



CESCO (now CESU). As such GRIDCO Ltd. could no longer carry on both Bulk Supply and Transmission business by virtue of 1<sup>st</sup> proviso to Section 39 of the said Act. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities ) Scheme, 2005” of Govt. of Odisha under Sec.131 (4) of the Act, transferred the erstwhile transmission business along with SLDC functions of GRIDCO Ltd. with all the assets and liabilities of such business to OPTCL and vested the same with the said STU with effect from 01.4.2005. By virtue of the 2<sup>nd</sup> Proviso to Sec. 14 of the Act, OPTCL has been a deemed Transmission Licensee under the Act, so far as transmission functions are concerned, OPTCL is now governed by License Conditions set forth in OERC (Conditions of Business) Regulations, 2004, at Appendix 4B issued u/S. 16 of the Act, as modified by the Commission’s Order dated 27<sup>th</sup> October, 2006. By Clause 10(2) & (3) of the said Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the State Govt. has expressly notified OPTCL, a Govt. Company created for taking over transmission function of GRIDCO, as the State Transmission Utility with effect from 01.04.2005. Moreover, even though by the said Scheme, vide Clause 10(2), the OPTCL was ‘notified’ as State Transmission Utility; it was also empowered to “discharge” the State Load Dispatch functions till further orders of the State Govt. This provision as regards “discharge of State Load Dispatch functions” in the Transfer Scheme was obviously intended to be an interim, temporary and stop-gap measure pending establishment/Notification of a State Load Dispatch Centre under Sec.31(1) and the substantive part of Sec.31(2) of the Electricity Act, 2003.

2. As in Section 55 of the Electricity (Supply) Act, 1948 (now repealed), Sections 31 & 32 of the Electricity Act, 2003 contemplate SLDC as an independent *apex* body to ensure integrated operation of the power system in the State. SLDC has been empowered by Section 33 of the Electricity Act, 2003 to give such directions and exercise such supervision and control as may be required for ensuring integrated grid operations and for achieving maximum economy and efficiency in the operation of power system in the State. These are all highly responsible, technical, and *non-commercial* statutory functions conceived by the Electricity Act, 2003 and are entrusted to SLDC to be carried out as an independent apex body. Every Licensee including OPTCL and generating companies and generating stations and sub-stations are to comply with such directions vide Section 33 (2) and Section 40 (b) of the Act. At present SLDC has not been organizationally separated from OPTCL which is a

regulated entity. This anomaly is ought to be removed without any further delay. In this context it is noteworthy that under Section 31(2) of the Act; a government body is supposed to operate SLDC and directions of the State Govt. to such a body are to be confined within the ambit of Section 37 of the Act. The State Govt. has been advised accordingly from time to time the *latest reminder having been issued vide DO Letter No.OERC/Tariff/Case No.56/2015/1646 dated 26.11.2015.*

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

**Table - 1**  
**ROAD MAP**

Agency/Unit	Preparedness Required	Time Limit Proposed by OERC
OPTCL	(a) Transfer of all assets belonging to the Unified State Load Despatch Centre at Mancheswar and Sub-Load Despatch Centres at Bhubaneswar, Meramundali, Jayanagar and Budhipadar with the land, buildings, plant and equipments associated or related to the State Load and Sub-Load Despatch Centres to SLDC to function as an independent autonomous entity under OPTCL (in line with Transfer Scheme, 2005 of Govt. of Orissa). (b) Creation of one new 'Head of Account' for all the following and related expenses of SLDC w.e.f. 01.4.2007.	31.08.2007

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

5. OPTCL by a petition dated 13.3.2008 filed before the Commission submitted that it was not in a position to achieve important milestones laid down in the Road Map issued by the Commission on 04.8.2007 for separation of SLDC charges from existing Transmission Charges of OPTCL and had prayed for deferring for one year on the

decision of implementation of levy of Annual fee and operating charges for SLDC of Odisha. The Commission dismissed the Petition vide Tariff Order dated 20.3.2008 in Case No.62/2007 and while approving ARR and Transmission Tariff of OPTCL at Para 239 allowed to include the Charges of SLDC functions in the ARR and Transmission Tariff for FY 2008-09 for OPTCL. The Commission vide Para 357 of the said Order directed that the transmission charges for OPTCL would not include the charges of SLDC w.e.f. 01.4.2009.

6. The Commission perused the Recommendations of Shri Gireesh B. Pradhan Committee of the Ministry of Power (MOP), Govt. of India, submitted to MOP in August, 2008 especially the recommendation for ring-fencing of Load Dispatch Centre to ensure its functional autonomy. The recommendations were as under:

**(a) Recommendation 1**

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

- (i) The Appropriate Government should take suitable steps to facilitate independent functioning of the Load Despatch Centres in line with the Electricity Act, 2003 and National Electricity Policy. To begin with, the State Governments are urged to create a separate representative board structure for governance of LDCs on the lines of wholly owned subsidiary being created for the independent System Operation of RLDCs and NLDC.***
- (ii) The financial accounts should be separated for all LDCs by 31st March 2009 with the appropriate Electricity Regulatory Commissions (ERC) specifying the fees and charges payable.***
- (iii) Capital Expenditure (CAPEX) plans for modernization of all LDCs during 2009-12 should be submitted and the approval of the respective Electricity Regulatory Commission (ERC) should be obtained by 31st March, 2009. The Central Transmission Utility (CTU) and Regional Load Despatch Centres (RLDCs) should extend the necessary assistance to SLDCs in this area.***
- (iv) In the next stage, rolling 5-year CAPEX plans should be prepared by each LDC and got approved by the respective ERCs to take care of the system expansion, associated real-time data requirements as well as technological innovations and obsolescence of control center equipment. ERCs may examine CAPEX proposal considering a shorter life cycle of 7 to 10 years for such equipment.***

**(b) Recommendation 2:**

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

- (i) Fees and charges for system operation***

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

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

7. So far the State Government has not exercised its power under Sec.31 (1) and (2) of the Act to establish a separate and independent entity for operation of SLDC. Hence, by virtue of the 1<sup>st</sup> Proviso to Sec.31 (2) of the Act, OPTCL as STU has to “operate” the SLDC for the time being. It is noteworthy that OPTCL as STU has not thereby become owner of SLDC. SLDC should function as an independent autonomous entity within the ambit of OPTCL - the STU to discharge its statutory functions / obligations in accordance with the Act, and Regulations of the Commission, such as those relating to Intra-State Open Access Regulations, 2005, Intra-State ABT Regulation, 2007 & Fees & Charges for SLDC Regulation, 2010, as well as provisions under Orissa Grid Code Regulation, 2006. The Ministry of Power, GoI, by Letter dated 04.11.2008 has recommended implementation of Shri Gireesh B. Pradhan Committee on Manpower Certification and Incentives for System Operation and Ring-Fencing Load Dispatch Centers. As such it is fit and proper that SLDC shall collect Annual Fees and Charges for SLDC functions from the various stakeholders as per Sec.32 (3) of the Act and other sources permissible under law from the various stakeholders and accordingly SLDC has filed an application for approval of Annual Fees and Charges for SLDC functions for FY 2017-18.
8. The said application dated 25.11.2016 was duly scrutinized and was registered as Case No.65 of 2016 and was taken up on question of admission and hearing. Objections were invited after wide publication of the application in English and Odia daily newspapers and Commission’s and OPTCL’s websites. In response to the aforesaid public notice of the applicant, the Commission received 10 no. of objections/suggestions from the following persons/associations/ institutions/ organizations:-
  - (1) Shri G. N. Agrawal, Convener -cum-Gen. Secy, Sambalpur District Consumers Federation, Balaji Mandir Bhawan, Khetrajpur, Sambalpur-768003, (2). M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (3) M/s. Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annex Building,

Janapath, Bhubaneswar-751022., (4) Shri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. L-II/68, SRIT Colony, Budharaja, Ps-Ainthapali, Dist-Sambalpur-768004, (5) M/s. Arati Steel Limited, Plot No-18/1B, Sector-10, CDA, Cuttack-753014, (6) Shri Devashis Mahanti, President, North Odisha Chamber of Commerce and Industry (NOCCI), Ganeswarapur Industrial Estate, Januganj, Balasore-756019, (7) M/s. Visa Steel Limited, Kalinganagar Industrial Complex, At/Po. Jakhapura-755026, Dist-Jajpur, (8) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (9) M/s. Facor Power Limited, At/Po-Randia, Dist-Bhadrak-756135 and (10) Shri R. P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775 (Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013. All the above named Objectors were present during tariff hearing except Objector No.8 but his written submissions filed before the Commission is taken on record for consideration.

