity Council (NPC) had been entrusted for preparation of the "Manpower Structure Report" for OPTCL as well as that SLDC. The above firm has already submitted their report, which is under examination by OPTCL. Provision of Chief Load Dispatcher in the rank of Director and all supporting staff for SLDC functions has been kept in the NPC Report. On approval of the above structure, action shall be initiated to fill all the posts including Chief Load Dispatcher.
125. Recruitment process of Executives by OPTCL is about to complete. After competition of the above process, the required no. of Executives will be deployed in SLDC.

Establishment of Energy Accounting & Settlement System Centre (EASSC).

126. All civil and electrical works for renovation of the building have been completed. Most of the hardware has already been received. The EASSC is likely to be operational by the end of current FY 2010-11.

Employee Cost

127. OPTCL in its ARR for FY 2011-12, has proposed Rs.611.572 lakhs towards human resources expenses considering all the posts as proposed to be filled up by the end of the current year. Some of the Objectors' submission to consider the HR expenses for FY 2010-11 cannot be applicable in this case, as all the posts (as proposed in the structure) have not been filled up during the current financial year.

Interest on Working capital

128. OPTCL in its ARR for FY 2011-12 has proposed Rs. 37.270 lakhs towards interest on working capital. OPTCL denies to the contention of some of the Objector that Working Capital is not at all required for SLDC and as SLDC has not yet taken any loan from Banks./Financial Institutions, Interest on Working Capital is not payable. In this connection OPTCL submitted that monthly collection of SLDC charges takes about 2 months for full realization and hence till such time the expenditure of SLDC will be met by borrowing from Banks/Financial Institutions against which the payment of interest and principal will be required.

Recovery of SLDC Expenses through System Operation Charges (SOC) & Market Operation Charges (MOC)

129. As per provision under Regulation 21, 22 & 23 of CERC (fees and charges of Regional Load Dispatch Centre and other related matters) Regulation, 2009 and Regulation 18, 19 & 20 of OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010, the SOC and MOC have been computed considering the allocation of energy (MU) draws by the distribution Licensees as energy drawal is more realistic approach than the demand allocation.

SLDC Development Fund

130. SLDC development Fund has already been created under Head of Account 57.10 and is operating with an opening balance of Rs. 585.92 lakhs on 01.04.2010.

Short-Term Open Accesses (STOA) transactions

131. The reports on monthly transactions viz. no. of applications received, quantum and period of STOA transactions. no of applications permitted / denied for STOA with reasons are being submitted to Commission regularly and also being displayed in SLDC website.

SCADA connectivity of OPTCL Grid substations

132. Most of the Substations of OPTCL have been integrated to SCADA. The integration of the remaining substations shall be taken up by OPTCL soon.

Registration Fee

133. As per Regulation 22 of OERC (Fees & Charges of SLDC & other related matters) Regulation, 2010, SLDC is collecting of one-time registration Fee @ Rs.1.00 lakh from all the Users. The amount received towards one-time registration fees from the users during FY 2010-11 from April to November, 2010 is Rs.34.88 lakhs.

OPTCL'S RESPONSE TO THE QUERIES RAISED BY THE DIRECTOR (TARIFF) DURING PUBLIC HEARING on 11.02.2011 (Para 134 to 148)

134. The Director (Tariff), OERC during hearing of the OPTCL's application for approval of Annual Revenue Requirement & Levy of Annual Fee and Charges for State Load Despatch Centre (SLDC) function for FY 2011-12 (Case No. 150/2010) raised certain

queries for compliance by SLDC. SLDC submitted the clarifications to the said queries as well as additional information in the following paragraphs:

Establishment of Energy Billing Centre (EBC)/ Energy Accounting & Settlement System Centre (EASSC)

135. As per the Road Map of the Commission, EASSC was to function by 31.8.2007. In spite of specific allocation for EASSC in ARR of OPTCL since FY 2008-09, EASSC is yet to function. As a result monthly State Energy Account, Weekly UI Account & Weekly Reactive Energy Account etc are not issued by SLDC to all the stakeholders as per Orissa Grid Code Regulation, 2006 & OERC Intra-State ABT Regulation, 2008 etc. OPTCL is therefore, advised to indicate the Road Map of Trial Run / Commercial Operation of EASSC of SLDC so that SLDC can really play the role of Nodal Agency during Intra-State ABT/ Open Access Regime.
136. In reply to the Director's query at Para 135 above, SLDC submitted that all the major hardware required for EASSC, except 2 Nos UPS have been received. The UPS units are likely to be received and installed by 2nd week of March 2011. The data transfer link between OPTCL and SLDC for transfer of all the all data from the interconnection points through Wide Area Network (WAN) is expected to be completed by the end of April 2011. The EASSC will be made fully functional after completion of the above works.

Transfer of Sub-LDCs to the Control of SLDC

137. The Commission had directed OPTCL to transfer all assets of Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar to SLDC immediately. OPTCL may indicate the exact time line to handover these assets of SLDC and that of Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar to SLDC.
138. In reply to the Director's query at Para 137 above, SLDC submitted that presently three numbers of Sub-LDCs at Budhipadar, Meramundali and Jayanagar are functioning in their respective Control Rooms manned by Telecom Personnel. Provision has been kept in the present ARR for posting one executive in the rank of Manager in each of the above Sub-LDCs as head of it. All assets pertaining to the three nos of sub LDCs and SLDC are expected to be transferred and kept under SLDC during early period of FY 2011-12.

Appointment of Chief Load Dispatcher & other Executives in SLDC

139. The Commission had directed OPTCL to ensure that SLDC should be headed by a Chief Load Dispatcher in the rank of Director and should have three distinct wings of Grid Operation, Commercial and Telecommunication with other support services in the pattern of Executives and Staff deployed in ERLDC (81 Nos.) which should be in place within 4 months i.e. by 20th July, 2009. OPTCL should indicate the exact time line of appointment of a Director as Chief Load Despatcher of SLDC and should also submit before the Commission the tentative time frame when 81 nos. of posts approved by the Commission for SLDC will be filled up.
140. In reply to the Director's query at Para 139 above, SLDC submitted that as per the direction of Commission, all efforts are being taken for posting of the Chief Load Dispatcher in the rank of Director in SLDC. Separate wing like Commercial and Telecommunication have been provided in the proposed organizational structure of SLDC. Recruitment process of Executives by OPTCL has been completed and the

first phase posting of has also been made. After completion of the orientation training, the Executives will be posted at their respective work places including SLDC.

