

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

**Present : Shri S.P. Nanda, Chairperson**  
**Shri B.K. Mishra, Member**  
**Shri S.P. Swain, Member**

**CASE NO. 82 of 2013**

**Date of Hearing : 05.02.2014 (at 3.30 PM)**

**Date of Order : 22.03.2014**

**IN THE MATTER OF :** An application of the OPTCL for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions for FY 2014-15.

**ORDER**

**Procedural History: (Para 1 to 10)**

1. The Odisha Power Transmission Corporation Limited, Bhubaneswar (for short OPTCL), a Govt. Company registered on 29<sup>th</sup> March, 2004 under the Companies Act, 1956 has been carrying on the business of transmission of electricity within the State of Odisha. It has also been notified as the State Transmission Utility (STU) under Section 39 (1) of the Electricity Act, 2003 “hereinafter referred to as “the Act”. GRIDCO which was both the Bulk Supply and Transmission Licensee under the Orissa Electricity Reforms Act, 1995 had ceased to be a Distribution Supply License and has become only a Bulk Supply Trader under the new dispensation created by the Act, the supply business having been vested with 4 Distribution Licensees, viz WESCO, NESCO, SOUTHCO & CESCO (now CESU). As such GRIDCO could no longer carry on both bulks Supply and transmission business by virtue of 1<sup>st</sup> provision 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 Odisha 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 01.4.2005.
2. 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.

3. Government of Odisha, Department of Energy vide Notification No. 6892 dated 09.6.2005 issued the Orissa 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.
4. 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). Section 32 (3) of the Act further 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. The 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. The Commission vide letter No.1313 dated 04.8.2007 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.
7. The Commission vide Notification Dated 06.6.2010 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 30<sup>th</sup> November before the commencement of the said FY.
8. As per direction of the Commission, OPTCL have been filing separate application for approval of Annual Revenue Fees and Operating Charges for its SLDC function since FY 2009-10.
9. OPTCL has now filed the ARR proposal and fixation of Annual Charges and Fees of SLDC for FY 2014-15 before the Commission.
10. The said application dated 30.11.2013 was duly scrutinized and was registered as Case No. 82 of 2013 and was admitted for hearing. Objections were invited after wide publication of the application in English and Odia daily newspapers and Commission's and OPTCL's website. In response to the aforesaid public notice of the applicant, the Commission received 9 nos. of objections / suggestions from the following persons/ associations/ institutions/ organizations:-
  - (1) Sri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balajee Mandir Bhawan, Khetrajpur, Dist-Sambalpur-768003,(2) Mr. Baishanan Charan Swain, M/s Power Tech Consultants, 1-A /6, Swati Villa, Surya Vihar, Link Road, Cuttack-753012,(3) Shri Ramesh Ch. Satpathy, Secretary,

National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (4) M/s Visa Steel Limited, Kalinganagar Industrial Complex, At/Po. Jakhapura-755026, Dist-Jajpur, (5) M/s Facor Power Limited, At/Po. Randia, Dist-Bhadrak-756135,(6) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013,(7) M/s Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annexe Building, Janapath, Bhubaneswar-751022,(8) Shri. Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Apartments, Telenga Bazar, Cuttack-753009,(9) Shri A K Bohra, CEO (Comm), NESCO, WESCO & SOUTHCO, Regd. Office- Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar-15 were filed their suggestions/objections. All the above named Objectors were present during tariff hearing except Objector Nos.3 and 8 but their written submissions filed before the Commission are taken on record for consideration by the Commission.

**OPTCL's proposal for ARR & Annual Fees & Charges for SLDC functions for FY 2014-15 (Para 11 To 20)**

11. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2014-15 has been submitted 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.
12. National Productivity Council (NPC) has been entrusted for preparation of a report on the manpower restructuring of OPTCL as well as that 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 structure for discharging SLDC functions smoothly as per the provisions of the Act to facilitate to work 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.
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 Centers", the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Dispatch Centers. 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 Center Equipments only. Since the assets belongs to SLDC are 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 2014-15.

### Proposed Organizational Structure and their Functions

15. **Chief Load Dispatcher:** 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. The category of proposed staffing structure is given in the Table – 1.

**Table - 1**

Sl. No.	Category	Electrical	Telecom	Total
<b>Technical</b>				
1	Director (Chief Load Despatcher)	1		1
2	CGM	1		1
3	Sr. General Manager	1		1
4	General Manager	3		3
5	Dy. General Manager	2		2
6	Asst. General Manager	5		5
7	Manager	12	1	13
8	A.M. / Dy. Manager	16	17	33
<b>Non-Technical</b>				
9	Manager (F)		1	1
10	Asst. Manager (HRM)		1	1
11	Asst. Manager (F)		1	1
12	Private Secretary		1	1
<b>Non-Executive Staff</b>				
13	Grade -I		1	1
14	Grade -II		1	1
15	L.D.Asst.		1	1
16	Steno / Computer Asst.		2	2
17	Fax Operator		3	3
18	Driver		1	1
19	Helper (Real Time)		5	5
20	Peon		4	4
	<b>Total</b>			<b>81</b>

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

16. The Annual Fees and Charges of SLDC have been computed in line with OERC (Fees & Charges of State Load Dispatch Centre and other related matters)

Regulations, 2010. As per the Regulation 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 proposed in the ARR.

**c. Depreciation**

Depreciation for the assets in the unified load Dispatch centre and Offices in SLDC has been computed as Rs.62.613 lakh as per CERC Regulation. Rs.26.328 lakh has been proposed towards depreciation of the existing assets and Rs.36.288 lakh towards recovery of capital cost which is fifty percent of depreciation amount arising from the CAPEX plan for FY 2014-15. The major amount of depreciation charges is for recovering the depreciation cost for video projection screen (VPS) amounting to Rs.14.847 lakh and depreciation cost for IT equipments at EASSC amounting Rs.8.023 lakh.

**d. Operation and Maintenance Expenses**

Operation and maintenance expenses excluding human resources expenses for FY 2014-15 has been computed as Rs.375.250 lakh 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 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 lakh.

**e. Human Resources expenses**

Human Resources expenses have been computed as Rs.577.525 lakh. The 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 lakh computed as Rs.36.81 lakh 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.

**Certificate of SLDC Personnel**

17. The Committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Dispatch Centres” has envisaged that since LDC Function is of highly specialized and technical nature it 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 lakh for the FY 2014-15.

