

*Summary of ARR & Fees and
Charges for SLDC
Submitted by*

SLDC

For

FY 2014-15

**OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR
SLDC FUNCTIONS FOR FY 2014-15**

1. Section 31(1) of the Electricity Act 2003, provides that the State Government shall establish a State Load Dispatch Centre (SLDC). Section 31(2) provides that the said SLDC shall be operated by a Government company / authority / corporation constituted by or under any State Act and that until such company / authority / corporation is notified by the State Government, the State Transmission Utility (STU) shall operate the SLDC.
2. Government of Odisha, Department of Energy vide Notification No. 6892 dated 09.06.2005 issued the Odisha Electricity Reform (Transfer of Transmission and Related Activities) Scheme 2005 and have notified Odisha Power Transmission Corporation Ltd. (OPTCL) as the State Transmission Utility (STU) and have vested the State Load Dispatch functions with OPTCL till further orders of State Government from the date of transfer.
3. As per Section 32 of the Act, SLDC shall be the apex body to ensure integrated operation of the power system in a State and shall discharge functions under Section 32(2) (a) (b) (c) (d) & (e).
4. Section 32 (3) of the Act provides for levy and collection of such fees and charges from the Generating Companies and other licensees engaged in the intra-state transmission of electricity as may be specified by the State Commission.
5. Hon'ble Commission under Section 86(2) (iii) of the Electricity 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.
6. 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 Orissa in order to separate SLDC charges from the existing transmission charges of OPTCL with effect from 01.04.2008 to make SLDC self - reliant.
7. As per direction of Hon'ble Commission, separate applications for approval of Annual Fees and Operating Charges for SLDC function are being filed by OPTCL since FY 2009-10.
8. OERC vide Notification Dated 06.06.2010 framed OERC (Fees and Charges of SLDC & Other Related Matters) Regulations, 2010 which was published in Odisha Gazette on November 18, 2010 and is in force since that date. As per Regulation 3(1) of the aforesaid Regulation, OPTCL / SLDC shall have to submit ARR and proposal for determination of Annual Fees and Charges for ensuing FY by 30th November before the commencement of the said FY.

9. Accordingly, OPTCL has filed the ARR proposal and fixation of Annual Charges and Fees of SLDC for FY 2014-15 before the Commission.
10. While submitting the ARR proposal for FY 2014-15 , OPTCL has considered the Recommendation stated under (a) Committee under the Chairmanship of Sri Gireesh B Pradhan, then Additional Secretary to Ministry of Power to examine the issues for ring fencing of State Load Dispatch Centres to ensure their functional autonomy (b) Report submitted by the “Task Force on Capital Expenditure and issues related to Emolument for Personnel in Load Dispatch Centres”
11. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2014-15 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.
12. 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 Hon’ble 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.
13. As per the Recommendation in the report of the Task Force Committee on “Capital Expenditure and Issues related to Emoluments for Personnel in Load Dispatch Centres”, the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Dispatch 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.
14. As per the Taskforce Report, SLDC is liable to pay the recovery cost of control centre 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 current FY 2014-15.

Provision of CAPEX Plan

15. The CAPEX plan for SLDC & Sub LDCs has been prepared considering construction of separate buildings at three numbers of Sub LDCs & expansion of existing SLDC building. Further, back up communication between SLDC & Sub-LDCs and provision of required hardware & other IT equipment, dedicated web server with Firewalls configuration for dashboard management to provide uninterrupted service to Users (Discoms) have been provided in the CAPEX Plan.

Organizational Structure and Their Functions (Provisional)

16. The man power structure for SLDC operation proposed in the ARR of FY 2014-15 is in line with ERLDC structure as per direction of the Commission in their previous order.
17. Provision of AMC charges for SCADA, Facility Management Services (FMS) for providing IT support, Website Charges for maintenance of SLDC website have been made under O&M expenses. Proposal for providing VPN connectivity to all DISCOMs has been kept.