9. The Commission in its order dtd.21.03.2016 passed in Case No.56/2015 filed by OPTCL for approval of Annual Revenue Requirement and Fees and Charges of State Load Despatch Centre (SLDC), Odisha for FY 2016-17 had directed OPTCL to file separately the detailed CAPEX proposal for SLDC along with necessary cost-benefit analysis justifying the need for such expenditure. In compliance to the said direction of the Commission, OPTCL had filed a separate application for the CAPEX plan of SLDC on 14.09.2016 which was registered as Case No.47/2016. Both the cases were heard by the Commission analogously as the same are inter-related.
10. After due notice to the Applicant, Govt. of Odisha and the Objectors and in the consultative process, the Commission heard the applicant, objectors, consumer counsel - WISE, Pune representative of the State Government on 07.02.2016 at 03.30 PM and orders as follows.

**OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2017-18 (Para 11 to 23)**

11. While submitting the ARR proposal for FY 2017-18, OPTCL has considered the (a) recommendations stated under the Committee under the Chairmanship of Shri 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 and (b) the report submitted by the "Task Force on Capital

Expenditure and issues related to Emolument for Personnel in Load Despatch Centres”.

12. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2017-18 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.
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 Despatch Centres”, the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Despatch Centres. Provision for recovery of the outstanding amount for investments made by the POWERGRID on ULDC project shall be kept in the ARR of SLDC. As per the Taskforce report, SLDC is liable to pay the recovery cost of control centre equipments only. Since the assets presently being used at SLDC is yet to be transferred, the ULDC asset recovery charges are not considered in the ARR. However, the depreciation cost has been considered in the ARR for FY 2017-18.
14. OPTCL has proposed the manpower structure for SLDC operation in the ARR of FY 2017-18 which is in line with ERLDC structure, the abstract of which is indicated in **Annexure-I**.
15. As stated above, as per directives of Commission in order dated 21.3.2016, OPTCL has filed a separate CAPEX plan for SLDC amounting Rs.717.99 lakh to be incurred during FY 2016-17 and FY 2017-18. The CAPEX expenses would be incurred for construction of new building, procurement of computer and peripherals for SLDC Data Centre and SLDC, procurement of computer tables for use at EASSC, software for countering the cyber attacks, colour scanner, furniture and fixture for use of office

staff etc. Out of total sum of Rs.717.99 lakh, a sum of Rs.402.99 lakh would be spent during FY 2016-17 and Rs.315 lakh during FY 2017-18. The details of CAPEX expenses are placed in **Annexure-II**.

**Item-wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2017-18**

16. As per the OERC (Fees and Charges of State Load Despatch Centre and other related matters) Regulations, 2010 the annual charges consist of the following components:

- A. Return on Equity
- B. Interest on Loan Capital
- C. Depreciation
- D. Operation & Maintenance Expenses Excluding Human Resource expenses
- E. Human Resource Expenses
- F. Interest on Working Capital

**A. Return on Equity:**

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

**B. Interest on Loan capital:**

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

**C. Depreciation:**

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs.23.853 lakh as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for Video Projection Screen (VPS) amounting Rs.9.118 lakh and the depreciation cost for IT equipments at EASSC amounting Rs.7.702 lakh. Depreciation of new assets such as AC, furniture, UPS, photocopier, battery etc has also been considered. Total depreciation amount is provided in table -2 below.

**Table - 2**  
**Statement of Depreciation**

<b>Financial Year</b>	<b>(Rs. Lakh)</b>		
	<b>2015-16 (Approved)</b>	<b>2016-17 (Approved)</b>	<b>2017-18 (Proposed)</b>
Recovery of capital cost (amount to be recovered during the year)	0.000	0.000	0.000
Depreciation on existing assets	24.460	22.529	23.853
<b>Total</b>	<b>24.460</b>	<b>22.529</b>	<b>23.853</b>

**D. Operation and Maintenance Expenses:**

Operation and maintenance expenses excluding human resources expenses for FY 2017-18 has been computed as Rs.291.530 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, Electrical maintenance of office building and colony quarters etc has also been kept as those quarters and office are being used by SLDC personnel.

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 2017-18.

**Table - 3**  
**Statement of O&M Expenses Excluding Human Resource Expenses**  
**(Rs. Lakh)**

<b>ITEMS</b>	<b>2015-16 (Actual)</b>	<b>2016-17 (Approved)</b>	<b>2016-17 (Actual up to Sept., 2016)</b>	<b>2017-18 (Proposed)</b>
Repair and maintenance expenses	182.220	199.090	3.54	140.000
Administrative and general expenses etc.	103.050	83.390	44.72	151.530
<b>Total</b>	<b>285.270</b>	<b>282.480</b>	<b>48.26</b>	<b>291.530</b>

**E. Human Resources Expenses:**

Human resources expenses have been computed as Rs.1126.815 lakh. Total number of employees at SLDC has been proposed as 67 nos. Present staff strength of SLDC is 69 as on 31.10.2016 including contractual staff. The salary of the employees has been computed by considering approved 67 nos. of employees and implementation of 7<sup>th</sup> Pay Commission Recommendations. Payment of arrear amounting Rs. 80.00 lakh due to implementation of 7<sup>th</sup> Pay

Commission Report has been considered. The detailed 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 is computed as Rs.45.03 lakh as per OERC Regulation considering 9.3% rate of interest (bank interest) plus 300 basis points. Even though SLDC has not taken loan to meet the working expenses, the provision has been kept due to non-receipt of SLDC charges from the users for two months from the commencement of financial year. The loss of interest for the above amount is being recovered as interest on working capital. The details on working capital requirement and interest on it is given in table-4 below.

**Table - 4  
Statement of Interest on Working Capital**

<b>Particulars</b>	<b>Amount Lakh</b>
O&M expenses for one month excluding human resources expenses	24.294
Human resource expenses for one month	93.901
Receivables ( 2 months of SOC & MOC)	247.871
<b>Total Working Capital</b>	<b>366.067</b>
Rate of Interest	12.3%
<b>Interest on working capital</b>	<b>45.03</b>

Abstract of expenses proposed for FY 2017-18 is given in table - 5 below.

**Table - 5  
Abstract of Expenses Proposed for FY 2017-18**

<b>Sl. No.</b>	<b>Particulars</b>	<b>2017-18</b>
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	23.853
4.	O&M Expenses excluding human resource expenses	291.530
5.	Human Resource expenses	1126.815
6.	Interest on Working Capital	45.03
	<b>Total expenses</b>	<b>1487.227</b>

**Certificate of LDC Personnel:**

- The committee on “Manpower, Certification and Incentives for System Operation and Ring Fencing Load Despatch Centres” recommended compensation structure, innovative incentive schemes for higher learning and monetary incentives based on

the ratings of the employees. For imparting training to the executives, the expenditure for Training & Certification of LDC personnel has been projected as Rs.20 lakh for FY 2017-18.

**SLDC Assets:**

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

**Determination of Annual Charges for SLDC:**

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

Annual charges: Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
- b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge
- **System Operation Charges (SOC)** shall be collected from the users in the following ratio
  - Intra-State Transmission Licensee - 10% on the basis of Ckt-KMs
  - Generating Company & Seller - 45% on the basis of installed capacity
  - Distribution Licensee and Buyers - 45% on the basis of allocation
- **Market Operation Charges (MOC)** shall be collected equally from the DISCOMs and Generating Companies apportioning to the entitlement and installed capacity respectively.
  - As per the proposed maintenance program, the installed capacity of OHPC stations has been considered as 1850 MW computed on weighted average basis as provided in **Annexure III**.
  - For the purpose of determination of the above charges for CGPs, the maximum MW scheduled during April to October 2016 has been considered. Those CGPs have not been considered for SLDC charges who have stopped generation during FY 2016-17.
  - In the absence of approved injection schedule for some of the CGPs during FY 2016-17 (up to October 2016) the approved schedule quantum for previous year has been considered for the purpose of levying SLDC charges.

- Further, it has been proposed to collect SLDC charges from industries which are importing power through inter-state open access only for the month of their transaction basing on the maximum scheduled quantum.