**SLDC Assets**

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

**Table - 2**

**Proposed summary of Annual Revenue Requirement of SLDC for recovery through Annual Fees and Charges for FY 2014-15**

<b>Sl. No</b>	<b>Item Proposed Expenses</b>	<b>Amount (Rs. lakh)</b>
1.	Return on Equity	0.000
2.	Interest on Loan Capital	0.000
3.	Depreciation	62.613
4.	O&M Expenses (Excluding HR Expenses)	375.250
5.	HR Expenses	577.525
6.	Interest on Working Capital	36.81
	<b>Total</b>	<b>1052.198</b>

## Determination of Annual Charges for SLDC

19. 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 - 3**

### **Abstract of Collection of SLDC charges proposed for FY 2014-15**

<b>Particulars</b>	<b>Amount (Rs. lakh)</b>
<b>Annual Charges (AFC)</b>	<b>1052.198</b>
<b>System Operation Charges (SOC) (80% of the AFC)</b>	<b>841.758</b>
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
<b>Market Operation Charges (MOC) (20% of the AFC)</b>	<b>210.440</b>
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 lakh from all users has been made as per CERC Regulation.

d) **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 - 4**

### **Proposed Levy and Collection of Fees and Charges by OPTCL for SLDC operation for FY 2014-15**

<b>LEVY AND COLLECTION OF FEES &amp; CHARGES</b>	<b>Amount (Rs. lakh)</b>
<b>Annual Charges</b>	1052.198
Total Cost (Annual Fixed Cost)	<b>1052.198</b>
System Operation Charges (SOC) (80% of the AFC)	841.758
Market Operation Charges (MOC) (20% of the AFC)	210.440

(e) **System Operation Charges**

<b>System Operation Charges (SOC)</b>	<b>841.758</b>
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
<b>(i) Intra State Transmission Licensee (SOC per month)</b>	<b>7.015</b>
<b>(ii) Generating Station &amp; Sellers</b>	<b>378.791</b>

(iii) **Distribution Licensees & Buyers**

	<b>% Share</b>	<b>Annual</b>	<b>Monthly</b>
CESU	34.44	130.456	10.871
NESCO	22.86	86.592	7.216
SOUTHCO	28.87	109.357	9.113
WESCO	13.83	52.387	4.366
<b>Total</b>	<b>100.00</b>	<b>378.791</b>	<b>31.566</b>

(f) **Market Operation Charges (MOC)**

<b>Total</b>	<b>Rs.210.440 lakh</b>
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(i) **Generating Company**      **Annual Rs.105.220 lakh**    **Monthly Rs.8.768 lakh**

(ii) **Distribution Licensees & Buyers**

(Rs. lakh)

		<b>% Share</b>	<b>Annual</b>	<b>Monthly</b>
1	CESU	34.44	36.238	3.020
2	NESCO	22.86	24.053	2.004
3	SOUTHCO	28.87	30.377	2.531
4	WESCO	13.83	14.552	1.213
	<b>Total</b>	<b>100</b>	<b>105.220</b>	<b>8.768</b>

**Summary of ARR and Fees & Charges for SLDC functions proposed by OPTCL**

20. OPTCL has proposed before the Commission to approve the Annual Revenue Requirement of **Rs.1052.198 lakh** for **FY 2014-15** towards State Load Dispatch Centre (SLDC) functions separately and to approve to recover through:

- i. System Operation Charges (SOC) (80% of AFC) - **Rs.841.758** lakh/annum
- ii. Market Operation Charges (MOC) (20% of AFC) - **Rs.210.440** lakh/annum.

**Views of consumer counsel on OPTCL's proposal for ARR and Annual Fees and Charges for SLDC functions for FY 2014-15 (Para 21 to 36)**

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

**Annual Revenue Requirement**

21. SLDC has given the proposal for revenue requirement of Rs.1052.198 lakh for FY 2014-15 which are 32% rise over Rs.797.942 lakh approved by the Commission for FY 2014-15. This would be recovered through Annual Fees and Charges. The

Revenue Requirement includes Employee Cost of Rs.577.525 lakh which is provisional. National Productivity Council (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, in the absence of any approved Organizational Structure for SLDC, the proposed Employee Cost seems to be at a higher side as the Commission had earlier approved a working strength of 81 nos. at par with ERLDC structure vide Para 182 of its Order dated 20.3.2010. 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.

22. SLDC has projected Administrative and General (A&G) expenditure at Rs.149.8 lakh for FY 2014-15 which is about 44% rise over Rs.104 lakh approved by the Commission to be spent during FY 2013-14. Against the approval of Rs.104 lakh for FY 2013-14 SLDC has made an expenditure of Rs.59.648 lakh during first six months of FY 2013-14 & if prorated for full year, it may be of the order of Rs.119.296 lakh for FY 2013-14. A&G Expenditure is to be based on certain principles like escalation of 5.72% over the previous year expenses i.e. on the estimated expenditure of Rs.119.296 lakh. Accordingly, the Commission may approve A&G Expenses for FY 2014-15.
23. Repair and Maintenance (R&M) expenses of Rs.225.45 lakh has been projected for FY 2014-15. But SLDC has spent only an amount of Rs.88.724 lakh during first six months of FY 2013-14, and if prorated for full year, it may be of the order of Rs.177.448 lakh for FY 2013-14. Hence the R&M Expenses proposed by SLDC for FY 2014-15 may be approved by the Commission considering 5.72% escalation over the prorated amount of Rs.177.448 lakh as per OERC SLDC Regulation, 2010.
24. SLDC has computed depreciation of Rs.62.613 lakh for ULDC and offices in SLDC as per OERC SLDC Regulation, 2010, out of which Rs.14.847 lakh has been claimed on account of VPS and Rs.8.023 lakh has been claimed on account of IT equipments at EASSC. Depreciation on VPS may be allowed on the ground that the Hon'ble Commission has observed in the last year's order that the VPS has been purchased from the account of the SLDC. However, the Hon'ble Commission may ask for information on the functioning of EASSC before approving the depreciation amount on the same.
25. SLDC has calculated Interest on Working Capital as Rs.36.81 lakh by considering an interest rate of 14.45%. The proposed Working Capital may be reduced based on the approved O&M and HR Expenses.