Computation of Item Wise Annual Revenue Requirement for FY 2014-15

Annual Charges:

18. As per the OERC (Fees and Charges of State Load Despatch Centre and other related matters) Regulations, 2010 the annual charges of SLDC 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

a. Return on Equity & (b) Interest on Loan Capital:

Since no equity has been invested by SLDC and there is no outstanding loan on SLDC, item (a) and (b) are not provided in the ARR.

c. Depreciation:

Depreciation for the assets in the unified load despatch centre and Offices in SLDC has been computed as Rs. 62.613 lacs as per CERC Regulation. Fifty percent of depreciation

amount arising from the CAPEX plan has been included. The major amount of depreciation charges is for recovering the depreciation cost for video projection screen (VPS) amounting to Rs. 14.847 lacs and depreciation cost for IT equipments at EASSC amounting Rs. 8.023 lacs.

d. Operation and Maintenance expenses:

Operation and maintenance expenses excluding human resources expenses for FY 2014-15 has been computed as Rs. 375.250 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. Further provision for civil work / electrical maintenance of office building and colony etc has also been kept as those quarters & office are being used by SLDC personal although the same has not been approved by the Hon'ble Commission in the ARR for the FY 2013-14.

A&G expenses includes 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 2014-15. 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.

Further, provision for VPN connectivity to the users (Discoms) operating under intra-state ABT regime has been included under R&M expenses. The estimated cost for the required hardware & software is Rs. 10 lacs.

e. Human Resources expenses:

Human Resources expenses have been computed as Rs. 577.525 lacs. Hon'ble commission have approved 81 numbers personnel of different considering the organisation structure proposed in line with ERLDC structure. The present staff strength of SLDC is 42 numbers as on 30.11.2013 excluding 16 numbers of telecommunication personnel working at SLDC control centre. In addition to the above, 10 numbers of contractual staffs are engaged at SLDC as on date. Action has been taken for posting of required number of executives at SLDC.

f. Interest on working capital:

The interest on working capital amounting Rs. 248.568 lacs computed as Rs. 36.81 lacs as per OERC Regulation considering 14.45% rate of interest (SBI PLR interest). Even though SLDC has not taken loan to meet the working expenses, the provision has been

kept due to non-receipt of SLDC charges from the Users for a period of two months from the commencement of financial year. The expenses have to be met from the charges collected from the Users for the previous year which could have been kept in SLDC development fund. The loss of interest for the above amount is being recovered as interest on working capital.

Table 1: Abstract of Expenses proposed for FY 2014-15:

Sl. No.	Particulars	Amount (Rs. Lacs)
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	62.613
4	O&M Expenses excluding Human Resources expenses	375.250
5	Human Resources expenses	577.525
6	Interest on working capital	36.81
	Total Expenses	1052.198

Certificate of SLDC Personnel:

19. As per the Recommendation 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. Eighteen numbers of SLDC Executives have completed the Certification Training and successfully qualified. Further, ten numbers of Executives have taken Specialised training. For imparting training to balance executives, the expenditure for Training & Certification of SLDC personnel has been projected as Rs 21 lacs for the FY 2014-15.

SLDC Assets:

20. Most of the assets of SLDC along with sub-SLDCs have been identified as per the direction of Hon’ble Commission. Transfer of such assets is being examined by OPTCL.

Determination of Annual Charges for SLDC:

21. 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 & Sellers - 45% in the basis of Installed capacity
- Distribution Licensee & Buyers - 45% in 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 2013 has been considered.

Table 2: Abstract of collection of SLDC charges proposed for FY 2014-15:

Particulars	Amount (Rs. Lacs)
Annual Charges (AFC)	1052.198
System Operation Charges (SOC) (80% of the AFC)	841.758
Intra State Transmission Licensee @ 10% of SOC	84.176
Generating Company & Sellers @ 45% of SOC	378.791
Distribution Licensees & Buyers @ 45% of SOC	378.791
Market Operation Charges (MOC) (20% of the AFC)	210.440
Generating Company & Sellers @ 50% of MOC	105.220
Distribution Licensees & Buyers @ 50% of MOC	105.220

c) Registration Fee: Besides the above charges, provision for collection of Registration Fee @ Rs 1.00 lac from all users has been made as per CERC 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.