SLDC Website

141. The Commission had directed SLDC vide Order dated 20.03.2009 to have its own Website within 20th May, 2009 and to submit the status of its own Website for display of all Data as per CERC/OERC Regulations for the information of all the stakeholders.
142. In reply to the Commission's earlier query during hearing on 18.02.2010, SLDC submitted that SLDC Website has already been created and is in place. The Weekly/Monthly/Annual System Performance Reports are being displayed in the website. Daily Grid Report is also being displayed in the Website. Other Reports/Data as per CERC/OERC Regulation will be displayed in the website from 1st April'2011 onwards.
143. As SLDC Website could not display 15-minute Schedule/Drawal data of 4 DISCOMs, OERC made an adhoc arrangement and 15-minute schedule/drawal data were made available in OERC Website since 1st November, 2009 which enabled the DISCOMs to perform "Mock Exercise" of Intra-State ABT (Phase-I) since that date till now. All the stakeholders have suggested in last G.C.C Meeting that all data relating to Generation, Scheduling and Drawal by different stake holders in 15-minute mode should be displayed in SLDC Website.OPTCL/SLDC should indicate the time line of full functioning of SLDC Website as required under CERC/OERC Regulations.
144. In reply to the Director's query at Para 143 above, SLDC submitted that SLDC website displays the 15 minute block wise schedule / Drawal data for four Distribution Licensees of the State parallel with OERC website. However the standard templates for display of Discom data have been approved in the last GCC meeting. Action has been taken for display of Discom data as per the approved templates.

Monthly Cash Flow of all Receipts and Expenses in FY 2010-11 (Upto Jan., 2011)

145. The Commission had approved Rs.7.76 Cr. as ARR for FY 2010-11 and OPTCL had spent an amount of Rs.4.55 Cr. during the period from April to November 2010. OPTCL may submit the expenses up to end of January 2011 out of ARR approved for FY 2010-11.
146. In reply to the Director's query at Para 145 above, SLDC submitted that the expenses up to the end of January, 2011 are furnished in Table below:

Table - 19

DETAILS OF EXPENDITURE DURING FY 2010-11(FROM APR, 10 TO JAN, 2011)

Sl No.	Head of Account	Amount Approved in ARR 2010-11 (Rupees in Lakh)	Expenditure incurred up to Jan, 2011 (Rupees in Lakh)
1	Repair & Maintenance Expenses	201.80	156.45
2	Administrative & General Expenses	75.00	41.89
3	Employee Cost	449.92	360.54
	Total	726.72	558.88

Proposed CAPEX of Rs.2.945 cr. in FY 2011-12

147. OPTCL has proposed a CAPEX of Rs.2.945 Cr. in the ARR of Rs.13.85 Cr. for FY 2011-12. Out of the CAPEX of Rs.6.99 Cr. approved for FY 2010-11, OPTCL has incurred a CAPEX of Rs.68.68 lakhs only in FY 2010-11 (April to November, 2010), which shows that OPTCL may not be able to spend the entire CAPEX of Rs.6.99 Cr. allowed for FY 2010-11. OPTCL may indicate the CAPEX incurred up to 31st January 2011 and the action plan to spend the balance of CAPEX approved for FY 2010-11 so as to justify their proposal of further CAPEX of Rs.2.945 Cr. for FY 2011-12
148. In reply to the Director's query at Para 147 above, SLDC submitted that expenditure of Rs. 125.75 lakhs has already been incurred under CAPEX up to January 2011. The UPS at SLDC Control Room is expected to be installed by the end of March 2011 and the expenditure will be booked under the CAPEX. An amount of Rs.17.5 lakhs will be spent for ERP licenses and module implementation before 31st March 2011. Further an amount of Rs.1.04 Cr. will be spent and booked against EASSC before 31st March 2011.

Views of the Govt. of Odisha (Para 149 to 152)

149. Although the State Govt. has not taken any specific view on the levy of independent SLDC Fees & Charges proposed by OPTCL for SLDC for FY 2011-12, the State Govt. has expressed its specific views on CAPEX Programme of OPTCL, implementation of Intra-State ABT in Odisha Power Sector and Performance Parameter V/s. normative target of Loss Reduction of DISCOMs as under:
150. The representative of the State Govt. who participated during the public hearing on 11.02.2011 submitted that the views of the Govt. would be filed before the Commission very soon., The Govt. of Orissa, Department of Energy vide letter No.1728 dated 28.02.2011 informed the Commission that the State Govt under CAPEX Programme has made a Budget Provision of Rs. 205 Cr. for FY 2010-11 and similar Budget provision of Rs.43.00 Crore in favour of OPTCL during FY 2011-12 as viable gap funding for construction of Grid Substations and associated transmission lines in backward and inaccessible areas to improve in quality of supply of power.
151. The State Govt. has expressed its specific view on implementation of Intra-State ABT and opines that implementation of Intra-State ABT may avoid over drawal by DISCOMs piling of outstanding due of DISCOMs to GRIDCO and will help for Grid stability. However, the general consumers should not suffer from Power Regulation on account of implementation of ABT. The State Govt. has suggested that the Commission may take appropriate step in regard to the implementation of Intra-State ABT keeping in view the demand and supply position in the state. The State Govt. has advised that all the stake holders should abide by the direction of the Commission for implementation of ABT Regulation.
152. The State Govt. has reviewed the Performance Parameter vs. Normative Target of Loss reduction of DISCOMs and suggested that necessary direction may be issued by the Commission to DISCOMs for achieving better result in terms of consumer satisfaction by giving quality power and improving in their collection efficiency and

reduction of T&D & AT&C losses. The State Govt. has further suggested that the Commission may initiate appropriate action against the non-performing DISCOMs for violation of the directions of the Commission as per the provisions of Electricity Act, 2003.