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

26. On transfer of assets of Sub-SLDCs at Bhubaneswar, Meramundali, Jayanagar & Budhipadar to SLDC, no definite time frame has been suggested by OPTCL as against the time line proposed by OERC in the approved Road Map as 31.8.2007.

27. On functioning of EASSC of SLDC, the Commission has earlier directed to establish the EASSC and to commence its operations w.e.f. 01.4.2010 and also has approved fund for EASSC since 2008-09. However, EASSC is not operational till date.
28. SLDC is to be headed by a Chief Load Dispatcher in the rank of Director with requisite supporting Executives and Staffs (81 nos.). The HR information pertaining to 2012-13 reveal that 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. OERC earlier directed OPTCL to send requisition to State Government to post a Director in SLDC by 28.02.2011 and that has not been complied with.
29. OPTCL may furnish the details of the works undertaken and the expenditures made till date for expenses under CAPEX to the Commission in every quarter for appraisal.
30. SLDC may use SLDC development fund for assets creation and margin money for raising loans from FIs for assets creation and funding of R&D projects.

### **Summing Up**

The Consumer Counsel WISE presented before the Commission the following concluding remarks during hearing on 05.02.2014 on application of OPTCL for approval of ARR & annual Fees & Charges of SLDC for FY 2014-15

31. The SLDC is considered as 'Brain' of Power System Operation.
32. SLDC is responsible for optimum scheduling and dispatch of electricity, carrying out real time operations for grid control and dispatch of electricity in cost effective manner.
33. EASSC is yet to be commissioned under SLDC & SLDC is unable to prepare and issue monthly State Energy Account (SEA), weekly UI Account and weekly Reactive Energy Account in accordance with OERC (Intra-State ABT) Regulations, 2007 even after 5 years of ring-fencing.
34. Non-functioning of SLDC at the full strength will adversely affect the Power System Operations and indirectly increase the cost of electricity to be served.
35. The SLDC has been committing delay in implementing the various orders of Commission.
36. The Commission may consider all the above facts before approving the ARR for FY 2014-15.

### **Views of Objectors (Para 37 to 56)**

37. The Commission has considered all the views of Objectors on the proposal of OPTCL on ARR and Annual Fees and Charges for SLDC functions for FY 2014-15. Some of the views were found to be of general nature whereas others were specific to the

proposed ARR filing for FY 2014-15. Based on their nature and points-at-issue, these views have been classified issue-wise and discussed below.

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

38. Many objectors pointed out that SLDC has failed to act as an independent system operator even after 5 years of its ring-fencing, and therefore, Odisha Power System Corporation Ltd. should be created which will be a wholly owned subsidiary of the State Govt. and the OPTCL. SLDC should function as an independent system operator with a representative board structure as recommended by the Gireesh B. Pradhan Committee of the MoP.
39. An objector submitted that OPTCL's proposal of the ARR for SLDC is contrary to the earlier directions of the Commission and hence may not be accepted.

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

40. Most of the objectors submitted that the SLDC has failed to appoint the chief load dispatcher in the rank of director as per the Commission's direction and hence may be directed by the Commission to appoint the chief load dispatcher at the earliest.
41. Same objectors have submitted that the present manpower structure in the SLDC is not at per the ERLDC structure. Further the SLDC may be directed by the Commission to appoint requisite number of executives at per the ERLDC structure at the earliest.

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

42. One objector submitted that the Commission shall ask OPTCL for submitting a status report on the functioning of the Energy Accounting and Settlement System Centre (EASSC) of SLDC which was supposed to function from 01.04.2010 without fail. The EASSC at SLDC should prepare and issue the monthly energy account, weekly UI account and weekly reactive energy account to all the stakeholders as per the Commission's direction.
43. Some objectors have submitted that the SLDC has not carried out the establishment of energy billing centre at SLDC.

### **Transfer of Assets, Records and PPAs**

44. One Objector submitted that the OPTCL has failed to transfer assets, all records and PPAs to SLDC relating to payment of ULDC charges to PGCIL as per the directions of the Commission.

### **Annual Charges**

45. Most of the Objectors submitted that SLDC has proposed levy a fixed type of SLDC charges to all CGP based on the maximum MW scheduled during April to October 2013 which violates the Para 20 (3) and 20 (4) of OERC (fees and Charges of LSC and other related matters) Regulations, 2010.

46. Objectors also submitted that SLDC has proposed not to levy SLDC charges to those CGP / Generators who have stopped generation during FY 2013-14 which is not proper and not in accordance with provisions of Regulation mentioned at Para 20 (3) and 20 (4) of OERC (fees and Charges of LSC and other related matters) Regulations, 2010.
47. Some Objectors submitted that the industries importing power through inter-state OA are neither licensee nor they are generating companies. Further the industries which are drawing power through interstate and intra state open access are already paying scheduling charges and application fees to SLDC as per CERC and OERC applicable regulations. Hence, they submitted to reject the proposal of SLDC to levy SLDC charges to industries importing power through interstate OA.

### **Depreciation**

48. SLDC has proposed depreciation for the assets in the ULDC and Capex planned for 2014-15 at Rs.62.613 lakh. Most of the objectors have requested OPTCL to clarify what are the items out of the total list of 10 nos. of items listed in the ARR have been commissioned and implemented so far. The Capex proposed are yet to be commissioned and implemented but still OPTCL has claimed Rs.36.285 lakh towards depreciation cost for FY 2014-15 for the project which has not been commissioned so far. Hence Commission may not consider the same and the actual depreciation i.e. Rs.26.328 lakh as proposed in the petition may be approved.

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

49. Most of the objectors have submitted that actual repair and maintenance expenses incurred by SLDC over the first six months of the FY 2013-14 is Rs.88.724 lakh as against the approved amount of Rs.2.35 cr. by the Commission for the whole year. Hence cost under the head should not exceed Rs.2.00 cr. for FY 2014-15.

### **Employee Cost**

50. One objector submitted that the employee cost may be allowed to the extent of expenditure to be made during 2014-15 after prudent exercise at the Commission's level as the present manpower structure is not as per the proposed structure by the SLDC.

### **Intra-state ABT Cost**

51. One objector submitted that SLDC may be advised to produce the actual expenditure made during 2010-11, 2011-12, 2012-13 and 2013-14 as against approval of Rs.85 lakh by the Commission.

### **Interest on Working Capital**

52. One objector submitted that Interest on working capital should not be allowed to SLDC as it has not taken any loan towards working capital and may utilize Rs.15.12 Cr., upon requirement, the fund available in SLDC Development fund for rolling working capital.

