

***Summary of ARR & Fees and  
Charges for SLDC Filings***

***Submitted by***

***SLDC***

***For***

***FY 2013-14***

## **OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2013-14**

1. The Commission under Section 86(2) (iii) of the Act 2003 advised the State Govt. for recognition and restructuring of SLDC separating from OPTCL - the STU notifying an appropriate Transfer Scheme by 31.12.2008 positively.
2. OERC vide letter No. 1313 dated 04.08.2007 issued a road map for implementation of levy of annual fee and operating charges for SLDC functions in Odisha in order to separate SLDC charges from the existing transmission charges of OPTCL with effect from 01.04.2008 to make SLDC self – reliant.
3. As per direction of the Commission, separate application for approval of Annual Fees and Operating Charges for SLDC function is being filed by OPTCL since FY 2009-10.
4. While submitting the ARR proposal for FY 2013-14 , OPTCL has considered the recommendation stated under (a) Committee under the Chairmanship of Sri Gireesh B Pradhan, Additional Secretary to Ministry of Power (constituted in February 2008) to examine the issues for ring fencing of State Load Despatch Centres to ensure their functional autonomy (b) the report submitted by the “Task Force on Capital Expenditure and issues related to Emolument for Personnel in Load Despatch Centres”
5. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2013-14 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 recommendation of the MOP Committee Report.
  - (a) SLDC is to be equipped suitably to play the pivotal role of an Independent System Operator (ISO).
  - (b) Power system operation is the core activity of LDCs. Efficient load dispatching also requires a deep understanding of Transmission, Generation and Distribution technology. In view of above, the executives shall be from electrical engineering discipline. Efforts need be made to supplement them with interdisciplinary learning and development.
6. M/s. NPC has been entrusted for preparation of a report on the manpower structuring of OPTCL as well as of SLDC which is in final stage. 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 as an independent system operator in order to ensure an efficient, reliable and secure power system operation and merit order dispatch of electricity pending finalization of NPC structure.
7. 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 Task Force Report, SLDC is liable to pay the recovery cost of control centre equipments only. Since the assets presently being used at SLDC is yet to be transferred, the ULDC asset recovery charges are not considered in the ARR.

However, the depreciation cost has been considered in anticipation of transfer of assets during the current FY 2013-14.

8. OPTCL has proposed that the man power structure for SLDC operation proposed in the ARR of FY 2013-14 is in line with ERLDC structure as indicated at Annexure-I.

**Item wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2013-14**

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

**Provision of CAPEX Plan**

The CAPEX plan of SLDC for the FY 2011-12 has been approved by Hon'ble Commission vide OERC order dated 24.10.2011 which is under implementation. Hence, separate CAPEX expenditure has not been proposed for the ensuing FY 2013-14.

**a. Return on Equity:**

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

**b. Interest on Loan capital :**

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

**c. Depreciation :**

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. **30.834** lacs as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for Video Projection Screen (VPS) amounting Rs. **17.468** lacs and the depreciation cost for IT equipments at EASSC amounting Rs. **9.439** lacs. (For details refer to the Form 6A and Form 6B of the ARR application)

**d. Operation and Maintenance expenses:**

Operation and maintenance expenses excluding human resources expenses for FY 2013-14 has been computed as **Rs.484.676 lacs** considering the R&M expenditure proposed to be incurred for Facility Management Services (FMS), Website charges, AMC charges for SCADA/EMS equipments, IT equipments and civil work/ Electrical maintenance of office building and colony quarters 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 expenditure to be incurred during FY 2013-14. While projecting the O&M expenses, the

escalated rate of 5.72% of previous year's expenditure as provided in the OERC Regulation has not been adopted in some of the items due to less expenditure incurred during the current financial year. The expenditure could not be made by SLDC due to non transfer of assets and deployment of required man power which are under process.

Further, **Rs. 55 lacs** provision for dedicated server for providing uninterrupted Dashboard data management services to the users (DISCOMs) operating under intra-state ABT regime has been included under R&M expenses.

Considering the assets to be transferred to SLDC before the commencement of FY-2013-14, provision of **Rs. 10.00 lacs** and **Rs. 2.00 lacs** have been kept for civil works maintenance and electrical maintenance of SLDC building and colony quarters respectively. Transfer of assets to SLDC is under progress.

**e. Human resources expenses:**

Human resources expenses have been computed as **Rs. 524.960 lacs**, considering the organisation structure proposed in line with ERLDC structure. The salary and other remuneration of the employees have been computed by prorating existing salary to the required numbers. The details calculation sheet of Human resources expenses can be seen in Form-7B (4) of the ARR filing.

**f. Interest on working capital:**

The interest on working capital computed as **Rs. 31.54 lacs** as per OERC Regulation considering 12% rate of interest.