OBSERVATION OF THE STATE ADVISORY COMMITTEE (SAC) (Para 153 to 155)

153. The State Advisory Committee (SAC) constituted under Section 87 of Electricity Act, 2003 met on 14th Feb, 2011 to deliberate on the Annual Revenue Requirement and Tariff Applications for the FY 2011-12 of utilities, namely OHPC, OPTCL, GRIDCO, SLDC, CESU, NESCO, SOUTHCO and WESCO.
154. WISE-the Consumer Counsel made a Power Point presentation on various aspects and tariff proposals of OHPC, GRIDCO, OPTCL, SLDC & four Distribution Companies & the suggestions made during course of tariff hearings held from 02.02.2011 to 11.02.2011. The broad breakup of the tariff proposal presented by WISE is indicated in Table below:

Table - 20

Name of the Licensee/Generator	OHPC	GRIDCO	OPTCL	SLDC	DISCOMS**
OERC approved ARR for FY 10-11 (Rs. Cr)	361.88	4237.34	480.93	7.769	5009.35
Proposed ARR for FY 11-12 (Rs. Cr)	443.97	6926.91	1573.69	13.85	7875.09
% Rise Proposed	22.68	63.47	227.22	78.27	57.21
OERC approved Tariff for FY 10-11 (P/U)	64.40	170.25	23.50	0.38	320.6
Proposed Tariff for FY 11-12 (P/U)	79.01*	304.41 (BSP)	68.68	0.60	510.34
% Rise Proposed	22.69%	78.8%	192.26%	58.00%	59.18%

155. Some members of SAC pointed out that there is no need for enhancement of Annual Fees & Charges for SLDC during FY 2011-12 as SLDC has not geared up to play the effective role of an Independent System Operator (ISO) in Odisha Power Sector.

COMMISSION'S OBSERVATIONS (Para 156 to 209)

156. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2011-12 followed the same principle as 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.
157. These principles forming the basis of this ARR determination exercise are dealt in greater details in the main text of this order under the relevant components of the ARR.

Return on Equity (RoE)

158. At present all assets relating to Load Despatching equipments are booked under OPTCL for which the Commission approves Transmission Tariff separately. As the equity component for SLDC 'Zero', hence 'Nil' RoE is considered for SLDC under Annual Charges.

Interest on Loan Capital

159. In the same analogy as in Para 158 above, the Commission is not inclined to approve any interest on loan capital as there is no outstanding loan /loan proposed for SLDC expenditure for FY 2011-12.

Depreciation

160. OPTCL has proposed Depreciation of existing assets of Rs 17.536 lakhs for FY 2011-12 towards depreciation of assets in the Unified Load Despatch Centre (ULDC) and offices in SLDC and the details are shown in Table-below :

Table – 21
Calculation of Depreciation cost

(Rs. lakh)			
Name of the Assets	Gross Block as on 31.3.2011	Depreciation Rates as per CERC's Depreciation Rate Schedule (%)	Depreciation amount for the year 2011-12
1	2	3	4 (Col.2XCol.3)
Land	00.00	0.00%	0.000
Office Building	00.00	1.63	0.000
Residential Building	00.00	1.63	0.000
Roads	00.00	100.00	0.000
Battery	09.33	5.28	0.493
Isolation transformer & ACDB for UPS	12.31	5.28	0.650
Underground Cables	00.95	5.28	0.050
Overhead LT lines	00.00	5.28	0.000
AC Plant	00.19	5.28	0.010
Split type Air Conditioner	05.49	5.28	0.290
DG set	05.79	5.28	0.306
Office Furniture	00.94	6.33	0.059
Office equipment	00.09	6.33	0.006
Internal Wiring	00.09	6.33	0.006
Street Light	11.37	5.28	0.600
Communication Equipment (intercom system)	00.00	6.33	0.000
IT equipment such as computers, printers including equipments at EASSC centre	83.30	15.00	12.495
Software for EASSC	05.60	30.00	1.680
End User's equipments such as router etc. to receive the metering data	05.61	15.00	0.842
Vehicle	00.95	5.28	0.050
Total	142.01		17.536
Weighted Average Rate of Depreciation (%)	12.35		

161. Further, OPTCL has proposed depreciation towards recovery of Capital Cost (amount to be recovered during FY 2011-12) of Rs.294.500 lakh to be spent for SLDC during FY 2011-12 through depreciation. OPTCL, therefore, has proposed the cumulative depreciation cost of Rs.312.036 lakh for FY 2011-12. The details of depreciation cost proposed by OPTCL are shown in Table below.

Table - 22

Statement of Depreciation		(Rs. lakh)
ITEM	FY 2011-12	
Recovery of Capital Cost (Amount to be recovered during the year)	294.500	
Depreciation on existing assets	17.536	
Cumulative depreciation on capital recovery and existing assets	312.036	

162. The Commission hereby approves only Rs.17.536 lakh proposed by OPTCL on account of some miscellaneous office items as indicated above under Depreciation for FY 2011-12, as recovery of Capital Cost is not allowed under OERC SLDC Regulation, 2010.

Operation and Maintenance (O&M) Expenses:

163. The O&M expenses for SLDC for FY 2011-12 are considered under the following heads:
- a. Employee Cost (Human Resource Expenses) including Certification of SLDC personnel.
 - b. Repair & Maintenance (R&M) Cost
 - c. Administration & General (A&G) Cost
 - d. Less Capitalized

Employee Cost (Human Resource Expenses):

164. OPTCL has projected the Employee Cost including Certification of SLDC personnel at Rs.611.572 lakh. The details of Employee Cost including Certification of SLDC personnel are shown in Table below :

Table - 23

Employee Cost including Compensation proposed for SLDC for FY 2011-12

(Rs. lakh)