**Table - 6**  
**Abstract of Collection of SLDC Charges Proposed for FY 2017-18**

**(Rs. lakh)**

<b>Annual charges (AFC)</b>	<b>1487.227</b>
<b>System Operation Charges (SOC) (80% of the AFC)</b>	<b>1189.782</b>
Intra State Transmission Licensee @10% of SOC	118.978
Generating Station & Sellers @45% of SOC	535.402
Distribution Licensees & Buyers@45% of SOC	535.402
<b>Market Operation Charges (MOC) (20% of the AFC)</b>	<b>297.445</b>
Generating Station & Sellers @50% of MOC	148.723
Distribution Licensees & Buyers@50% of MOC	148.723

**Registration Fee:**

20. Besides the above charges, provision for collection of registration fee @ Rs.1.00 lakh from all users has been made as per OERC Regulation.

**Application Fee and Scheduling Charges:**

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

**Prayer**

22. Considering the submission made above, OPTCL prays Hon'ble Commission to approve the Annual Revenue Requirement of Rs.1487.227 lakh for FY 2017-18 towards State Load Despatch 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 2017-18  
LEVY AND COLLECTION OF FEES & CHARGES**

**(Rs. Lakh)**

<b>Annual charges</b>	1487.227
Total Cost (Annual Fixed Cost)	<b>1487.227</b>
System Operation Charges (SOC) (80% of the AFC)	1189.782
Market Operation Charges (MOC) (20% of the AFC)	297.445
<b>System Operation Charges (SOC)</b>	<b>1189.782</b>

Intra State Transmission Licensee @10% of SOC	118.978
Generating Station & Sellers @45% of SOC	535.402
Distribution Licensees & Buyers@45% of SOC	535.402
<b>(a) Intra State Transmission Licensee (SOC per month)</b>	<b>9.915</b>
<b>(b) Generating Station &amp; Sellers @45% of SOC</b>	<b>535.402</b>

(Rs. Lakh)

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount (Annual)	Total amount (Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	1850.00	207.328	17.277
2	OPGC	420.00	47.069	3.922
3	TTPS	460.00	51.552	4.296
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	2.241	0.187
5	Meenakshi Power Ltd. (Small Hydro)	37.00	4.147	0.346
6	Shalivahana Green Energy Ltd	20.00	2.241	0.187
<b>C</b>	<b>IPP</b>			
7	GMR, Kamalanga	350.00	39.224	3.269
8	Vedanta Limited (IPP)	600.00	67.242	5.603
9	NBVL (IPP)	60.00	6.724	0.560
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (up to end of October-2016)</b>		
10	Aarti Steel Ltd	35.56	3.985	0.332
11	Action Ispat & Power Pvt. Limited	2.83	0.317	0.026
12	Aditya Aluminium Limited	2.00	0.224	0.019
13	Aryan Ispat & Power Pvt. Ltd.	9.97	1.117	0.093
14	Bhubaneswar Power Pvt. Ltd.	115.80	12.978	1.081
15	Bhusan Power & Steel Ltd., Jharsuguda	30.00	3.362	0.280
16	Bhusan Steel Limited, Meramundali	50.00	5.603	0.467
17	ESSAR Power (Orissa) Ltd.	7.78	0.872	0.073
18	FACOR Power Ltd.	3.61	0.405	0.034
19	HINDALCO	15.00	1.681	0.140
20	IFFCO	10.00	1.121	0.093
21	IMFA	46.94	5.261	0.438
22	Jindal Stainless Limited, Duburi	15.76	1.766	0.147
23	Jindal Steel & Power Ltd., Angul	231.58	25.953	2.163
24	Maithan Ispat Limited	2.00	0.224	0.019
25	MGM Minerals Ltd.	2.42	0.271	0.023
26	NALCO, Angul	49.00	5.491	0.458

27	Narbheram Power & Steel (P) Ltd	3.00	0.336	0.028
28	Nava Bharat Ventures Limited	48.60	5.447	0.454
29	Nilachal Ispat Nigam Limited	8.00	0.897	0.075
30	OCL India Ltd.	22.87	2.563	0.214
31	Pattaniak Steel & Alloys Limited	2.00	0.224	0.019
32	RSP	4.00	0.448	0.037
33	Shree Ganesh Metalicks Limited	1.05	0.118	0.010
34	Shyam Metalicks & Energy Limited	1.00	0.112	0.009
35	SMC Power generation	4.00	0.448	0.037
36	Tata Sponge Iron Limited	19.00	2.129	0.177
37	Vedanta Limited (Jharsuguda)	134.65	15.090	1.258
38	Vedanta Limited (Lanjigarh)	5.00	0.560	0.047
39	VISA Steel Limited	25.00	2.802	0.233
40	Yazdani Steel & Power Limited	2.00	0.224	0.019
<b>E</b>	<b>Solar Projects</b>	<b>Installed Capacity (MW)</b>		
41	ACME, Odisha	25.00	2.802	0.233
42	AFTAB Solar	5.00	0.560	0.047
43	GEDCOL	20.00	2.241	0.187
	<b>Total</b>	<b>4777.42</b>	<b>535.402</b>	<b>44.617</b>
<b>(c)</b>	<b>Distribution Licensees &amp; Buyers @45% of SOC</b>		<b>535.402</b>	
		<b>% share</b>		
44	CESU	34.92	186.962	15.580
45	NESCO	22.21	118.913	9.909
46	WESCO	28.73	153.821	12.818
47	SOUTHCO	14.14	75.706	6.309
	<b>Total</b>	<b>100.00</b>	<b>535.402</b>	<b>44.617</b>

Market Operation Charges (MOC)  
(a) Generating Company @50% of MOC

297.445  
148.723

(Rs. in Lakh)

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	1850.00	57.591	4.799
2	OPGC	420.00	13.075	1.090
3	TTPS	460.00	14.320	1.193
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	0.623	0.052
5	Meenakshi Power Ltd. (Small Hydro)	37.00	1.152	0.096
6	Shalivahana Green Energy Ltd	20.00	0.623	0.052
<b>C</b>	<b>IPP</b>			
7	GMR, Kamalanga	350.00	10.896	0.908
8	Vedanta Limited (IPP)	600.00	18.678	1.557

9	NBVL (IPP)	60.00	1.868	0.156
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (up to end of October-2016)</b>		
10	Aarti Steel Ltd	35.56	1.107	0.092
11	Action Ispat & Power Pvt. Limited	2.83	0.088	0.007
12	Aditya Aluminium Limited	2.00	0.062	0.005
13	Aryan Ispat & Power Pvt. Ltd.	9.97	0.310	0.026
14	Bhubaneshwar Power Pvt. Ltd.	115.80	3.605	0.300
15	Bhusan Power & Steel Ltd.,Jharsuguda	30.00	0.934	0.078
16	Bhusan Steel Limited, Meramundali	50.00	1.557	0.130
17	ESSAR Power (Orissa) Ltd.	7.78	0.242	0.020
18	FACOR Power Ltd.	3.61	0.112	0.009
19	HINDALCO	15.00	0.467	0.039
20	IFFCO	10.00	0.311	0.026
21	IMFA	46.94	1.461	0.122
22	Jindal Stainless Limited, Duburi	15.76	0.491	0.041
23	Jindal Steel & Power Ltd., Angul	231.58	7.209	0.601
24	Maithan Ispat Limited	2.00	0.062	0.005
25	MGM Minerals Ltd.	2.42	0.075	0.006
26	NALCO, Angul	49.00	1.525	0.127
27	Narbheram Power & Steel (P) Ltd	3.00	0.093	0.008
28	Nava Bharat Ventures Limited	48.60	1.513	0.126
29	Nilachal Ispat Nigam Limited	8.00	0.249	0.021
30	OCL India Ltd.	22.87	0.712	0.059
31	Pattaniak Steel & Alloys Limited	2.00	0.062	0.005
32	RSP	4.00	0.125	0.010
33	Shree Ganesh Metalicks Limited	1.05	0.033	0.003
34	Shyam Metalicks & Energy Limited	1.00	0.031	0.003
35	SMC Power generation	4.00	0.125	0.010
36	Tata Sponge Iron Limited	19.00	0.591	0.049
37	Vedanta Limited (Jharsuguda)	134.65	4.192	0.349
38	Vedanta Limited (Lanjigarh)	5.00	0.156	0.013
39	VISA Steel Limited	25.00	0.778	0.065
40	Yazdani Steel & Power Limited	2.00	0.062	0.005
<b>E</b>	<b>Solar Projects</b>	<b>Installed Capacity (MW)</b>		
41	ACME, Odisha	25.00	0.778	0.065
42	AFTAB Solar	5.00	0.156	0.013
43	GEDCOL	20.00	0.623	0.052
	<b>Total</b>	<b>4777.42</b>	<b>148.723</b>	<b>12.394</b>