53. Most of the other objectors have submitted that SLDC has not furnished details of the SBI PLR for each quarter. It may be noted that the present PLR is around 14.75% as compared to SLDC submission of 14.45%. Hence Commission may approve only Rs.25 lakh towards this head.

#### **Administration & General (A&G) Expenses**

54. Most of the objectors submitted that the A&G expenses for FY 2014-15 should not be allowed more than Rs.125 lakh on the basis of the actual expenditure of Rs.59.648 lakh incurred by SLDC over the first six months of FY 2013-14.

#### **SLDC Development Fund**

55. The Objectors submitted that OPTCL should submit a status report about the action they have taken in carrying out the order of the Commission with regard to “SLDC Development Fund”.
56. They further submitted that OPTCL to submit a detailed statement of amount deposited in the SLDC Development Fund and its various utilizations. Objectors proposed that Commission may carry out truing up exercise for SLDC accounts and carry forward the surplus unspent amount to the next FY.

#### **REJOINDER AND REPLY OF OPTCL TO QUERIES RAISED DURING HEARING (Para 57 to 75)**

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

57. SLDC replied that as per provision under Section 31(2) of the Electricity Act, the State Transmission Utility shall operate the State Load Dispatch Centre (SLDC) until a government company or any authority or corporation is notified by the State Government. Accordingly, OPTCL, being the designated STU, is operating SLDC at present. SLDC is now operating autonomously as an independent system operator under the direct administrative control of the Chairman-cum-Managing Director of OPTCL.
58. OPTCL further submitted that the creation of a wholly owned subsidiary Power System Corporation (POSO) under POWERGRID for independent System Operation of RLDCs and NLDCs does not necessarily call for a similar separation in the state level as the volume and nature of activities carried out by the SLDC are fundamentally different from RLDCs and NLDCs.

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

59. OPTCL submitted that SLDC is now functioning autonomously under the direct administrative control of the Chairman-cum-Managing Director, OPTCL, and the designated State Transmission Utility (STU). Requisition to the Government for creating post of a Director to head the SLDC is under active consideration of the OPTCL management.
60. The manpower restructuring plan of OPTCL prepared by NPC has already been approved by the Government of Odisha, which is going to be implemented soon

during the current FY 2014-15. However, the restructuring plan in respect of SLDC is under process and will be implemented before the end of ensuing FY 2014-15. The telecom executives / staffs presently deployed at SLDC are exclusively engaged for SLDC activities such as coordinating with their counterparts at OPTCL sub-stations for uninterrupted data communication to the control centre. SLDC has proposed to transfer those telecom staffs to the administrative control of Sr. G.M. (PS) which is expected to be done before the FY 2014-15. The officers / staffs working at different Sub-LDC are also likely to be transferred to the administrative control of Sr. G.M. (PS). Most of the contractual staffs, presently engaged at SLDC are performing the work of regular employees while others are engaged as data entry operator, which is also a part of SLDC function.

61. As such, their remuneration being paid by SLDC has been considered in the employee cost. Those contractual staffs are likely to be substituted by regular employees soon. In view of the above, human resource expenses have been projected by apportioning the current year expenditure anticipating 81 numbers of employees to be deployed in the FY 2014-15. Payment of arrear RPP for 15 numbers of retired executives, which is due, has been incorporated in HR expenses. The employee cost, it is submitted that Rs.577.525 lakh has been computed considering 81 numbers of personnel of different categories who are to be employed.

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

62. OPTCL submitted that SLDC is preparing Energy Accounting and Un-scheduled inter-change charges billing as well as mock billing of reactive energy interchange. Existing Energy Billing Centre (EBC) of GRIDCO facilities are used temporarily for data downloading only. EASSC at SLDC is expected to be fully functional by end of FY2013-14.

#### **SLDC Website**

63. The website of SLDC is updated regularly in respect of major information like implemented open access transactions, energy accounting, daily / monthly / quarterly / annual system performance report, daily drawl & dispatch schedule for DISCOMs & Generating Stations respectively etc. However, some of the information, not relevant at present are yet to be displayed. Action is being taken for displaying the above.

#### **Transfer of Assets, Records and PPAs**

64. OPTCL submitted that most of the assets of SLDC along with the sub-SLDC have been identified as per the direction of the Commission. The Land Officer of OPTCL has been entrusted to identify the land & building to be handed over to SLDC.

#### **Annual Charges**

65. SLDC submitted that for the purpose of determination of the SOC & MOC charges for CGPs, the maximum MW scheduled during April to October of the previous financial year is being considered irrespective of delivery destination including

GRIDCO and other buyers which has been approved by the Commission. The scheduling charge @ 2000/- per day is being collected as per OERC / CERC Open Access Regulations.

66. SLDC proposed not to levy SLDC charges from the CGPs who have stopped generation during 2013-14. However, it is also proposed to collect the charges after revival. SLDC may not be able to recover the approved expenditure, if the suggestion of the objector is considered as CGP transaction is not fixed, even there is no CGP injection for months together. The methodology for fixing up CGP schedule has already been indicated in the ARR application.
67. SLDC submitted that the industries drawing power through inter-state open access are coming under 'buyer' category thus liable to pay the SLDC charges as per the provision in the OERC Regulation. The Distribution Licensees are paying SLDC charges for the industries while drawing power through them. All the buyers located in the State and connected to the State network are coming under the purview of State Commission irrespective of the source from which they are buying power other than their incumbent DISCOMs.
68. SLDC, therefore, It is submitted that the suggestion made by the objector is random and not basing on any facts, as such may not be considered.

#### **Depreciation**

69. As regards to depreciation, SLDC submitted that the major amount of depreciation charges is for recovering the depreciation cost for Video Projection Screen (VPS) amounting Rs.14.849 lakh and the depreciation cost for IT equipments at EASSC amounting Rs.8.023 lakh.
70. The items mentioned for CAPEX are proposed to be taken up during the FY 2014-15 and accordingly 50% of depreciated amount for the first year has been considered amounting to Rs.36.285 lakh.

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

71. SLDC submitted that some new items under O&M expenses such as providing VPN connectivity to DISCOMs, civil works & electrical maintenance have been projected during FY 2014-15 in the ARR application and the objection as given by the Objector in this regard is not acceptable.