Sl. No.	Account Code	Executive		Non-Executive		Total
		Technical	Non-Tech.	Technical	Non-Tech.	
1	Salaries	182.706	6.602	40.417	38.532	268.257
2	Over-time					
3	Dearness Allowance	82.218	2.971	18.188	17.339	120.716
4	Other Allowance such as shift, conveyance, ABT, green card, washing, type, etc.	16.495	0.624	3.008	3.063	23.190
5	Bonus					
6	Compensation for LDC Personnel					0.600
7	Sub Total (1 to 6)	281.418	10.197	61.613	58.934	424.163

Sl. No.	Account Code	Executive		Non-Executive		Total
		Technical	Non-Tech.	Technical	Non-Tech.	
	OTHER STAFF COST					
8	Reimbursement of Medical Expenses	8.870	0.541	1.962	1.870	13.243
9	Leave Travel Concession	3.680	0.000	1.040	1.082	5.802
10	Reimbursement of House Rent	32.246	0.541	1.962	3.528	38.277
11	Interim Relief to Staff					0.000
12	Encashment of Earned Leave					0.000
13	Honorarium					0.000
14	Payment under Workmen compensation Act					0.000
15	Ex-gratia					0.000
16	Expenditure on VRS					0.000
17	Sub Total (8 to 16)	44.795	1.082	4.965	6.481	57.322
18	Staff Welfare Expenses	0.276	0.000	0.312	0.162	0.750
19	Terminal Benefits	43.139	0.000	24.970	10.888	78.997
20	Provisions	50.000				50.000
21	Others (Specify)			0.040	0.300	0.340
22	Total (7+17+18+19+20+21)	419.628	11.279	91.901	76.765	611.572
23	Revenue recovered, if any					0.000
24	Net Total (22-23)	419.628	11.279	91.901	76.765	611.572
	ADDITIONAL INFORMATION					
	No. of Employees as on					
	I) Executives	46	4			50
	II) Non-Executives			13	23	36
	III) Skilled					
	IV) Non-Skilled					
	Total					
2.	No. of Employees per					
	i) MW handled					
	ii) MKwh handled					

165. The Employee Cost has been determined based on actual expenditure incurred by SLDC during FY 2010-11 (April, 2010 to January, 2011) and prorated expenses for SLDC for FY 2010-11 based on actual expenses for the period from April, 2010 to January, 2011 & the annual increment of 3% over the prorated expenses of SLDC for 2010-11. The Employee Cost approved by the Commission for FY 2011-12 is given in the Table below:

Table – 24

Employee Cost proposed and approved for SLDC for FY 2011-12

(Rs. lakh)

Particulars	FY 2010-11 (Prorated)	Proposed by OPTCL for SLDC & Sub-LDCs for FY 2011-12	Approved by the Commission for FY 2011-12
Actual working strength	48 Nos.	86 Nos.	At par with ERLDC (81 Nos.)
Employee Expenses	432.65	611.572	445.63
Additional Expenses for implementation of Intra- State ABT during FY 2011- 12	-	-	85.00
Less Expenses Capitalized	0.00	0.00	0.00
Net Employee Expenses	432.65	611.57	530.63

Administration & General (A&G) Expenses

166. The A&G expenses comprise of several heads such as insurance, conveyance expenses, telephone expenses, vehicle hiring charges, rents, stationery expenses, electricity charges, entertainment expenses, legal expenses, audit fees, technical and professional fees, taxes, stamp charges, conveyance, security and service charges, other miscellaneous charges etc.
167. Administration and General (A&G) Expenses have been projected by OPTCL for SLDC at Rs.192.610 lakh for FY 2011-12. The component-wise details of Administrative and General Expenses projected for FY 2011-12 are furnished in Table below:

Table - 25

Details of Administrative & General (A&G) Expenses (Rs. lakh)

Sl. No.	Description	Actuals for previous Financial Year 2009-10	Current Financial Year			Estimates for ensuing year 2011-12
			Actual For First Six Months (up to Sept, 2010)	Projection For Balance Six Months	Total	
PROPERTY RELATED EXPENSES						
1	Licence Fees		0.00	0.00	0.00	0.00
2	Rent		0.00	0.00	0.00	0.00
3	Rates & Taxes		0.00	0.00	0.00	0.00
4	Insurance	7430.00	5616.00	0.00	5616.00	6000.00
5	Contribution to accident reserve fund					
6	Sub total	7430.00	5616.00	0.00	5616.00	6000.00
COMMUNICATION						
7	Telephone & Trunk Call	447694.00	228135.00	350000.00	578135.00	700000.00
8	Postage & Telegram Telex, Teleprinter Charges, Telefax	16424.00	12810.00	30000.00	42810.00	60000.00
10	Courier Charges	350.00		2000.00	2000.00	5000.00