Table 3: Proposed Levy and Collection of Fees and Charges by OPTCL for SLDC operation for FY 2014-15

LEVY AND COLLECTION OF FEES & CHARGES	Amount (Rs. Lacs)
Annual Charges	1052.198
Total Cost (Annual Fixed Cost)	1052.198
System Operation Charges (SOC) (80% of the AFC)	841.758
Market Operation Charges (MOC) (20% of the AFC)	210.440

System Operation Charges (SOC)	841.758
Intra State Transmission Licensee @ 10% of SOC	84.176
Generating Station & Sellers @ 45% of SOC	378.791
Distribution Licensees & Buyers @ 45% of SOC	378.791
(a) Intra State Transmission Licensee (SOC per month)	7.015
(b) Generating Station & Sellers	378.791

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total Amount	Total Amount
			(Annual)	(Monthly)
A	State Generating Station			
1	OHPC	2027.50	160.585	13.382
2	OPGC	420.00	33.266	2.772
3	TTPS	460.00	36.434	3.036
B	Small Hydro & Bio-Mass			
4	OPCL (Small Hydro)	20.00	1.584	0.132
5	Meenakshi (Small Hydro)	37.0	2.931	0.244
6	Shalivahana Green Energy Ltd	0.00	0.000	0.000
C	IPP			
7	GMR, Kamalanga	350.00	27.721	2.310
8	Sterlite Energy Limited	600.00	47.522	3.960
D	CGPs	Maximum Scheduled (MW) (up to end of Oct. 2013)		
9	Aarti Steel Limited	60.70	4.808	0.401
10	Action Ispat & Power Pvt. Ltd.	3.00	0.238	0.020
11	Aryan Ispat & Power Pvt. Ltd.	9.00	0.713	0.059
12	Bhusan Power & Steel Ltd. (JSG)	80.00	6.336	0.528
13	Bhusan Steel Limited, Meramundali	6.00	0.475	0.040
14	FACOR Power Ltd.	10.00	0.792	0.066
15	HINDALCO	16.40	1.299	0.108
16	IFFCO	20.00	1.584	0.132
17	IMFA	32.50	2.574	0.215
18	Jindal Stainless Limited, Duburi	91.30	7.231	0.603
19	Jindal Steel & Power Ltd., Angul	176.00	13.940	1.162
20	Maithan Ispat Limited	3.00	0.238	0.020
21	MSP Metallicks Limited	1.00	0.079	0.007
22	NALCO, Angul	56.00	4.435	0.370
23	Narbheram Power & Steel (P) Ltd	3.50	0.277	0.023
24	Nava Bharat Ventures Limited	81.00	6.415	0.535

25	Nilachal Ispat Nigam Limited	6.00	0.475	0.040
26	OCL India Ltd.	2.00	0.158	0.013
27	Orissa Sponge Iron Limited	6.50	0.515	0.043
28	Pattaniak Steel & Alloys Ltd	3.00	0.238	0.020
29	Rathi Steel & Power Limited	4.00	0.317	0.026
30	RSP	4.00	0.317	0.026
31	Seven Star Steels Ltd.	6.00	0.475	0.040
32	Shree Ganesh Metalicks Ltd	16.00	1.267	0.106
33	Shyam Metalicks & Energy Ltd	2.50	0.198	0.017
34	SMC Power Generation	3.00		
35	Tata Sponge Iron Limited	19.60	1.552	0.129
36	Vedanta Aluminium Limited (JSG)	113.00	8.950	0.746
37	Vedanta Aluminium Limited (Lanjigarh)	2.00	0.158	0.013
38	VISA Steel Limited	28.00	2.218	0.185
39	Yazdani Steel & Power Ltd.	3.00	0.238	0.020
	Total	4782.50	378.554	31.546