**Abstract of Expenses Proposed for FY 2013-14**

**(In Rs. Lakhs)**

Sl. No.	Particulars	FY 2013-14
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	30.834
4	O&M expenses excluding human resource expenses	484.676
5	Human resource expenses	524.960
6	Interest on Working Capital	31.54
	<b>Total Expenses</b>	<b>1072.010</b>

**Certificate of LDC Personnel:**

10. As per the recommendation No. (4) in Clause 6.4 of Report of the 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. Seven numbers of SLDC Executives have completed the Certification Training and successfully qualified. Thirteen numbers of SLDC Executives have completed the Certification Training and would appear the online examination on 16<sup>th</sup> December 2012. For future training programme, the expenditure for Training & Certification of LDC personnel has been projected as **Rs 20 lacs** for FY 2013-14.

**SLDC Assets:**

11. Most of the assets of SLDC along with sub-SLDC have been identified as per the direction of the Commission. The evaluation of such assets is under progress and will be completed by the end of the current FY-2012-13.

**Determination of Annual Charges for SLDC**

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

Annual charges: Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
- b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge
  - System Operation Charges (SOC) shall be collected from the users in the following ratio
    - Intra State Transmission Licensee - 10% in the basis of Ckt-KMs
    - Generating Company & Seller - 45% in the basis of installed capacity
    - Distribution Licensee and Buyers - 45% on the basis of allocation

**Market Operation Charges (MOC)** shall be collected equally from the Discoms and Generating Companies apportioning to the entitlement and installed Capacity respectively.

For the purpose of determination of the above charges for CGPs, the maximum MW scheduled during April to October 2012 has been considered. The CGPs not injected power during the above period, have not been included for computation of annual charges.

**Abstract of collection of SLDC charges proposed for FY 2013-14:****(In Rs. Lakhs)**

<b>Annual charges (AFC)</b>	<b>1072.010</b>
<b>System Operation Charges (SOC) (80% of the AFC)</b>	<b>857.608</b>
Intra State Transmission Licensee @10% of SOC	85.761
Generating Station & Sellers @45% of SOC	385.923
Distribution Licensees & Buyers@45% of SOC	385.923
<b>Market Operation Charges (MOC) (20% of the AFC)</b>	<b>214.402</b>
Generating Station & Sellers @50% of MOC	107.201
Distribution Licensees & Buyers@50% of MOC	107.201

**Registration Fee:**

Besides the above charges, provision for collection of registration fee @ Rs1.00 lac from all users has been made as per OERC Regulation.

**Application Fee and Scheduling charges:**

Application Fee and Scheduling Charges of Rs 5000/- per application and Rs.2000/- per day or part thereof respectively shall be paid by the short term open access Customers as per CERC Regulation.

## Prayer

Considering the submission made above, OPTCL prays Hon'ble Commission to approve the Annual Revenue Requirement of **Rs.1072.010 lacs** for FY 2013-14 towards State Load Dispatch Centre (SLDC) function separately and kindly allow recovering the same from the users.

### **Proposed Levy and Collection of Fees and Charges by OPTCL for SLDC operation for FY 2013-14**

#### LEVY AND COLLECTION OF FEES & CHARGES ( `in Lacs))

<b>Annual charges</b>	1072.010
Total Cost (Annual Fixed Cost)	<b>1072.010</b>
System Operation Charges (SOC) (80% of the AFC)	857.608
Market Operation Charges (MOC) (20% of the AFC)	214.402
<b>System Operation Charges (SOC)</b>	<b>857.608</b>
Intra State Transmission Licensee @10% of SOC	85.761
Generating Station & Sellers @45% of SOC	385.923
Distribution Licensees & Buyers@45% of SOC	385.923
<b>(a) Intra State Transmission Licensee (SOC per month)</b>	<b>7.147</b>
<b>(b) Generating Station &amp; Sellers</b>	<b>385.923</b>

(`in Lacs)