Sl. No.	Description	Actuals for previous Financial Year 2009-10	Current Financial Year			Estimates for ensuing year 2011-12
			Actual For First Six Months (up to Sept, 2010)	Projection For Balance Six Months	Total	
11	Other					
12	Sub total	464468.00	240945.00	382000.00	622945.00	765000.00
PROFESSIONAL CHARGES						
13	Legal expenses	0.00	0.00	0.00	0.00	1000000.00
14	Consultancy charges + FMS Chages	86774.00	58570.00	2000000.00	2058570.00	3000000.00
15	Technical fees		0.00	0.00	0.00	0.00
16	Audit fees		0.00	0.00	0.00	0.00
17	Other charges		0.00	0.00	0.00	0.00
18	Sub total	86774.00	58570.00	2000000.00	2058570.00	4000000.00
CONVEYANCE & TRAVELLING						
19	Conveyance expenses (Fuel)	161467.00	89945.00	120000.00	209945.00	250000.00
20	Travelling expenses	440652.00	130341.00	300000.00	430341.00	500000.00
21	Hire charges of vehicle	111611.00	92824.00	250000.00	342824.00	400000.00
22	Others		0.00	0.00	0.00	0.00
23	Sub total	713730.00	313110.00	670000.00	983110.00	1150000.00
OTHER EXPENSES						
24	Electricity charges	804.00	605.00	3000000.00	3000605.00	3500000.00
25	Fees & Subscription					
26	Books & Periodicals	3365.00	1169.00	10000.00	11169.00	50000.00
27	Printing & Stationery	133406.00	24552.00	100000.00	124552.00	200000.00
28	Advertisement	33081.00	56051.00	200000.00	256051.00	500000.00
29	Entertainment	5965.00	2986.00	3000.00	5986.00	20000.00
30	Watch & Ward	618523.00	223062.00	450000.00	673062.00	600000.00
31	Miscellaneous	68475.00	36826.00	60000.00	96826.00	150000.00
32	Organisational Development Expenses	0.00	0.00	0.00	0.00	200000.00
33	Outsourcing of collection of Metering data from regional interconnection points	1029433.00	430600.00	550000.00	980600.00	1200000.00
34	Training (including certification of operators)	151867.00	61331.00	250000.00	311331.00	600000.00
35	Sub total	2044919.00	837182.00	4623000.00	5460182.00	12420000.00
MATERIAL RELATED EXPENSES						
36	Demurrage and Wharfage on materials		0.00	0.00	0.00	0.00
37	Clearing & forwarding charges		0.00	0.00	0.00	0.00
38	Transit insurance		0.00	0.00	0.00	0.00
39	Sub total		0.00	0.00	0.00	0.00
40	Others (Specify)					
40(a)	Gardening	1100.00	2000.00	400000.00	402000.00	500000.00
40(b)	Meetings	29430.00	13871.00	50000.00	63871.00	120000.00
40(c)	Office up-keeping	60800.00	32890.00	35000.00	67890.00	300000.00
41	Sub total	91330.00	48761.00	485000.00	533761.00	920000.00
42	Total(6+12+18+23+35+39+40)	3408651.00	1504184.00	8160000.00	9664184.00	19261000.00
43	Revenue recoveries, if any	0.00	0.00	0.00	0.00	0.00
44	Net Total (42-43)	3408651.00	1504184.00	8160000.00	9664184.00	19261000.00

168. Considering the views of all stakeholders and that of the SLDC, the following quantum of A&G expenses is approved by the Commission for FY 2011-12.

Table – 26

A&G expenses proposed for SLDC and approved by OERC

(Rs. lakh)

Particulars	FY 2010-11 (Prorated figure)	Proposed for SLDC for FY 2011-12	Approved by OERC for FY 2011-12
Gross A&G expenses	50.27.	132.61	55.00
Certification of SLDC personnel	-	60.00	20.00
(less) Expenses capitalized	0.00	0.00	0.00
Net A&G expenses	50.27	192.61	75.00

Repair & Maintenance (R&M) Expenses

169. OPTCL has proposed Repair & Maintenance (R&M) Cost for FY 2011-12 as Rs.231.700 lakh. The details of R&M expenses proposed in the ARR are shown in Table below:

Table – 27

R&M Expenses proposed for SLDC for FY 2011-12

(Rs. lakh)

Sl. No.	Description	Actuals for previous Financial Year 2009-10 in Rs.	Current Financial Year			Estimates for ensuing year 2011-12
			Actual For First Six Months Up to 09/10	Projection For Balance Six Months of current year	Total during the current year	
1	Consumption of stores and spares		0	0	0	0
2	Loss of stores and spares		0	0	0	0
3	Plant & Machinery repairs and maintenance (R/M of 2 nos. light vehicle)	44333	13219	135000	148219	150000
4	Civil works repairs and maintenance	0	0	0	0	2000000
5	Website service charges	36180	35808	300000	335808	300000
6	Band with charges for WAN					
7	AMC charges for:-					
7b	SCADA/EMS equipment	3700646	7571150	11000000	18571150	20000000
7c	APS equipment					
7d	Computers and peripherals, Software,					

Sl. No.	Description	Actuals for previous Financial Year 2009-10 in Rs.	Current Financial Year			Estimates for ensuing year 2011-12
			Actual For First Six Months Up to 09/10	Projection For Balance Six Months of current year	Total during the current year	
7e	FAX , Photocopier , Air Conditioners etc		7043	75000	82043	120000
7f	Repair and maintenance of Furniture and fixtures		0	200000	200000	400000
8	Total (1to7)	3781159	7682729	11810000	19492729	23170000
9	Revenue recoveries, if any					
10	Net Total (8-9)	3781159	7682729	11810000	19492729	23170000

170. The Commission finds that the R&M expenses proposed for SLDC for FY 2011-12 include a major sum of the amount towards AMC charges, Bandwidth charges for WAN & Facility Management Services (FMS), etc. The Commission therefore, approves the proposed amount of Rs.231.700 lakh for R&M expenses relating to SLDC and Sub-LDCs at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar during FY 2011-12. This should be spent with due planning so that these Load Despatch and Sub-Load Despatch Centres bear a new look in FY 2011-12.

Interest on Working Capital

171. OPTCL has projected the interest on working capital at Rs.37.270 lakh considering 11.75% rate of interest. The details are shown in Table below:

Table - 28

Calculation of Interest on Working Capital Proposed for SLDC

Sl. No.	Particulars	Amount (Rs. lakh)
1	O & M Expenses excluding Human Resource Expenses for one month	35.36
2	Human Resource Expenses for one month	50.96
3	Receivables (2 months of SOC & MOC)	230.86
4	Total Working Capital	317.19
5	Rate of Interest	11.75%
6	Interest on Working capital	37.27

172. The Commission, approves an amount of Rs.25.44 lakh towards the Interest on Working Capital for FY 2011-12, the details of which are given in the Table below:

Table - 29

Approved Interest on Working Capital for FY 2011-12

Particulars	Amount (Rs. lakh)
R & M expenses for one month	19.31
Employee Cost for one month	44.22
A&G expenses for one month	6.25

Particulars	Amount (Rs. lakh)
Receivables (2 months of SOC & MOC)	146.72
Total Working Capital	216.50
Rate of Interest	11.75%
Interest on Working Capital	25.44

Capital Expenditure (CAPEX) Plan

173. SLDC has projected a CAPEX plan costing Rs.294.50 lakh to be incurred during FY 2011-12. The details of CAPEX plan are shown in Table below:

Table - 30

Elements of Capital Cost proposed by SLDC for FY 2011-12

(Rs. lakh)