#### **Intra-state ABT Cost**

72. SLDC submitted that associated activities for commercial implementation of Intra-State ABT is being managed by the existing staff and infrastructure at SLDC and it is not possible to segregate to expenses towards Intra-State ABT.

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

73. SLDC submitted that the PLR was considered as 14.45% in the ARR application. By considering higher PLR as suggested by the objector, interest on working capital may

further increase. However, the Commission may consider the revised PLR for computation of interest on working capital.

#### **Administration & General (A&G) Expenses**

74. SLDC submitted that the A&G expenses for 2010-11 was within the approval limit, while during 2011-12 it was increased marginally by Rs.19.4 lakh and during 2012-13 it was increased by Rs.31 lakh. A&G expense for 2013-14 is yet to be finalized. Since, SLDC could able to meet the increased expenses from other heads like R&M & HR expenses, as such truing up of A&G expenses was not felt necessary. The expenses of SLDC are being audited regularly.

#### **SLDC Development Fund**

75. SLDC submitted that as per the direction of the Commission, the balance amount approved in the ARR remained unspent as on the end of financial year is being deposited in the SLDC development fund. Further, as per provision under Section 8(3) in the Regulation, the SLDC shall be entitled to utilize the money deposited in the SLDC development fund for meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institution and funding R&D projects with due approval of the Commission. In view of the above, the contention of the objector may not be accepted.

#### **Commission's Observations (para 76 to 116)**

76. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2014-15 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. 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)**

77. All the assets relating to SLDC & the Sub-LDCs at Bhubaneswar, Meramundali, Jayanagar and Budhipadar are continued to be booked under OPTCL accounts. Commission approves Transmission Tariff separately. According to the OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 the ROE shall be computed on pre-tax base rate of 16% on normative basis. However, as the assets have still not been segregated in the name of SLDC no return on equity is considered for SLDC under Annual Charges.

#### **Interest on Loan Capital**

78. As per the OERC (Fees & Charges of SLDC and other Related matters) Regulations, 2010 the normative loan outstanding as on 01.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the commission upto 31.3.2009

from the gross normative loan. In the same analogy for not providing the ROE, the Commission is not inclined to approve any interest on loan capital also as there is no outstanding loan /loan proposed for SLDC expenditure for FY 2014-15.

### Depreciation

79. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that the depreciation shall be calculated annually on straight line method and at rates specified by CERC from time to time. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. SLDC has proposed Depreciation including capital recovery cost of Rs.62.613 lakh for FY 2014-15 for its assets in the following manner.

**Table - 5**

(Amount in lacs)

Financial Year	2012-13	2013-14	2014-15
<b>Recovery of Capital Cost (Amount to be recovered during the year)</b>	0.000	0.000	36.285
Depreciation on existing assets	20.550	30.834	26.328
<b>TOTAL</b>	<b>20.550</b>	<b>30.834</b>	<b>62.613</b>

80. The SLDC has claimed depreciation under two accounts. One part amounts to Rs.26.328 lakh towards normal depreciation of existing assets and the other towards recovery of capital cost of Rs.36.285 lakh.

The table below shows the calculation of depreciation cost.

**Table - 6**  
**Calculation of depreciation cost**

Sl. No.	Name of the Assets	Gross Block as on 31.3.2013	(Amount in lakh)	
			Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2014-15
	1	2	3	4=Col.2 X Col.3
1.	Land	00.00	0.00%	0.000
2.	Office Building	00.00	1.63%	0.000
3.	Residential Building	00.00	1.63%	0.000
4.	Roads	00.00	100.00%	0.000
5.	Battery	07.93	5.28%	0.419
6.	Isolation transformer & ACDB for UPS	10.46	5.28%	0.553
7.	Underground Cables	00.80	5.28%	0.043
8.	Over Head LT lines	00.00	5.28%	0.000
9.	AC Plant	00.16	5.28%	0.009
10.	Split type Air Conditioner	04.67	5.28%	0.247
11.	DG Set	04.92	5.28%	0.260

12.	Office Furniture	00.77	6.33%	0.049
13.	Office equipment	00.08	6.33%	0.005
14.	Internal Wiring	00.08	6.33%	0.005
15.	Street Light	09.66	5.28%	0.510
16.	Communication Equipment (intercom system)	00.00	6.33%	0.000
17.	IT equipment such as computers, printers including equipments at EASS centre	53.49	15.00%	8.023
18.	Software for EASS	01.92	30.00%	0.576
19.	Video Projection System (VPS)	98.98	15.00%	14.847
20.	End User's equipments such as router etc. to receive the metering data	03.45	15.00%	0.517
21.	Vehicle	05.07	5.28%	0.268
	<b>TOTAL</b>	<b>202.43</b>		<b>26.328</b>
	<b>Weighted Average Rate of Depreciation (%)</b>	<b>13.01</b>		
<p>*Assets of ULDC projects except battery, UPS &amp; DG Set have not been considered for computation of depreciation cost as they are owned by PGCIL.</p> <p>* Assets such as Land &amp; Building, Road have not been handed over to SLDC and hence not been considered for calculation of depreciation.</p>				

81. SLDC has also proposed to construct new building for three numbers of sub-SLDC at Budhipadar, Jayanagar and Meramundali, renovation of existing building at Bhubaneswar including associated hardware, software, communication link, firewall, air conditioner system, voice recorder and UPS. The details of capital expenditure and depreciation thereof is given below:

**Table – 7**  
**Capital Expenditure and Depreciation (Proposed)**

Sl. No.	Item	Amount	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2014-15
1	Construction of New Building for 3 nos. of Sub-LDC at Budhipadar, Jaynagar & Meramundali	300.00	1.63%	4.890
2	Expansion of existing SLDC building at Bhubaneswar	200.00	1.63%	3.260
3	Procurement Hardware & associated IT equipment at Sub LDCs	100.00	15.00%	15.000
4	Provision of back up communication link between SLDC & Sub LDCs	1.00	100.00%	1.000
5	Dedicated web server with Firewalls configuration for dashboard management to provide uninterrupted service to Users	60.00	30.00%	18.000

	(DISCOMs)			
6	Software for countering the cyber attacks	50.00	30.00%	15.000
7	Computer & Peripherals for SLDC	10.00	15.00%	1.500
8	Installation of central A/C System at SLDC Building	150.00	5.28%	7.920
9	Provision of Voice Recorder at Sub-LDCs	30.00	15.00%	4.500
10	Provision of UPS at SLDC	10.00	15.00%	1.500
	<b>TOTAL</b>	<b>911.00</b>		<b>72.57</b>
			<b>Fifty Percent of depreciation</b>	<b>36.285</b>

82. The Commission has laid high importance on functioning of SLDC as the nerve centre of the electricity sector in Odisha. Strengthening of SLDC in terms of infrastructure, IT, Communication etc., are important parameters for effective functioning of SLDC. Objectors during the hearing have also endorsed such views and submitted that the growth of SLDC should not be hampered due to want of funds. In view to strengthen SLDC function during the coming years, Commission approves the depreciation cost of Rs.26.328 lakh. The capital recovery cost of Rs.36.285 lakh proposed by the SLDC for FY 2014-15 is not allowed as such capital assets are yet to be added to the SLDC assets.