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	
			(Annual)	(Monthly)
<b>A State Generating Station</b>				
1	OHPCL	2027.5	167.021	13.918
2	OPGC	420	34.599	2.883
3	TTPS	460	37.894	3.158
<b>B Small Hydro &amp; Bio-mass</b>				
4	OPCL (Small Hydro)	20	1.648	0.137
5	Meenakshi (Small Hydro)	37	3.048	0.254
6	Shalivahana Green Energy Ltd	20	1.648	0.137
<b>C IPP</b>				
7	Arati Steels (IPP)	50	4.119	0.343
8	Sterlite Energy Limited	600	49.427	4.119
<b>D CGPs</b>				
		<b>Maximum Scheduled (MW) (up to end of October-2012)</b>		
9	Aarti Steel Ltd (CGP)	15	1.236	0.103
10	Action Ispat & Power Pvt. Limited	4.3	0.354	0.030
11	Aryan Ispat & Power Pvt. Ltd.	10.5	0.865	0.072
12	Bhusan Power & Steel Ltd.,Jharsuguda	75	6.178	0.515
13	Bhusan Steel Limited, Meramundali	90	7.414	0.618
14	FACOR Power Ltd.	18	1.483	0.124
15	HINDALCO	20	1.648	0.137
16	IFFCO	20	1.648	0.137
17	IMFA	30	2.471	0.206
18	Jindal Stainless Limited, Duburi	70	5.766	0.481
19	Jindal Steel & Power Ltd., Angul	261	21.501	1.792
20	Maithan Ispat Limited	6	0.494	0.041
21	MSP Metallicks Limited	6.5	0.535	0.045
22	NALCO, Angul	60	4.943	0.412
23	Narbheram Power & Steel (P) Ltd	5	0.412	0.034
24	Nava Bharat Ventures Limited	64	5.272	0.439
25	Nilachal Ispat Nigam Limited	27	2.224	0.185
26	Orissa Sponge Iron Limited	6.5	0.535	0.045
27	Pattaniak Steel & Alloys Limited	6	0.494	0.041
28	Rathi Steel & Power Limited	4	0.330	0.027
29	RSP	4	0.330	0.027
30	Shree Ganesh Metallicks Limited	16	1.318	0.110
31	Shyam Metallicks & Energy Limited	8	0.659	0.055
32	Tata Sponge Iron Limited	17.5	1.442	0.120
33	Vedanta Aluminium Limited (Jharsuguda)	150	12.357	1.030
34	Vedanta Aluminium Limited (Lanjigarh)	7	0.577	0.048
35	VISA Steel Limited	46	3.789	0.316
36	Yazdani Steel & Power Limited	3	0.247	0.021
	<b>Total</b>	<b>4684.8</b>	<b>385.923</b>	<b>32.160</b>
<b>(c) Distribution Licensees &amp; Buyers</b>			<b>385.923</b>	
		<b>% share</b>		
37	CESU	35.68	137.698	11.475
38	NESCO	22.98	88.685	7.390
39	WESCO	28.14	108.599	9.050
40	SOUTHCO	13.20	50.942	4.245
	<b>Total</b>	<b>100.00</b>	<b>385.923</b>	<b>32.160</b>

## Market Operation Charges (MOC)

214.402

## (a) Generating Company

107.201

(` in Lacs)

Sl. No.	Generating Company /Sellers	Installed Capacity (MW)	Total amount (Annual)	Total amount (Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	2027.5	46.395	3.866
2	OPGC	420	9.611	0.801
3	TTPS	460	10.526	0.877
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20	0.458	0.038
5	Meenakshi (Small Hydro)	37	0.847	0.071
6	Shalivahana Green Energy Ltd	20	0.458	0.038
<b>C</b>	<b>IPP</b>			
7	Arati Steels (IPP)	50	1.144	0.095
8	Sterlite Energy Limited	600	13.730	1.144
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (up to end of October-2012)</b>		
9	Aarti Steel Ltd (CGP)	15	0.343	0.029
10	Action Ispat & Power Pvt. Limited	4.3	0.098	0.008
11	Aryan Ispat & Power Pvt. Ltd.	10.5	0.240	0.020
12	Bhusan Power & Steel Ltd., Jharsuguda	75	1.716	0.143
13	Bhusan Steel Limited, Meramundali	90	2.059	0.172
14	FACOR Power Ltd.	18	0.412	0.034
15	HINDALCO	20	0.458	0.038
16	IFFCO	20	0.458	0.038
17	IMFA	30	0.686	0.057
18	Jindal Stainless Limited, Duburi	70	1.602	0.133
19	Jindal Steel & Power Ltd., Angul	261	5.972	0.498
20	Maithan Ispat Limited	6	0.137	0.011
21	MSP Metallicks Limited	6.5	0.149	0.012
22	NALCO, Angul	60	1.373	0.114
23	Narbheram Power & Steel (P) Ltd	5	0.114	0.010
24	Nava Bharat Ventures Limited	64	1.464	0.122
25	Nilachal Ispat Nigam Limited	27	0.618	0.051
26	Orissa Sponge Iron Limited	6.5	0.149	0.012
27	Pattaniak Steel & Alloys Limited	6	0.137	0.011
28	Rathi Steel & Power Limited	4	0.092	0.008
29	RSP	4	0.092	0.008
30	Shree Ganesh Metallicks Limited	16	0.366	0.031
31	Shyam Metallicks & Energy Limited	8	0.183	0.015
32	Tata Sponge Iron Limited	17.5	0.400	0.033
33	Vedanta Aluminium Limited (Jharsuguda)	150	3.432	0.286
34	Vedanta Aluminium Limited (Lanjigarh)	7	0.160	0.013
35	VISA Steel Limited	46	1.053	0.088
36	Yazdani Steel & Power Limited	3	0.069	0.006
	<b>Total</b>	<b>4684.8</b>	<b>107.201</b>	<b>8.933</b>

## (b) Distribution Licensees &amp; Buyers

107.201

Sl.		% share		
37	CESU	35.68	38.249	3.187
38	NESCO	22.98	24.635	2.053
39	WESCO	28.14	30.166	2.514
40	SOUTHCO	13.20	14.151	1.179
	<b>Total</b>	<b>100</b>	<b>107.201</b>	<b>8.933</b>