(c) Distribution Licensees & Buyers

		% Share		
40	CESU	34.44	130.456	10.871
41	NESCO	22.86	86.592	7.216
42	SOUTHCO	28.87	109.357	9.113
43	WESCO	13.83	52.387	4.366
	Total	100.00	378.791	31.566

Market Operation Charges (MOC)

Rs. 210.440 Lacs

(a) Generating Company

Rs. 105.220 Lacs

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total Amount	Total Amount
			(Annual)	(Monthly)
A	State Generating Station			
1	OHPC	2027.50	44.607	3.717
2	OPGC	420.00	9.240	0.770
3	TTPS	460.00	10.120	0.843
B	Small Hydro & Bio-Mass			
4	OPCL (Small Hydro)	20.00	0.440	0.037
5	Meenakshi (Small Hydro)	37.00	0.814	0.068
6	Shalivahana Green Energy Ltd	0.00	0.000	0.000
C	IPP			
7	GMR, Kamalanga	350.00	7.700	0.642
8	Sterlite Energy Limited	600.00	13.201	1.100

D	CGPs	Maximum Scheduled (MW) (up to end of Oct. 2013)		
9	Aarti Steel Limited	60.70	1.335	0.111
10	Action Ispat & Power Pvt. Ltd.	3.00	0.066	0.006
11	Aryan Ispat & Power Pvt. Ltd.	9.00	0.198	0.017
12	Bhusan Power & Steel Ltd. (JSG)	80.00	1.760	0.147
13	Bhusan Steel Limited, Meramundali	6.00	0.132	0.011
14	FACOR Power Ltd.	10.00	0.220	0.018
15	HINDALCO	16.40	0.361	0.030
16	IFFCO	20.00	0.440	0.037
17	IMFA	32.50	0.715	0.060
18	Jindal Stainless Limited, Duburi	91.30	2.009	0.167
19	Jindal Steel & Power Ltd., Angul	176.00	3.872	0.323
20	Maithan Ispat Limited	3.00	0.066	0.006
21	MSP Metallicks Limited	1.00	0.022	0.002
22	NALCO, Angul	56.00	1.232	0.103
23	Narbheram Power & Steel (P) Ltd	3.50	0.077	0.006
24	Nava Bharat Ventures Limited	81.00	1.782	0.149
25	Nilachal Ispat Nigam Limited	6.00	0.132	0.011
26	OCL India Ltd.	2.00	0.044	0.004
27	Orissa Sponge Iron Limited	6.50	0.143	0.012
28	Pattaniak Steel & Alloys Ltd	3.00	0.066	0.006
29	Rathi Steel & Power Limited	4.00	0.088	0.007
30	RSP	4.00	0.088	0.007
31	Seven Star Steels Ltd.	6.00	0.132	0.011
32	Shree Ganesh Metallicks Ltd	16.00	0.352	0.029
33	Shyam Metallicks & Energy Ltd	2.50	0.055	0.005
34	SMC Power Generation	3.00	0.066	0.006
35	Tata Sponge Iron Limited	19.60	0.431	0.036
36	Vedanta Aluminium Limited (JSG)	113.00	2.486	0.207
37	Vedanta Aluminium Limited (Lanjigarh)	2.00	0.044	0.004
38	VISA Steel Limited	28.00	0.616	0.051
39	Yazdani Steel & Power Ltd.	3.00	0.066	0.006
	Total	4782.50	105.220	8.768

(b) Distribution Licensees & Buyers

		% Share		
40	CESU	34.44	36.238	3.020
41	NESCO	22.86	24.053	2.004

42	SOUTHCO	28.87	30.377	2.531
43	WESCO	13.83	14.552	1.213
	Total	100	105.220	8.768