#### **Employee Cost (Human Resource Expenses)**

83. SLDC has projected the Employee Cost including Certification of SLDC personnel at Rs.577.52 lakh. At present 31 Nos. of Executives and 11 Nos. of Non-executives are working in SLDC. Besides these 42 officials another 16 Nos. of TELCOM employees also work for SLDC but are paid by the OPTCL. SLDC proposes to pay these 8 Nos. of TELCOM employees (out of 16 nos.) from SLDC pay roll from the ensuing year 2014-15. SLDC has also engaged 6 numbers of contractual persons through outsourcing and OPTCL have provided another 5 numbers of Outsourced persons, totaling to 11 persons. SLDC also proposes to recruit 5 Nos. of new Asst. Managers during the ensuing year 2014-15, 6 Nos. of additional outsourced persons and 5 Nos. of retired OPTCL persons.
84. SLDC was asked to submit the actual payment made to the existing employees and projection for the 5 new Asst. Managers, 8 TELCOM employees and proposed outsource persons. On the basis of data submitted by the SLDC Commission approves the Human Resource expenses of Rs.428.20 lakh against the proposed expenses of Rs.577.525 lakh.

The details of Employee Cost including Certification of SLDC personnel are shown in Table below:

**Table - 8**  
**Details of Human Resource Expenses**

(Rs. lakh)

<b>EMPLOYEE COST</b>			
<b>Sl.</b>	<b>Particulars</b>	<b>Proposed for FY 2014-15</b>	<b>Approved for FY 2014-15</b>
1	Basic Pay + GP	219.232	128.72
2	Addl. Emp. Cost		53.57
3	DA	219.232	128.72
4	Other allowance	21.439	21.43
5	Contractual Employees	7.98	7.98
6	Compensation for LDC Personnel	12.00	12.00
7	Total Emoluments (1 to 6)	<b>479.88</b>	<b>352.45</b>
8	Reimbursement. of medical expenses	12.31	12.31
9	Leave Travel Concession	5.00	5.00
10	Reimbursement of HR	49.234	27.34
11	Other Staff Costs (Uniform and Liveries)	0.1	0.1
12	Total Other Staff Costs (8 to 11)	66.64	44.75
13	Staff Welfare Expenses	1.00	1.00
14	Provisions - RPP for 15 Executives	30	30
15	Total (7+ 12+13+14)	<b>577.53</b>	<b>428.20</b>

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

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

As per the submission made by the SLDC the actual expenditure during the last years against the approval of the Commission is as follows:-

**Table – 9**  
**Operation and Maintenance (O&M) Expenses**

Items	Approved FY 2012-13	Actual FY 2012-13	Approved FY 2013-14	Projection FY 2013-14	Estimate FY 2014-15
A&G	75	107.35	104	135.887	149.8
R&M	200	180.86	235	186.694	225.45
Total O&M	275	288.21	339	322.581	375.25

The above table reveals that the actual expenses on O&M has been less than what has been approved by the Commission in successive tariff orders. In terms of the Regulations 14 of the OERC (Fees & Charges of SLDC and other related matters)

Regulations, 2010 O&M for the subsequent years is to be calculated by escalating actual O & M expenses for the year 2010-11 @ 5.72% per annum. The following table is accordingly computed showing year wise escalation of O & M from 2010-11 onwards with escalation.

**Table - 10**  
**Operation and Maintenance (O&M) Expenses (Approved)**

<b>DETAILS</b>	<b>Rs. lakh</b>
R&M EXPENSES FOR 2010-11 F.Y	186.96
A&G EXPENSES FOR 2010-11 F.Y	65.48
<b>Total O&amp;M Expenses for 2010-11</b>	<b>252.44</b>
Escalation @5.72% FOR 2011-12	14.44
For 100GB space to Add soft technology (NEW)	1.98
<b>Total O&amp;M Expenses for 2011-12</b>	<b>268.86</b>
Escalation @5.72% FOR 2012-13	15.38
AMC OF VPS SCREEN (NEW)	15.88
STRENGTHENING OF WATCH & WARD 8 nos. (NEW)	5.80
<b>Total O&amp;M Expenses 2012-13</b>	<b>305.92</b>
Escalation @5.72% FOR 2013-14	17.50
AMC & BANDWIDTH CHARGE (NEW)	2.60
HIRE VEHICLE CHARGES ON AVG. (NEW)	6.00
<b>Total O&amp;M Expenses 2013-14</b>	<b>332.02</b>
Escalation @5.72% FOR 2014-15	19.00
CERTIFICATION OF SLDC STAFF	20.00
<b>Total O &amp; M Expenses approved for 2014-15</b>	<b>371.02</b>

As per the above computation the O&M Expenses (which includes R&M and A&G expenses only) is allowed at Rs.371.02 lakh for FY 2014-15.

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

86. SLDC has projected the interest on working capital at Rs.36.81 lakh considering 14.45% rate of interest. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that rate of Interest on working capital shall be on normative basis and shall be equal to the short-term Prime lending rate of State Bank of India. The details of proposed interest on working capital are shown in Table below:

**Table - 11**  
**Calculation of Interest on Working Capital Proposed for SLDC for FY 2014-15**

<b>Sl. No.</b>	<b>Particulars</b>	<b>Amount (Rs. lakh)</b>
1	O&M Expenses excluding Human Resource Expenses for one month	31.271
2	Human Resource Expenses for one month	48.127
3	Receivables (2 months of SOC & MOC)	175.366
<b>4</b>	<b>Total Working Capital</b>	<b>254.764</b>
5	Rate of Interest	14.45%
<b>6</b>	<b>Interest on Working capital</b>	<b>36.81</b>

87. The present rate of Short term rate of SBI with effect from 7.11.2013 is 14.75% which is allowed to calculate Interest on working capital The Commission, approves an amount of Rs.30.88 lakh towards the Interest on Working Capital for FY 2014-15 on the following basis as shown in table below.