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

**148.723**

<b>Sl.</b>		<b>% share</b>		
44	CESU	34.92	51.934	4.328
45	NESCO	22.21	33.031	2.753
46	WESCO	28.73	42.728	3.561
47	SOUTHCO	14.14	21.029	1.752
	<b>Total</b>	<b>100</b>	<b>148.723</b>	<b>12.394</b>

### Abstract of Staff Requirement for SLDC

#### Executive Staff Requirement:

Sl. No.	Category of Posts	Total Nos.
1	Director (Chief Load Despatcher)	01
2	Executive Assistant to Director [DGM(E)]	01
<b>1.1 A. GRID OPERATION</b>		
<b>REAL TIME OPERATION</b>		
3	CGM (Elect)	01
4	Executive Assistant to CGM [Deputy Manager (E)]	01
5	General Manager (Elect)	01
6	DGM (Elect)	01
7	AGM (Elect)	04
8	Manager (Electrical)	04
9	Deputy Manager (Electrical)	04
10	Assistant Manager (Electrical)	04
11	Assistant Manager (Telecom)	04
<b>OPERATIONAL PLANNING</b>		
12	DGM (Elect)	01
13	Deputy Manager (Electrical)	01
<b>SCADA</b>		
14	DGM (Telecom)	01
15	Deputy Manager (Telecom)	02
<b>A. OS, RA &amp; MIS</b>		
16	General Manager (Elect)	01
17	DGM (Elect)	01
18	AGM (Electrical)	01
19	Manager (Electrical)	01
20	Assistant Manager (Electrical)	04
21	Deputy Manager (Law)	01
<b>B. COMMERCIAL SERVICES</b>		
22	Sr. General Manager (Elect)	01
<b>Commercial, Tech Services, Contract &amp; Material Management</b>		
23	General Manager (Commercial, TS, C&M)	01
<b>COMMERCIAL</b>		
24	AGM (Elect)	01
25	Manager (Electrical)	02
26	Deputy Manager (Electrical)	02
27	Assistant Manager (Electrical)	03
<b>TECHNICAL SERVICES / CONTRACT &amp; MATERIAL MANAGEMENT</b>		
28	DGM (Electrical)	01
<b>D. HRM</b>		
29	General Manager (HR)	01
30	DGM (HR)	01
31	Deputy Manager (HR)	01

Sl. No.	Category of Posts	Total Nos.
<b>E. FINANCE</b>		
32	DGM (Finance)	01
33	Deputy Manager (Finance)	01
34	Junior Manager (Finance)	01
<b>F. SECRETARIAL</b>		
35	Sr. PS to Director	01
36	PA / PS	01
	<b>TOTAL EXECUTIVES</b>	<b>59</b>

**Non-Executive Staff Requirement:**

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

**Total staff requirement proposed for SLDC=1+2 =59+8=67 Nos.**

**Annexure-II**  
**(Rs. Lakh)**

Sl. No.	Item	Quantity	Amount	FY 2016-17	FY 2017-18
1	Construction of New building (excluding interior) adjacent to the existing building at SLDC	LS	450.00	135.00	315.00
2	Procurement of computer and peripherals for SLDC Data Centre	LS	222.00	222.00	
3	Procurement of computer & peripherals, Laptop along with MS Office for use of SLDC.	26 nos.	18.50	18.50	
4	Procurement of computer tables for use at EASSC	10	1.02	1.02	
5	0.5 KVA UPS for office desktop PC	12	0.222	0.222	
	6.0 KVA UPS for EASSC	1	1.050	1.050	
6	Software for countering the cyber attacks	1	20.00	20.00	
7	Colour Scanner	2 nos.	0.20	0.20	
8	Furniture & Fixtures for use of office staff	LS	5.00	5.00	
	<b>Total</b>		<b>717.99</b>	<b>402.99</b>	<b>315.00</b>

## Annexure - III

## Computation of Installed Capacity of OHPC Stations for FY 2017-18

Sl No.	Name of Power Station	Unit No.	Installed Capacity	No of months in service	Total MW / month	Remarks (Period of shutdown as proposed by OHPC in the ARR application)
(1)	(2)	(3)	(4)	(5)	(6) = (4) x (5)	(7)
1	BURLA	#1	49.5	12	594	
		#2	49.5	12	594	
		#3	32	12	384	
		#4	32	12	384	
		#5	20	0	0	16.12.2016 to 16.04.2018
		#6	37.5	0	0	16.10.2015 to 16.02.2018
2	CHIPLIMA	#1	24	12	288	
		#2	24	12	288	
		#3	24	9.5	228	15.10.2015 to 15.06.2017
3	BALIMELA	#1	60	0	0	15.05.2016 to 15.11.2018
		#2	60	12	720	
		#3	60	12	720	
		#4	60	12	720	
		#5	60	12	720	
		#6	60	12	720	
		#7	75	12	900	
		#8	75	12	900	
4	RENGALI		250	12	3000	
5	UPPER KOLAB		320	12	3840	
6	INDRAVATI		600	12	7200	
	<b>TOTAL HYDRO</b>		<b>1972.5</b>		<b>22200</b>	
	<b>Average MW to be consider for SLDC Charges</b>				<b>1850</b>	

SLDC made a supplementary submission on 17.02.2017 wherein details of human resources expenses were revised and projected at Rs.745.198 lakh for FY 2017-18. The details are furnished in the table below:

**Table - 7**  
**Details of Human Resource Expenses proposed for FY 2017-18**  
**(Rs. Lakh)**

Sl. No.	Account Code	Executive		Non-Executive		Total
		Technical	Non-Tech.	Technical	Non-Tech.	
1.	Salaries	182.940	63.970	1.980	2.550	251.440
2.	Over-time					0.000
3.	Dearness Allowance	246.969	86.360	2.673	3.443	339.445
4.	Other Allowance such as shift,	21.710	13.760	5.640	5.370	46.480

	Conveyance, ABT, green card washing etc.					
5.	Contractual Staff Payment					0.000
6.	Compensation for LDC Personnel	12.000				12.000
<b>7.</b>	<b>Sub Total (1 to 6)</b>	<b>463.619</b>	<b>164.090</b>	<b>10.293</b>	<b>11.363</b>	<b>649.365</b>
	<b>OTHER STAFF COST</b>					
8.	Reimbursement of Medical Expenses	9.140	3.190	0.099	0.128	12.557
9.	Leave Travel Concession	2.000				2.000
10.	Reimbursement of House Rent	36.580	12.790	0.396	0.510	50.276
11.	Interim Relief to Staff					0.000
12.	Encashment of Earned Leave					0.000
13.	Honorarium					0.000
14.	Payment under Workmen compensation Act					0.000
15.	Ex-gratia	8.000				8.000
16.	Expenditure on VRS					0.000
<b>17.</b>	<b>Sub Total (8 to 16)</b>	<b>55.720</b>	<b>15.980</b>	<b>0.495</b>	<b>0.638</b>	<b>72.833</b>
18.	Staff Welfare Expenses	2.000				2.000
19.	Terminal Benefits	1.000				1.000
20.	Provisions - RPP for 5 executives	10.000				10.000
21.	Arrear Salary due to implementation of 7th Pay commission for 2016-17)					
22.	Others (Specify) (Uniform & Liveries)	10.000				10.000
<b>23.</b>	<b>Total (7+17+18+19+20+21)</b>	<b>542.339</b>	<b>180.070</b>	<b>10.788</b>	<b>12.001</b>	<b>745.198</b>
24.	Revenue recovered, if any					0.000
<b>25.</b>	<b>Net Total (22-23)</b>	<b>542.339</b>	<b>180.070</b>	<b>10.788</b>	<b>12.001</b>	<b>745.198</b>
	<b>ADDITIONAL INFORMATION</b>					
1.	No. of Employees (proposed)					
	i) Executives	50	9			59
	ii) Non-Executives				8	8
	iii) Skilled					
	iv) Non-Skilled					
	v) Contractual Staff					
	<b>Total</b>					<b>67</b>
2.	No. of Employees per					
	i) MW handled					
	ii) MKwh handled					

23. Further, SLDC also proposed a revision for A&G and R&M expenses for FY 2017-18. The revision in the proposal arose due to payment of telephone bill, electricity bill, vehicle hire charges, etc. for the FY 2016-17 to the tune of Rs.11.75 lakh under A&G Expenses. Further, additional expenses to the tune of Rs.22.85 lakh were added for the FY 2016-17 towards Annual Maintenance Contract charges for the VPS screen under R&M head. SLDC further submitted that construction of new building (Item 1

of CAPEX) was yet to be taken up. As such expenditure proposed against Item No.1 during FY 2016-17 and FY 2017-18 may be shifted to FY 2017-18 and 2018-19. SLDC also submitted that expenditure proposed against Item No.6, 7 & 8 might be shifted from FY 2016-17 to FY 2017-18. Expenditure proposed for the rest of the items may kindly be approved as proposed.