Details	Provision	Admitted Cost
Civil Works		
Renovation of Residential building in SLDC colony at Mancheswar	25.000	25.000
Construction of Drainage & swerage system at SLDC colony	10.000	10.000
Street Light (including all material & fittings) for SLDC colony	12.000	12.000
Celling Fan for colony Quarters & office Building	1.500	1.500
Total Civil Works	48.500	48.500
Equipments (New)		
Computer (12nos.), Laser Printer (2nos.)	7.000	7.000
Laptop (2 nos.)	1.000	1.000
20 kva UPS (3 nos.) for each floor	21.000	21.000
Total Equipments	29.000	29.000
Miscellaneous		
Hiring of BSNL link for data transfer from 3 nos. hub stations at Jaynagar, Meramundali, Budhipadar as secondary communication link	20.000	20.000
Establishment of Wide Area Network (WAN) for collection of metering data from DISCOM interconnection points to EASS centre at SLDC.	14.500	14.500
ERP Licensing Cost for 20 nos. Licences	9.000	9.000
ERP Modules implementation efforts	50.000	50.000
Oracle User Licence	25.000	25.000
Air conditioner with voltage stabilizer, 30 nos @ Rs.40,000/- (25 nos replacement in SLDC Control Room & 5 nos. new for SLDC office)	12.000	12.000
EPABX system (60 Users)	2.000	2.000
Furniture & Fixtures	1.500	1.500
Video Conferencing System at SLDC	20.000	20.000
Total Miscellaneous	154.000	154.000
Energy Accounting & Settlement System (EASS)		
Cost of Hardware and software for EASS (Balance Work)	20.000	20.000
Precision AC (3 Units) for EASS	21.000	21.000
Access Control System	3.500	3.500
Voltage Surge Suppressor	0.500	0.500

Details	Provision	Admitted Cost
Fire Fighting Equipments	3.000	3.000
RF Link	5.000	5.000
Other Miscellaneous expenses	10.000	10.000
Total EASS	63.000	63.000
Total Capital cost	294.500	294.500

174. The Commission decides not to approve the proposed CAPEX of Rs.294.500 lakh through depreciation in ARR, but hereby allows the CAPEX expenditure, if any, during FY 2011-12 to be met out of the amount available in SLDC Development Fund with prior specific approval of the Commission. OPTCL is hereby directed to file the CAPEX Plan for SLDC for FY 2011-12 by 30th April, 2011 before the Commission for approval.

Contingency Reserve

175. OPTCL has not made any provision on this account for FY 2011-12. Hence, the Commission does not approve any amount under this head. Commission is of the opinion that as SLDC charges are first charge on Escrow A/c of DISCOMs, and Generators are supposed to pay SLDC Charges in time (may be in advance). SLDC may not be required to make any short-term loan to meet its Working Capital. Whatever normative interest on Working Capital has been allowed by the Commission at Para 172 above, shall work as cushion for any contingency expenditure for SLDC.

Summary of ARR for FY 2011-12

176. Against Rs.776.85 lakh approved for 2010-11 and Rs.1385.188 lakh proposed by SLDC for 2011-12, the Commission approves Rs.880.31 lakh for FY 2011-12. . The details of Expenses proposed by OPTCL in the ARR of SLDC and approved by the Commission for FY 2011-12 are depicted in the Table below:

Table - 31
Summary of ARR of SLDC for FY 2011-12

(Rs. lakh)

Sl. No.	Item	Approved for FY 2010-11	Proposed for SLDC for FY 2011-12	Approved by OERC for FY 2011-12
1	Employee Cost including compensation	364.92	611.572	445.63
2	Additional Compensation for implementation of Intra-State ABT during FY 2010-11	85	----	85.00
3	R&M Expenses	201.80	231.700	231.70
4	A&G Expenses (Including Certification of SLDC personnel)	75.00	192.610	75.00
5	Depreciation	27.80	312.036	17.54
7	Interest on loan	0.00	0.00	0.00
8	Interest on Working Capital	22.33	37.270	25.44

Sl. No.	Item	Approved for FY 2010-11	Proposed for SLDC for FY 2011-12	Approved by OERC for FY 2011-12
9	Return on Equity	0	0.00	0.00
10	Contingency Reserve	0	0.00	0.00
	TOTAL	776.85	1385.188	880.31

Determination of Annual Charges of SLDC

177. The Annual Charges for SLDC have been proposed by OPTCL as per provisions in Regulation 20, 21, 22 & 23 of CERC (Fees & Charges of RLDC & other related matters) Regulations, 2009 as well as per the provisions in Regulation 18,19,20 & 21 of OERC (Fees and Charges of SLDC and other related matters) Regulation, 2010. The Annual Charges for SLDC Operations during FY 2011-12 have been approved by the Commission at Rs.880.31 lakh/annum and Rs.73.36 lakh/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.
178. CERC Regulation, 2009 and OERC Regulations, 2010 define the System Operation Function & Market Operation Function as under:
- **‘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.
 - **‘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, administrating ancillary services & information dissemination etc.
179. CERC Regulation, 2009 and 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**
180. **As per CERC Regulation, 2009 and 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

181. **As per CERC Regulation, 2009 and OERC Regulations, 2010, Market Operation Charges (MOC)** shall be collected equally from the DISCOMs and Generating Companies apportioning to the entitlement and installed Capacity/ Contracted Capacity.
182. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2011-12 at Rs.880.31 lakh/annum i.e. Rs.73.36 lakh/month to be recovered through SOC & MOC as under:
- System Operation Charges (SOC) (80% of AC) – Rs.704.25 lakh/annum or
Rs.58.69 lakh/month.
 - Market Operation Charges (MOC)(20% of AC) – Rs.176.06 lakh/annum or
Rs.14.67 lakh/month

System Operation Charges (SOC)

183. The System Operation Charges (SOC) of Rs.704.25 lakh/annum or Rs.58.69 lakh/month shall be apportioned for collection from the following stakeholders as under:
- Intra –State Transmission Licensee @ 10% of SOC- Rs.70.42 lakh/annum or
Rs.5.87 lakh/month.
 - Generating Stations & Sellers @ 45% of SOC..... Rs.316.91 lakh/annum or
Rs.26.41 lakh/month.
 - DISCOMs & Buyers @ 45% of SOC..... Rs.316.91 lakh/annum or
Rs.26.41 lakh/month.