**Table - 12**  
**Approved Interest on Working Capital for FY 2014-15**

Particulars	Amount (Rs. lakh)
Employee Cost for one month	35.88
O&M expenses for one month	30.92
Receivables (2 months of SOC & MOC)	142.74
<b>Total Working Capital</b>	<b>209.34</b>
Rate of Interest	14.75%
Interest on Working Capital	<b>30.88</b>

#### Contingency Reserve

88. The Commission is of the opinion that as SLDC charges are First Charge on Escrow Account 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 above shall work as cushion for any contingency expenditure for SLDC. Hence, the Commission does not approve any amount under this head.

#### Summary of ARR for FY 2014-15

89. Against Rs.902.28 lakh approved for FY 2012-13 and Rs.1072.010 lakh proposed by SLDC for FY 2013-14, the Commission hereby approves Rs.797.942 lakh for FY 2013-14. The details of Expenses proposed by OPTCL in the ARR of SLDC and approved by the Commission for FY 2013-14 are depicted in the Table below:

**Table - 13**  
**Summary of ARR of SLDC for FY 2014-15**

Sl. No	Item	(Rs. lakh)		
		Approved for FY 2013-14	Proposed for SLDC for FY 2014-15	Approved by OERC for FY 2014-15
1	Employee Cost including compensation	320.2	577.525	428.20
2	Additional Compensation for implementation of Intra-State ABT	85		
3	Operation and Maintenance Expenses		375.25	371.02
3(a)	R&M Expenses	235		
3(b)	A&G Expenses (Including Certification of SLDC personnel)	104		
4	Depreciation	30.83	62.613	26.33
5	Interest on Working Capital	22.91	36.81	30.88
6	Return on Equity	0		
7	Contingency Reserve	0		
	<b>TOTAL</b>	<b>797.942</b>	1052.198	856.428

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

90. 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 2014-15 have been approved by the Commission at Rs.856.428 lakh/ annum and Rs.71.37 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.
91. OERC Regulations, 2010 define the System Operation Function & Market Operation Function of SLDC 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.
92. 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**
93. As per OERC Regulations, 2010, System Operation Charges (SOC) shall be collected from the users in the following ratio
- Intra-State Transmission Licensee-10% of the SOC on the basis of Ckt-KMs
  - Generating Companies & Sellers - 45% of the SOC on the basis of Installed Capacity or Contracted Capacity
  - Distribution Licensees & Buyers- 45% of the SOC in proportion to the sum of their allocation & Contracted Capacities
94. **As per OERC Regulations, 2010, Market Operation Charges (MOC)** shall be collected equally from the DISCOMs and Generating Companies apportioning to their entitlement and installed Capacity/ Contracted Capacity.
95. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2013-14 at Rs.856.428 lakh/ annum i.e. Rs.71.37 lakh/month to be recovered through SOC & MOC as under:
- System Operation Charges (SOC) (80% of AC) – Rs.685.14 lakh/annum or  
Rs.57.10 lakh/month.
  - Market Operation Charges (MOC)(20% of AC) – Rs.171.29 lakh/annum or  
Rs.14.27 lakh/month

### System Operation Charges (SOC)

96. The System Operation Charges (SOC) of Rs.685.14 lakh/ annum or Rs.57.10 lakh/ month shall be apportioned for collection from the following stakeholders as under:

- Intra –State Transmission Licensee @ 10% of SOC- Rs.68.51 lakh/ annum or Rs.5.71 lakh/ month.
- Generating Stations & Sellers @ 45% of SOC..... Rs.308.31 lakh/ annum or Rs.25.69 lakh month.
- DISCOMs & Buyers @ 45% of SOC..... Rs.308.31 lakh/ annum or Rs.25.69 lakh month.

### 97. Recovery of System Operation Charges (SOC)

- The recovery of SOC from OPTCL as Intra-State Transmission Licensees shall be 10% of SOC of Rs.68.51 lakh/ annum and Rs.5.71 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 4782.50 MW shall be @ Rs.6446.71 / MW/ annum or @ Rs.537.23 / MW / month.
- The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2013-14 & shall be as shown in table below:

**Table - 14**

**Apportionment of Annual & Monthly SOC Charges amongst  
Distribution Companies for FY 2013-14**

Name of DISCOMs	Energy Consumption approved by OERC for FY 2013-14 (In MU)	% Share of Energy Consumption	Annual Charge (Rs. lakh)	Monthly Charge (Rs. lakh)
CESU	9040	36.85	113.62	9.47
NESCO	5330	21.73	66.99	5.58
WESCO	6820	27.80	85.72	7.14
SOUTHCO	3340	13.62	41.98	3.50
<b>Total</b>	<b>24530</b>	<b>100.00</b>	<b>308.31</b>	<b>25.69</b>

### Market Operation Charges (MOC)

98. The Market Operation Charges (MOC) of Rs.171.29 lakh/annum or Rs.14.27 lakh shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC..... Rs.85.64 lakh / annum or Rs.7.14 lakh / month
- DISCOMs & Buyers @ 50% of MOC..... Rs.85.64 lakh / annum or Rs. 7.14 lakh / month

### 99. 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 4782.50 MW shall be @ Rs.1790.75/MW/annum or @ Rs.149.23/MW/month.

- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2014-15 as shown in Table below:

**Table – 15**  
**Apportionment of Annual & Monthly MOC Charge amongst**  
**Distribution Companies for FY 2014-15**

Name of DISCOMs	Energy Consumption approved by OERC for FY 2014-15 (In MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakh)	Monthly MOC Charge (Rs. lakh)
CESU	9040	36.85	31.56	2.63
NESCO	5330	21.73	18.61	1.55
WESCO	6820	27.80	23.81	1.98
SOUTHCO	3340	13.62	11.66	0.97
<b>Total</b>	<b>24530</b>	<b>100.00</b>	<b>79.79</b>	<b>7.14</b>

#### **Registration Fee**

100. OPTCL has proposed for collection of one time Registration Fee of Rs.1.00 lakh as per Regulation 22 of OERC Regulation, 2010 from all users whose Scheduling, Metering & Energy Accounting are coordinated by SLDC. It has also proposed to collect registration fee from the industries who are importing power through Inter-State open access. The Commission approves the proposal of 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**

101. 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 2014-15.