#### **VIEWS OF CONSUMER COUNSEL (Para 24 to 26)**

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

#### **25. Observations on Annual Revenue Requirement**

- SLDC has given the proposal for revenue requirement of Rs.1487.227 lakh for FY 2017-18 which is 79.36% rise over Rs.829.18 lakh approved by the Commission for FY 2016-17. This would be recovered through Annual Fees and Charges. The Revenue Requirement includes Employee Cost of Rs.1126.815 lakh on account of salary and other cost of 67 nos. of executives and non-executives and implementation of 7<sup>th</sup> Pay Commission Report for FY 17-18. SLDC has proposed Rs.80 lakh on account of arrear payment due to consideration of implementation of 7<sup>th</sup> Pay Commission's Recommendations. The same may not be allowed by the Commission until the 7<sup>th</sup> Pay Commission's Recommendations are actually implemented.
- SLDC has projected O&M expenses at Rs.291.530 lakh (Administrative and General (A&G) expenditure at Rs.151.53 lakh and R&M expenses at Rs.140 lakh) for FY 2017-18 against the approval of Rs.282.48 lakh for FY 2016-17. However, the actual expenditure during first six months of FY 2016-17 is Rs.48.26 lakh and if prorated for the full financial year, the O&M expenses would be Rs.96.52 lakh only, which is just 34.2% of approved O&M for FY 2016-17. So, the proposed O&M expenses seem to be on higher side and should not be approved. SLDC has projected abnormally high A&G expenses and R&M expenses during the second half of FY 2016-17 compared to the actual expenditure in the first half of the year. The O&M expenses projected for FY 2016-17 on pro-rata basis, based on actual expenditure, may be escalated at 5.72% for FY 2017-18.

- SLDC has claimed Rs.23.853 lakh as depreciation for assets in ULDC and offices in SLDC, out of which an amount of Rs.9.118 lakh is claimed on account of Video Projection Screen (VPS) and Rs.7.702 lakh is claimed for IT equipments at EASSC. Depreciation on VPS and IT equipments at EASSC may be allowed for the FY 2017-18. The counsel is of the view that depreciation on new assets such as AC, furniture, UPS, photocopier, battery etc. should be scrutinized.
- Proposed working capital of Rs.366.067 lakh may not be approved separately and the same may be allowed to be incurred from SLDC Development Fund, as per the earlier directive of the Commission.

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

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

#### **Summing Up**

26. The Consumer Counsel, WISE, presented before the Commission the following concluding remarks during hearing on application of OPTCL for approval of ARR & Annual Fees & Charges of SLDC functions for FY 2017-18.
- The SLDC is considered as 'Brain' of Power System Operation.
  - 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.

- The actual utilization of the “SLDC Development Fund” so far may be produced by SLDC.
- The SLDC has been delaying implementation of the various orders of Commission.
- The Commission may consider all the above facts before approving the ARR for FY 2017-18.

#### **VIEWS OF OBJECTORS (Para 27 to 67)**

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

27. Some objectors submitted that OPTCL had not created wholly owned subsidiary and direction of the Commission in this regard has not been complied as yet.
28. Other objectors stated that SLDC/OPTCL had not complied with the directions of the Commission with regard to timely completion of transfer of assets.
29. One objector wanted clarification whether OPTCL had sent its Board Resolution to Department of Energy for creation of a wholly owned subsidiary, Odisha Power System Corporation Ltd., and whether Government of Odisha had communicated OPTCL its formal approval for the same. Further, whether OPTCL had reminded Government of Odisha or the Commission to expedite the approval process should be known. He wanted to know as to when transfer scheme would be notified by Government of Odisha.
30. Some of the objectors submitted that OPTCL had not confirmed in its ARR application whether the transfer scheme by the Government of Odisha had been notified.
31. One of the objectors submitted that SLDC has not been separated from OPTCL and was not given functional autonomy as per the recommendations of the Gireesh Pradhan Committee. SLDC remains under the control of the management of OPTCL and does not enjoy functional and structural immunity.
32. One objector submitted that OPTCL had been controlling SLDC and had not implemented the directives given by the Commission from time to time since 2007.
33. OPTCL has not separated the financial accounts of SLDC and in the absence of that truing up exercise and performance review could not be done.

34. OPTCL has failed to file applications for performance review and truing up exercise before Commission for FY 2015-16 within the stipulated period.
35. SLDC is not functioning as an Independent System Operator and it is taking 'Commercial Clearance' from GRIDCO before issuing permission of open access, one objector pointed out.
36. The application of SLDC may be rejected on the ground that the orders of the Commission have been disregarded continuously and the SLDC charges approved in the order for FY 2016-17 may continue until further orders, some objectors observed.

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

37. One of the objectors submitted that the total requirement of manpower as proposed by SLDC was only 67, though these 67 nos. of manpower were also not adequate. Due to shortage of manpower the normal functioning of SLDC is hampering a lot like delay in preparation of energy accounting, preparation of cross-subsidy surcharge bills, delay in updating website of SLDC, crucial information of open access were not being updated for 4 years etc.
38. Some objectors submitted that SLDC should clarify as to when the total 81nos. of manpower in line with ERLDC structure would be deployed in SLDC. The action Plan for the same should be furnished by SLDC. The detailed list of present employee strength should be furnished as various figures have been proposed at various places of the ARR application.
39. One objector wanted to know whether the telecom staff of OPTCL working at SLDC had been transferred to the control of Sr. GM (PS).
40. Another objector wanted to know about actions taken by OPTCL for posting of required number of executives at SLDC.
41. One objector suggested that a director may be appointed as Head of SLDC and he should function under administrative control of Energy Department of Govt. of Odisha.
42. Some objectors submitted that the recent appointment of Chief Load Despatcher of SLDC had been from the general cadre of OPTCL.

### **Employee Cost**

43. Objectors in general observed that SLDC could not touch near the approved employee cost even though every year SLDC submits an optimistic employee cost figure. The major reason for the reduced actual employee cost is deployment of lesser number of manpower in SLDC.
44. One objector submitted that following the Regulation 15 of OERC (Fees and Charges of State Load Dispatch Centre and Other Related Matters) Regulation 2010 the Human Resource Expenses for the SLDC should be approved based on actual of the last year considering the associated parameters like annual increment, annual inflation etc. The average increase in employee cost for the period FY 2011-12 to FY 2015-16 is around 6.35%. If OPTCL does not submit adequate justification for non-deployment of required manpower in SLDC, then the Commission may allow only 6.35% increase in the present actual employee cost for FY 2017-18.
45. The employee cost of SLDC for FY 2017-18 may be approved at Rs.489 lakh by the Commission, one objector suggested.
46. The proposal of OPTCL to include 7th Pay Commission recommendations in the employee cost should not be approved as the electricity tariff in the state has been rising steadily since FY 2010-11.

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

47. Objectors maintained that the open access transaction and monthly energy accounts under open access were not available in SLDC website. SLDC should make effort to publish the energy accounts in its website for the information of open access customers.
48. Another objector submitted that during FY 2016-17, SLDC had stopped scheduling the power of a number of captive generative plants for supply of the surplus power to GRIDCO. SLDC should not levy any SOC for that period to the CGPs for which the power is not scheduled by SLDC.
49. Some objectors submitted that SLDC should not allow collection of SLDC charges from the industries importing power through inter-state and intra-state Open Access. This is against the provisions of Electricity Act, 2003. The State Commission has no jurisdiction to extend the levy of SLDC charges as determined under Section 32(3) of

Electricity Act, 2003 to open access customers importing power through inter-state and intra-state open access. Further, such industries are already paying scheduling charges and application fees to SLDC.