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

- The recovery of SOC from OPTCL as Intra-State Transmission Licensees shall be 10% of SOC of Rs.70.42 lakh/annum and Rs.5.87 lakh/month.
- The recovery of SOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by OPTCL at 4660.50 MW shall be @ Rs.6799.93/MW/annum or @ Rs.566.66/MW/month.
- The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2011-12 & shall be as shown in table below:

Table - 32
Apportionment of Annual & Monthly SOC Charges amongst Distribution Companies for FY 2011-12

Name of DISCOMs	Energy Consumption approved by OERC for FY 2011-12 (In MU)	% Share of Energy Consumption	Annual Charge (Rs. lakh)	Monthly Charge (Rs. lakh)
CESU	7791.00	34.66	109.85	9.15
NESCO	5323.00	23.68	75.05	6.25
WESCO	6630.00	29.50	93.48	7.79
SOUTHCO	2733.00	12.16	38.53	3.21
Total	22,477.00	100.00	316.91	26.41

Market Operation Charges (MOC)

185. The Market Operation Charges (MOC) of Rs.176.06 lakh/annum or Rs.14.67 lakh shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC..... Rs.88.03 lakh/annum or Rs.7.34 lakh/month
- DISCOMs & Buyers @ 50% of MOC..... Rs.88.03 lakh/annum or Rs.7.34 lakh/month

186. 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 OPTCL at 4660.50 MW shall be @ Rs.1888.81/MW/annum or @ Rs.157.41/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2011-12 as shown in Table below:

Table - 33
Apportionment of Annual & Monthly MOC Charge amongst Distribution Companies for FY 2011-12

Name of DISCOMs	Energy Consumption approved by OERC for FY 2011-12 (In MU)	% Share of Energy Consumption	(Rs. lakh)	
			Annual MOC Charge (Rs. lakh)	Monthly MOC Charge (Rs. lakh)
CESU	7791	34.66	30.5	2.54
NESCO	5323	23.68	20.85	1.74
WESCO	6630	29.50	25.97	2.16
SOUTHCO	2733	12.16	10.70	0.89
Total	22477	100.00	88.03	7.34

Registration Fee

187. OPTCL has proposed for collection of one time Registration Fee of Rs1.00 lakh as per Regulation 22 of OERC Regulation, 2010 from all users whose Scheduling, Metering & Energy Accounting are coordinated by SLDC. The Commission hereby approves the proposal of OPTCL for collection of one time Registration Fee of Rs1.00 lakh by SLDC from all users which may be deposited in SLDC Development Fund as per Regulation 8 of OERC Regulations, 2010.

Application Fee and Scheduling Charges:-

188. OPTCL in its ARR application for SLDC has proposed that the Application Fee and Scheduling Charges of Rs.5000/- per application and Rs.2000/- per day or part thereof 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 2011-12.

ARR and Annual & Monthly Charges for FY 2011-12

189. The details of ARR & Annual and Monthly Charges for FY 2011-12 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

Table - 34

Sl. No.	Particulars	Unit	Approved for 2011-12	
			Per annum	Per month
1	ARR of SLDC	Rs. lakh	880.31	73.36
2	Intra-State transmission licensee to pay SOC to SLDC	Rs. lakh	70.42	5.87
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4660.50 MW)	Rs. lakh	404.94 (Rs.8688.81 per MW)	33.75 (Rs.724.07 per MW)
4	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	Rs. lakh	404.94	33.75
	(i) CESU	Rs. lakh	140.36	11.70
	(ii) NESCO		95.90	7.99
	(iii) WESCO		119.44	9.95
	(iv) SOUTHCO		49.24	4.10

Payment Mechanism of Annual Charges to SLDC

190. As per clause 11 of the Orissa 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 DISCOMs and other Open Access Customers in favour of OPTCL. Receivables of DISCOMs are escrowed in favour of GRIDCO. As on today there is no escrow arrangement between DISCOMs and OPTCL. DISCOMs 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 DISCOMs with a copy to GRIDCO. This bill is being paid by GRIDCO to OPTCL from the receivables of DISCOMs escrowed with them.
191. On the basis of the aforesaid principle mentioned in Para above, the monthly SOC & MOC Charges for SLDC shall also be duly secured by a First Charge over the receivables of GRIDCO in favour of SLDC from the escrowed amount of DISCOMs based on the bills served by SLDC to DISCOMs with copy to GRIDCO for use of Intra-State transmission system as well as the services of SLDC. The Customers other than DISCOMs shall pay the Annual Charges to SLDC directly based on the bills served upon them from time to time by SLDC.
192. The Customers other than DISCOMs 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.
193. As per the approval by the Commission in Table 34, SLDC should bill both MOC & SOC per MW/month in terms of total contracted capacity of 4660.50 MW for FY 2011-12 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2011-12.
194. If the SOC & MOC Charges as the case may be, are not paid by the due date(s) by the Customers other than DISCOMs, surcharge at the rate of 1.25 percent per month shall be levied on the unpaid amount.

195. 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 principle of payment mechanism mentioned above.

SLDC Development Fund

196. Based on the provision in Regulation-9 of CERC Regulation, 2009, the Commission vide Para 213 of the Order dated 20.03.2010 has already approved to create a separate fund called “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 under SLDC.
197. The balance amount approved in SLDC ARR for FY 2010-11 and remained unspent as on 31.03.2011 shall be transferred and deposited in the aforesaid “SLDC Development Fund”.
198. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short-term Open accesses Charges etc. during FY 2011-12 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.
199. The SLDC shall be entitled to utilize the money from SLDC Development Fund 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.
200. Any assets created by SLDC out of money available in SLDC Development Fund shall not be considered for computation of Return on Equity & Interest on Loan.
201. The Commission will review the SLDC Development Fund twice a year.