#### **ARR and Annual & Monthly Charges for FY 2014-15**

102. The details of ARR & Annual and Monthly Charges for FY 2014-15 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

**Table – 16****ARR & Annual and Monthly Charges for FY 2014-15**

Sl. No.	Particulars	Approved for 2014-15	
		Per annum	Per month
1	ARR of SLDC	856.43	71.37
2	Intra-State transmission licensee to pay SOC to SLDC	68.51	5.71
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4684.8 MW)	393.96	32.83
		(Rs.8237.46 per MW)	(Rs. 686.46 per MW)
4	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	393.96	32.83
	(i) CESU	145.18	12.10
	(ii) NESCO	85.60	7.13
	(iii) WESCO	109.53	9.13
	(iv) SOUTHCO	53.64	4.47

**Payment Mechanism of Annual Charges to SLDC**

103. As per clause 11 of the Odisha Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the transmission charge of OPTCL is duly secured by a first charge over the receivables of GRIDCO from 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.
104. On the basis of the aforesaid principle mentioned 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 above principle followed for Financial Year, 2010-11, 2011-12, 2012-13 & 2013-14 for payment of monthly SLDC charges to SLDC over the Transmission Charges of OPTCL as FIRST CHARGES shall also be allowed for FY 2014-15.

105. The Customers other than DISCOMs shall pay the Monthly Charges to SLDC directly based on the bills served upon them from time to time by SLDC. The Customers other than 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.
106. SLDC should bill both MOC & SOC per MW/month in terms of total contracted capacity of 4782.50 MW for FY 2014-15 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2014-15.
107. 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.
108. 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**

109. Based on the provision in Regulations of CERC Regulation, 2009 & Regulation-8 of OERC Regulation, 2010, 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.
110. The balance amount approved in SLDC ARR for FY 2010-11, 2011-12, 2012-13 & 2013-14 and remained unspent as on 31.3.2011, 31.3.2012, 31.3.2013 and 31.3.2014 shall be transferred and deposited in the aforesaid "SLDC Development Fund".
111. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short-term Open accesses Charges etc. during FY 2014-15 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.
112. 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 with the necessary approval of the Commission.
113. 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.
114. Some objectors submitted during hearing that SLDC could spend only 32% of the CAPEX money of Rs.699 lakh sanctioned by the Commission till date out of SLDC Development Fund and the amount under this Fund is only earning interest for SLDC without serving the very purpose for which it is created.

### **Functioning of SLDC**

115. As per the Commission's Order dt.20.3.2009, SLDC is to be ring-fenced to function as an Independent System Operator (ISO). As a first and foremost step Chief Load Despatcher should have been appointed now and new Executive and Staff members have not been appointed to augment the present strength of 42 numbers against the approval of 81 nos. by the Commission.
116. As per the Road Map issued by the Commission vide Lr. No. 1313 dated 04.08.2007, EASSOC of SLDC was to function by 31.08.2007 to prepare and issue Monthly State Energy Account (SEA), weekly UI & Reactive Energy Account for billing and payment to / by all stake holders deploying requisite personnel, hardware & software. The OPTCL still uses existing EBC facilities of GRIDCO for performing EASSOC work of SLDC. Software developed by INFOSYS is temporarily loaded in hardware of EBC of GRIDCO. The application of software for Reactive Energy Billing has already been developed by WIPRO which is under validation/ testing stage.

### **Commission's Directives (Para 117 to 127)**

117. As SLDC has failed to act as an Independent System Operator even after 4 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 of POSOCO created under POWERGRID. OPTCL is directed to send its Board Resolution to this effect to Department of Energy.
118. Commission again advises Government of Odisha to post a Director (Chief Load Dispatcher) for SLDC positively by September 2014.
119. The Commission directs OPTCL that the assets & liabilities relating to SLDC and sub-LDCs should be transferred forthwith pending notification of the State Govt. under Section-31 (2) of the Electricity Act, 2003. In absence of such transfer Commission would be constrained not to allow any depreciation in the next ARR for FY 2015-16.
120. In line with last RST order, the Commission directs that Energy Accounting & Settlement System Centre (EASSC) of SLDC should function immediately. The EASSC should prepare & issue the monthly Energy Account, weekly UI Account & weekly Reactive Energy Account to all the stakeholders from April 2014 onwards.
121. The Commission further directs OPTCL to appoint requisite number of employees to augment the strength to 81 nos. in terms of NPC Report for SLDC.
122. The Commission directs Chief Load Dispatcher, SLDC to submit quarterly performance and quarterly expenses under CAPEX relating to SLDC by end of each Quarter for Performance Review of SLDC at the Commission at the end of each Quarter during FY 2014-15.
123. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1st April, 2014 and shall continue until further orders.

124. The application of OPTCL in Case No.82 of 2013 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.
125. In view of the coming general election to Lok Sabha and State Legislative Assembly it was decided in the 39<sup>th</sup> Meeting of FOR held at Chandigarh on 18.01.2014 that a reference shall be made on behalf of all SERCs and CERC to the Election Commission regarding the release of Tariff Order during the currency of Model Code of Conduct. Accordingly a reference in this regard had been made by Chairman FOR on 20.01.2014 to the Election Commission of India. The Election Commission of India in their reply dtd. 17.02.2014 stated that Model Code of Conduct is applicable to Electricity Regulatory Commission as has been done during last Lok Sabha Election in the year 2009. In case any Commission requires relaxation then the matter may be referred to the Election Commission.
126. In view of the above the Commission decides as follows:
- Since the last date of election in Odisha is 17<sup>th</sup> April, 2014 and this may get extended by a day or two in case of re-polling the Commission decide to pass the Order on 22.03.2013 but it will be kept under sealed cover for release to the general public on the day following the last day of election in Odisha (including day re-polling). The Secretary, OERC shall take appropriate action to release the order as directed above.
127. The Tariff Order shall be made effective from 01.04.2014 and shall be in force until further orders.

**Sd/-**

**(S. P. SWAIN)  
MEMBER**

**Sd/-**

**(B. K. MISRA)  
MEMBER**

**Sd/-**

**(S. P. NANDA)  
CHAIRPERSON**