50. One objector requested that operating and scheduling charges of SLDC should be approved at Rs. 1000 per day instead of proposed Rs. 2000 per day as per CERC (Open Access (third amendment) Regulation 2015).
51. Another objector submitted that SLDC should be directed to publish the monthly Energy Account, weekly UI account, and weekly Reactive Energy Account, status of open access applications in its website in a time bound manner.
52. One objector submitted that SLDC had violated electricity laws by seeking commercial clearance from GRIDCO in the matter of availing open access.
53. SLDC violates the orders of the Commission in asking a private concern to file an undertaking that it shall not inject any power to OPTCL and if it does, the same shall not be billed to GRIDCO.
54. One of the objectors submitted that the CGPs applying for open access were required to give an undertaking to SLDC for not injecting power to the STU and not to bill GRIDCO for inadvertent injection of power.

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

55. As per OERC Regulations, the maximum permissible O&M expenses should be within 5.72% escalation each year from the actual O&M expenses for FY 2010-11. Last year, the Commission had approved the maximum permissible expenses and SLDC is unable to spend such an amount. This has resulted in financial burden on DISCOMs and generators. Some objectors pointed out that the escalated rate of 5.72% of previous year's expenditure should be approved provided that it is below the maximum permissible limit.
56. SLDC has projected O&M expenses at Rs.291.53 lakh for FY 2017-18. However, the actual O&M expenses incurred by SLDC for FY 2016-17 till September 2016 are only Rs.48.26 lakh and hence the full year expenses shall be around Rs.96 lakh. Considering the 5.72% escalation, the O&M expenses for FY 2017-18 may be approved at Rs.102.02 lakh, some objectors stated.

### **Depreciation**

57. One objector submitted that the depreciation cost of SLDC may be approved at Rs.22.92 lakh.

### **SLDC Development Fund**

58. One objector pointed out that SLDC had accumulated huge amount of funds in the SLDC Development Fund and it was using part of this fund as deemed loan for working capital and hence there was no need to approve a separate amount under the head interest on working capital.
59. Another objector submitted that SLDC should furnish year-wise deposit in SLDC Development Fund and its utilization in each year. Besides that fund available as on 31st March, 2016 and fund deposited thereafter in the SLDC Development Fund should be monitored.

### **Others**

60. Some objectors submitted that Annual Revenue Requirement of SLDC for FY 2017-18 should be approved at Rs.614.03 lakh.
61. SLDC may be directed to submit its quarterly performance and quarterly expenses under CAPEX in its website for information of general consumers.
62. One objector submitted that SLDC was not following merit order based optimum scheduling and dispatch of electricity within the state in accordance with the contract entered into with the licensees.
63. The deponent of ARR application of SLDC is not a commerce and accountancy expert and hence not the right person to apply for ARR of SLDC.
64. Proposal to increase total expenditure should be dismissed as the power consumption has not increased or has shown negligible increase in last four to five years.
65. SLDC/OPTCL has failed to supply adequate power in Odisha as approved by the Commission in long term demand forecast for the period 2014-15 to 2022-23.
66. SLDC/OPTCL has taken the matter of Odisha share of power withdrawal from MHEP casually. SLDC may be directed by the Commission to adhere to the generation schedule of OHPC for its various power plants.
67. The OPTCL should produce a status report on the following directives of the Commission:

- ✓ direction given to the CMD OPTCL to ensure the posting of a full time Director in SLDC in order to enable SLDC to function effectively and independently as the state nodal agency.
- ✓ direction given to CMD, OPTCL to post the existing Director (Technical) as Director of SLDC by 31st May, 2010.
- ✓ direction on the creation of a separate “SLDC Development Fund” w.e.f. 01.04.2010 and deposition of the amount unspent as on 31.03.2010 of SLDC in the newly created fund.
- ✓ direction on the functioning of the Energy Accounting & Settlement System Centre (EASSC) of SLDC from 01.04.2010 without fail and direction given on preparation and issuance of the monthly energy account and weekly reactive energy account to all the stake holders.
- ✓ direction given to SLDC to submit monthly report on STOA transactions and to display the same in SLDC website for the information of all the stake holders/ general public.
- ✓ direction given to the OPTCL to post requisite number of executives as per ERLDC norms.
- ✓ direction given to the Chief Load Despatcher, SLDC to submit quarterly performance of each quarter to the Commission for quarterly performance review at the end of each quarter.

**REJOINDER AND REPLY OF OPTCL TO QUERIES RAISED DURING HEARING (Para 68 to 96)**

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

68. 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. OPTCL has filed an application for determination of Annual Revenue Requirement and Fees and Charges of State Load Despatch Centre (SLDC), Odisha for the FY 2017-18. SLDC is now operating autonomously as an independent system operator under the direct administrative control of the Chairman-cum-Managing Director of

OPTCL. The C.G.M., SLDC is functioning as Chief Load Dispatcher. The post of Director has already been sanctioned by Government of Odisha.

69. SLDC has been financially unbundled and is maintaining separate books of accounts and is meeting its expenses out of the revenue generated as per OERC order. Hence SLDC is financially independent from OPTCL.
70. OERC vide letter No. 1313 dated 04.8.2007 issued a road map for implementation of levy of annual fees and operating charges for SLDC functions in Odisha in order to separate SLDC charges from the existing transmission charges of OPTCL with effect from 01.04.2008 to make SLDC self-reliant. As per direction of Hon'ble Commission, separate application for approval of Annual Fees and Operating Charges for SLDC function is being filed by OPTCL since FY 2009-10.
71. Subsequently, on notification of OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010, the application for approval of Annual Revenue Requirement and Fees & Charges for SLDC is being prepared & submitted before the Hon'ble Commission as per the provisions of Regulation.
72. All assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel, Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. OPTCL has no views regarding the Transfer Scheme to be notified by Government of Odisha.
73. Hence, OPTCL (SLDC) has complied with the directions of the Commission.

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

74. The present staff strength including contractual is mentioned as 69 numbers at para 1 (e), while the proposed staff strength for FY 2017-18 is mentioned as 67 nos. as approved by the Government of Odisha excluding personnel at Sub-LDCs which have been included in OPTCL staff structure. The approved staff strength (67nos.) is adequate to perform the present activities of SLDC. Filling up of the remaining posts is under process.
75. SLDC has almost incurred HR expenses with insignificant difference with the approved amount during FY 2013-14, 2014-15 & 2015-16. It is anticipated that during FY 2016-17, the HR expenses shall reach the approved amount.
76. With the existing manpower, SLDC is performing all major activities as per the provision of Act & Regulation.

77. The employee cost for 2017-18 has been computed considering the approved 67 number of employees as approved by the Government & implementation of 7th Pay Commission Report. Payment of arrear amounting to Rs.80.00 lakh arising due to implementation of 7th Pay Commission's recommendations has been considered.
78. Government of Odisha has already approved the SLDC structure for 67 nos. of employees of different category excluding personnel at Sub-LDCs which have been included in OPTCL staff structure. Posting of required numbers of staffs is under progress.

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

79. The website of SLDC is updated regularly in respect of major information like implementation of open access transactions, energy accounting, daily/monthly/quarterly/annual system performance report, daily drawl & dispatch schedule for DISCOMs and Generating Stations respectively. However, some of the information which is not urgent in nature is yet to be displayed. Action is being taken for displaying the above.
80. For the purpose of determination of the Annual Charges for CGPs, the maximum MW scheduled during April to October 2016 has been considered. Some CGPs/Generators have stopped injection during the FY 2016-17. In absence of approved injection schedule for some of the CGPs during the FY 2016-17 (up to October'16), the approved schedule quantum for previous year has been considered for purpose of levying SLDC charges anticipating revival of power injection by them during FY 2017-18.
81. As per provision of Regulation 20 & 21 of OERC (Fees and Charges of SLDC and other related matters) Regulations, 2010, OPTCL proposed to collect Annual Charges from those industries who are importing power through Intra/Inter-State open access as they are coming under 'buyer' category, thus liable to pay the SLDC charges.
82. OPTCL has suggested to collect scheduling charges @ 2000/- per day as per the previous tariff order.
83. EASSC is functioning at SLDC for State Energy Accounting and UI charge/Deviation charge billing on receipt of energy meter data from field. Schedule based energy accounting and Un-scheduled inter-change/deviation charges billing are being

prepared by SLDC with effect from 01.04.2012. The monthly energy accounting for DISCOMs and open access customers on 15 minutes block basis is being uploaded in the SLDC website and forwarded to all customers on 1st day of each month by email.