Implementation of Intra-State ABT (Phase-I) (Para 202 & 203)

202. OERC (Intra-State ABT) Regulation, 2007 was published in Orissa Gazette on 14.02.2008. As per Regulation 1(iii), OERC (Intra-State ABT) Regulation, 2007 is in force from 14.02.2008 i.e. the date of publication in the official gazette.
203. The Commission would decide shortly the exact date of implementation of Intra-State ABT (Phase-I) for commercial settlement of UI & Reactive Energy Account.

Functioning of SLDC (Para 204 to 206)

204. As per the Commission’s order dt.20.3.2009, the SLDC is required to be ring-fenced and function as an Independent System Operator (ISO). But the Commission notes with anguish and dismay the way the SLDC has functioned during FY 2009-10 and FY 2010-11. It is found that not a single directive out of seven directives mentioned at Para 201 to 207 of the Commission’s Order dated 20.3.2009 as well as that of five directives mentioned in Para 229 to 233 of the Order dated 20.03.2010 has been complied by OPTCL. Neither a Director has been posted nor any Executive and Staff have been added to SLDC during FY 2009-10 and FY 2010-11 against the approval of 81 nos. by the Commission. During the public hearing on 11.02.2011, to the queries of the Commission, Director (Engg.) of OPTCL submitted that OPTCL has not yet sent the requisition for the post of Director to Govt. of Odisha and the SLDC staff strength has been reduced from previous 53 nos. during FY 2008-09 to 48 nos. during FY 2009-10 and FY 2010-11 as well. The Commission directed Director (Engg.) that

all needful action should be taken to send the requisition to the State Govt. for the post of Director SLDC by end of February, 2011.

205. The Commission has observed that out of Rs. 9.66 Cr. approved in ARR for SLDC for FY 2009-10, SLDC could spend only Rs. 3.80 Cr. during FY 2009-10 which is about 39.33% of the amount approved by the Commission. The Commission during FY 2010-11 has approved Rs. 7.76 Cr. in ARR and Rs. 6.99 Cr. for CAPEX totaling to Rs.14.75 Cr. to be spent by SLDC during FY 2010-11. The Commission is surprised to observe from the Cash-Flow Statement of SLDC that SLDC could spend only Rs. 6.84 Cr. during FY 2010-11 (April, 10 to January, 11) which is only 46.41% of the amount approved by the Commission.
206. As SLDC has completely failed in all fronts to discharge its statutory function as an independent System Operator during FY 2009-10 and FY 2010-11, the Commission desires that the SLDC should be completely revamped during FY 2011-12. MD, OPTCL is hereby directed to see that a Director is posted immediately in SLDC with full delegation of power & authority so that SLDC can effectively play its role as the Nodal Agency in Intra-State Open Access and Intra-State ABT regime.

Establishment of Wholly owned subsidiary Odisha Power System Corporation Limited (OPSCL) under OPTCL (Para 207 to 209)

207. Girish B Pradhan Committee of MOP vide Recommendation-1(i) suggested that the State Govt. should take suitable step to facilitate independent functioning of the State Load Despatch Centre (SLDC) in line with Electricity Act, 2003 and National Electricity Policy. The Committee further recommended that to begin with, the State Govt.s are urged to create a separate representative board structure for governance of SLDC on the lines of wholly owned subsidiary being created for the independent system operation of RLDCs and NLDC.
208. Based on the above recommendation, a wholly owned subsidiary Power System Corporation of India (POSOCO) has been already created under POWERGRID for the Independent System Operation of 5 nos. RLDCs & NLDC. POSOCO has been functioning since March, 2009 headed by a CEO.
209. During the hearing on 11.02.2011. some objectors submitted before the Commission to advise the State Govt. to immediately create a similar wholly owned subsidiary Odisha Power System Corporation limited (OPSCL) under OPTCL as SLDC has failed to operate as an ISO even after its ring-fencing for about 2 years w.e.f 1st April, 2009.The State Govt. is being advised suitably.

Commission's Directives (Para 210 to 218)

210. As SLDC has failed to act as an Independent System Operator even after 2 years of its ring-fencing, the Commission is of the view that the State Govt. & OPTCL should take immediate steps for creation of a wholly owned subsidiary Odisha Power System Corporation Ltd. (OPSCL) under OPTCL in line with POSOCO created under POWERGRID in March, 2009.
211. As OPTCL has failed to appoint a Director even after lapse of two years of the Commission's Order and the Commission has observed that even requisition for posting of a Director in SLDC has not been sent from OPTCL to the State Govt., the

Commission during hearing directed Director (Engg.) OPTCL to send the requisition for posting of a Director in SLDC to the State Govt. by 28.02.2011.

212. The Commission directs that the assets & liabilities relating to SLDC shall be held by Chief Load Despatcher in Trust for the purpose of SLDC pending notification of the state Govt. under Section-31 (2) of the Electricity Act, 2003.
213. The Commission directs that Energy Accounting & Settlement System Centre (EASSC) of SLDC should function from 01.04.2011 without fail and should prepare & issue the monthly Energy Account, weekly UI Account & weekly Reactive Energy Account to all the stakeholders.
214. The Commission directs that SLDC website should display all the relevant data required under CERC/OERC Regulations for the information of all the stake-holders as well as for the information of general public.
215. The Commission further directs MD,OPTCL that the exact number of Technical and Support Executives required at par with ERLDC (81 nos.) should be in place within four months of this order enabling the SLDC to function as an Independent System Operator as recommended by the Girish B. Pradhan Committee of the MoP.
216. The Commission directs Chief Load Despatcher, SLDC to submit quarterly performance of SLDC by end of each Quarter for Performance Review of SLDC at the Commission at the end of each Quarter during FY 2011-12.
217. The Chief Load Despatcher, SLDC shall comply with the provisions of SLDC (Fees & Charges & other related matters) Regulations, 2010 and the provisions of Electricity Act, 2003 and other Regulations.
218. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1st April, 2011 and shall continue until further orders.

The application of OPTCL in Case No.150 of 2010 is disposed of accordingly.

Sd/-
(B.K.Misra)
Member

Sd/-
(K.C.Badu)
Member

Sd/-
(B.K.Das)
Chairperson