84. The objections made relating to merit order despatch is not specific. However, SLDC is adopting merit order generation despatch.
85. Monthly report on STOA transactions is being displayed on SLDC website. Further, the status of Open Access Applications received & rejected is being submitted to the Commission during performance review.
86. SLDC is functioning autonomously under the ambit of OPTCL, the STU as per the provisions of the Act. GRIDCO is the designated entity for receiving power from all sources including State's ISGS share. In case of non-compliance of schedule by the embedded Open Access customers, GRIDCO's drawl schedule will be ultimately affected. In view of the above, some sort of commercial agreement is required between embedded Open Access customers & GRIDCO, in the absence of implementation of Intra-State ABT to the generators.
87. SLDC has never asked to any CGP for not to inject power to the System. However, as a part of grid operation activity, SLDC can direct any user not to inject power beyond the schedule depending on grid condition.

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

88. AMC charges of SCADA / EMS & VPS contribute to a substantial amount of R&M expenses. During FY 2016-17, the R&M expenses shall reach the approved amount as the bill towards AMC charges is pending for payment due to non-receipt of the bill from POWERGRID.

#### **Depreciation**

89. Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. 23.853 lakh as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for Video Projection Screen (VPS) amounting Rs. 9.118 lakh and the depreciation cost for IT equipments at EASSC amounting Rs. 7.702 lakh. Depreciation of new assets such as AC, furniture, UPS, photocopier, battery etc. has also been considered.

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

90. The interest on working capital amounting Rs. 366.067 lakh computed as Rs. 45.03 lakh as per OERC Regulation considering 9.3% rate of interest (SBI base Rate) plus 300 basis point. 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 the SLDC Development Fund. The loss of interest for the above amount is being recovered as interest on working capital.
91. SLDC stated that SLDC Development Fund has already been created and operative at present. The details of SLDC Development Fund are available in the ARR application filed by OPTCL.

### **Others**

92. The Commission has been reviewing the performance of SLDC. SLDC is furnishing the Performance Report to OERC for review as directed by the Commission. Further, statutory / internal audit of SLDC accounts is being conducted annually by independent Chartered / Cost accountant firms.
93. As per the provision of 3 (1) of the OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010, Chief Load Dispatcher, SLDC, OPTCL has filed the application for Annual Revenue Requirement and Fees and Charges of State Load Despatch Centre (SLDC), Odisha for the FY 2017-18. Since the OERC Regulations do not specify the competency of the applicant, it is not necessary to file the tariff application by an accountancy expert only.
94. SLDC is optimizing the State's drawl from Machhkund Power House with the available network configuration.
95. The State's hydro generation is being made as per the decision made by the Water Resources Department, Government of Odisha in coordination with OHPC.
96. Capital Expenditure amounting Rs. 5.58 lakh has been incurred during FY 2015-16 (up to October-2015) against approval of the Commission for Rs. 5.6 lakh.

### **OBSERVATIONS OF STATE ADVISORY COMMITTEE (SAC) (Para 97)**

97. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2017. The members of SAC deliberated on different issues related to power sector and the Annual Revenue Requirement of various licensees/generators. However, no specific view was offered related to the Annual Revenue Requirement and Fees & Charges of SLDC for the FY 2017-18.

### **VIEWS OF GOVT. OF ODISHA (Para 98)**

98. Govt. of Odisha communicated its suggestions/views/comments on various issues involving Tariff setting for the FY 2017-18 vide its letter No.1929 dt.08.03.2017. On issues relating to SLDC, the Govt. in its letter stated that in the mean time restructuring of manpower of SLDC has been approved and Govt. is moving in the desired direction for betterment of SLDC in pursuance of observation made by the Commission.

### **COMMISSION'S OBSERVATIONS (Para 99 to 138)**

99. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2017-18 followed the principles laid down in the Electricity Act, 2003, CERC (Fees and Charges of RLDC and Other Related Matters) Regulation, 2009 and OERC (Fees and Charges of SLDC and other Related matters) Regulations, 2010. The component-wise determination of Revenue Requirement for SLDC functions is given here under:

#### **Return on Equity (RoE)**

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

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

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

#### **Depreciation**

102. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that the depreciation shall be calculated annually on straight line method and at rates specified by CERC from time to time. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. SLDC has proposed Depreciation of Rs.23.853 lakh for FY 2017-18 for its assets in the following manner.

**Table - 8****(Rs. Lakh)**

<b>Financial Year</b>	<b>2015-16 (Approved)</b>	<b>2016-17 (Approved)</b>	<b>2017-18 (Proposed)</b>
Recovery of capital cost (amount to be recovered during the year)	0.000	0.000	0.000
Depreciation on existing assets	24.460	22.529	23.853
<b>Total</b>	<b>24.460</b>	<b>22.529</b>	<b>23.853</b>

SLDC has claimed Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC which has been computed at Rs.23.853 lakh. Taking into consideration the views of the objectors, Commission approves an amount of Rs.23.853 lakh towards depreciation for the FY 2017-18.

**Employee Cost (Human Resource Expenses)**

103. SLDC in its original application for ARR Fees and Charges had projected the Employee Cost at Rs.1126.626 lakh for the ensuing FY 2017-18 considering the approved 67 nos. of employees as approved by the State Govt. and implementation of 7<sup>th</sup> Pay Commission's Report. The present staff strength of SLDC is 69 as on 31.10.2016 including 16 nos. of Telecommunication Personnel working at SLDC Control Centre. Subsequently SLDC filed a revised estimate of HR Expenses for the ensuing year 2017-18 wherein the total employee cost was estimated at Rs.745.198 lakh without the impact of 7<sup>th</sup> Pay Recommendations.
104. SLDC was asked to submit the actual payment made to the existing employees up to November, 2016 for the FY 2016-17 which it has complied. On the basis of data submitted by the SLDC, Commission approves the Human Resource expenses of Rs.612.85 lakh against the proposed expenses of Rs.745.198 lakh submitted in the revised petition. The details of Employee Cost are shown in the Table below:

**Table - 9****Details of Human Resource Expenses****(Rs. lakh)**

<b>APPROVED EMPLOYEE COST for FY 2017-18</b>			
<b>Sl.</b>	<b>Particulars</b>	<b>Proposed for FY 2017-18</b>	<b>Approved for FY 2017-18</b>
1	Basic Pay + GP	251.44	203.86
2	Addl. Emp. Cost	0	0
3	DA	339.45	289.48
4	Other allowance	46.48	46.48
5	Contractual Employees	0	0
6	Compensation for LDC Personnel	12	12

7	Arrear salary due to 7th Pay (2016-17)	0	0
<b>A.</b>	<b>Total Emoluments (1 to 6)</b>	<b>649.365</b>	<b>551.82</b>
	<b>Other Staff Costs</b>		
8	Reimbursement. of medical expenses	12.56	10.19
9	Leave Travel Concession	2	2
10	Reimbursement of HR	50.288	30.58
11	Ex-gratia	8	8
<b>B.</b>	<b>Total Other Staff Costs (8 to 11)</b>	<b>72.845</b>	<b>50.77</b>
13	Staff Welfare Expenses	2	2
14	Provisions – RPP for 5 Executives	10	10
15	Terminal Benefits	1	1
16	Others	10	10
<b>C.</b>	<b>Total (13 to 16)</b>	<b>23</b>	<b>23</b>
<b>D.</b>	<b>Grand Total (A+B+C) Approved for 2016-17</b>	<b>745.198</b>	<b>625.59</b>

Pay and GP for 2017-18 has been calculated by adding 3% rise to the estimated Pay & GP of SLDC for 2016-17 which is based on actual figures up to November, 2016 prorated up to March, 2017. DA has been calculated as 142%, HRA 15%. Medical allowances have been approved as 5% of Salary (Basic + Grade Pay). Other allowances such as shift, conveyance, ABT, Green Card washing etc. and Staff welfare expenses have been approved as per the proposal of SLDC. A sum of Rupees 625.59 lakh has been approved by the Commission towards Human Resources Expenses for 2017-18.

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

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

As per the submission made by the SLDC the actual expenditure during FY 2015-16, approved figure for 2016-17 and proposed A&G and R&M for 2017-18 are presented in the table below:-

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

<b>Items</b>	<b>Actual for 2015-16</b>	<b>Approved for 2016-17</b>	<b>Proposed for 2017-18</b>
A&G	103.06	83.39	151.53
R&M	182.22	199.09	140.00
<b>Total O&amp;M*</b>	<b>285.28</b>	<b>282.48</b>	<b>291.53</b>

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

The following table presents the calculation of O&M expenses for the FY 2017-18 based on the above stated OERC Regulation.

**Table - 11**  
**Approved O&M for 2017-18**

<b>R&amp;M</b>	
Actual Expenditure up to Nov 16	19.12
Pro-rated (2016-17)	<b>28.68</b>
Additional Payment Due 2016-17	<b>22.85</b>
<b>Total R&amp;M 2016-17</b>	<b>51.53</b>
With 5.72% Escalation	<b>54.48</b>
<b>R&amp;M for 2017-18</b>	<b>54.48</b>
<b>A&amp;G</b>	
Actual Expenditure up to Nov 16	59.19
Pro-rated (2016-17)	<b>88.79</b>
Additional Payment under A&G 2016-17	<b>11.75</b>
<b>Total A&amp;G 2016-17</b>	<b>100.54</b>
With 5.72% Escalation	<b>106.29</b>
<b>A&amp;G for 2017-18</b>	<b>106.29</b>
<b>Approved O&amp;M for 2017-18</b>	<b>16 0.76</b>

106. As per SLDC's submission, the actual R&M of SLDC up to November, 2016 comes to Rs.19.12 lakh. This figure is pro-rated for the Year 2016-17 and the same is worked out at Rs.28.68 lakh. SLDC in its revised filing stated that a sum of Rs.22.85 lakh would be spent during FY 2016-17 as the bills for the AMC of VPS Screen and that of WIPRO Data Centre have been raised and placed for payment. Therefore, this amount has been added to the pro-rated figure and the anticipated R&M expenses for FY 2016-17 works out at Rs.51.53 lakh. This figure is escalated @5.72% in order to arrive at the approved R&M figure for FY 2017-18. Thus the approved figure for R&M is Rs.54.48 lakh for the FY 2017-18.
107. As per SLDC's submission, the actual A&G of SLDC up to November, 2016 comes to Rs.59.19 lakh. This figure is pro-rated for the Year 2016-17 and the figure is

Rs.88.79 lakh. SLDC in its revised filing stated that a sum of Rs.11.75 lakh would be spent during FY 2016-17 towards telephone, consultancy fees, TA bill, vehicle hire charges, electricity charges, watch and ward and sanitation. Therefore, this amount has been added to the pro-rated figure and the anticipated A&G expenses for FY 2016-17 works out at Rs.100.54 lakh. This figure is escalated @5.72% in order to arrive at the approved A&G figure for FY 2017-18. Thus the approved figure for A&G is Rs.106.29 lakh for the FY 2017-18. Thus, the total O&M expenses are approved at Rs.160.76 lakh for FY 2017-18.

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

108. SLDC has proposed interest on working capital as Rs.45.03 lakh on the total working capital amounting to Rs.366.067 lakh. 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.
109. The Commission feels that since SLDC has accumulated huge amounts of funds in the SLDC Development Fund and it is using part of this fund as deemed loan for working capital purpose, there is no need to approve a separate amount under the head interest on working capital for FY 2017-18.

#### **Provision of CAPEX Plan**

110. As per directives of Commission in order dated 21.03.2016, OPTCL has filed a separate CAPEX plan for SLDC amounting Rs. 717.99 lakh to be incurred during FY 2016-17 and FY 2017-18. The CAPEX expenses would be incurred for construction of new building, procurement of computer and peripherals for SLDC Data Centre and SLDC, procurement of computer tables for use at EASSC, software for countering the cyber attacks, colour scanner, furniture and fixture for use of office staff, etc. Out of total sum of Rs.717.99 lakh, a sum of Rs.402.99 lakh would be spent during FY 2016-17 and Rs.315 lakh during FY 2017-18.
111. In a subsequent filing dtd.17.02.2017, SLDC submitted that construction of new building (Item 1 of CAPEX) was yet to be taken up. As such expenditure proposed against Item No.1 during FY 2016-17 and FY 2017-18 may be shifted to FY 2017-18 and 2018-19. SLDC also submitted that expenditure proposed against Item No.6, 7 & 8 might be shifted from FY 2016-17 to FY 2017-18. Expenditure proposed for the rest

of the items may kindly be approved as proposed. The details of capital expenditure proposed by SLDC are already in **Annexure-II**.

112. The Commission lays importance on functioning of SLDC as the nerve centre of the electricity sector in Odisha. Strengthening of SLDC in terms of infrastructure, IT, Communication etc., are important parameters for effective functioning of SLDC. In view of the above, we give in principle approval of the quantum of total CAPEX amount to Rs.717.99 lakh. Further, we also approve the phasing of CAPEX expenses as proposed by SLDC in its revised filing as stated above. SLDC may conduct necessary cost-benefit analysis justifying the need for such expenditure. SLDC is directed to take part approval of expenses from the Commission as per the phasing plan and the CAPEX amount may be spent from the SLDC Development Fund.

**Summary of ARR for FY 2017-18**

113. Against Rs.829.18 lakh approved for FY 2016-17 and Rs.1487.23 lakh proposed by SLDC for FY 2017-18, the Commission hereby approves Rs.810.21 lakh for FY 2017-18. The details of Expenses proposed by OPTCL in the ARR of SLDC and approved by the Commission for FY 2017-18 are depicted in the Table below:

**Table - 12**  
**Summary of ARR of SLDC for FY 2017-18**

<b>SL No.</b>	<b>Items</b>	<b>Commission Approval for 2016-17</b>	<b>SLDC Proposal for 2017-18</b>	<b>Approved for 2017-18</b>
1	Employee Cost	524.168	1126.815	625.59
2	O & M*	282.48	291.53	160.76
3	Depreciation	22.529	23.85	23.85
4	Interest on loan			
5	Interest on Working Capital		45.03	
	<b>Total</b>	<b>829.18</b>	<b>1487.22</b>	<b>810.21</b>

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

**Determination of Annual Charges of SLDC**

114. The Annual Charges for SLDC Operations during FY 2017-18 have been approved by the Commission at Rs.810.21 lakh/annum and Rs.67.52 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.
115. OERC Regulations, 2010 define the System Operation Function & Market Operation Function of SLDC as under:

- i. **System Operation Function** includes monitoring of grid operations, supervision and control over the Intra-State Transmission System, real-time operations for grid control & dispatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management & black start coordination etc.
  - ii. **Market Operation Function** includes functions of scheduling, dispatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administrating ancillary services & information dissemination etc.
116. 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**
117. 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
118. As per OERC Regulations, 2010, Market Operation Charges (MOC) shall be collected equally from the DISCOM Utilities and Generating Companies apportioning to their entitlement and installed Capacity/ Contracted Capacity.
119. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2017-18 at Rs.810.21 lakh/ annum i.e. Rs.67.52 lakh/month to be recovered through SOC & MOC as under:
- i) System Operation Charges (SOC) (80% of AC) – Rs.648.17 lakh/annum or  
Rs.54.01 lakh/month
  - ii) Market Operation Charges (MOC)(20% of AC) – Rs. 162.04 lakh/annum or  
Rs.13.50 lakh/month
- System Operation Charges (SOC)**
120. The System Operation Charges (SOC) of Rs.648.17 lakh/annum or Rs. 54.01 lakh/month shall be apportioned for collection from the following stakeholders as under:

- i) Intra-State Transmission Licensee @ 10% of SOC - Rs.64.82 lakh/annum or Rs.5.40 lakh/month
- ii) Generating Stations & Sellers @ 45% of SOC - Rs.291.67 lakh/annum or Rs.24.31 lakh/month
- iii) DISCOM Utilities & Buyers @ 45% of SOC - Rs.291.67 lakh/annum or Rs.24.31 lakh/month.

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

- i) The recovery of SOC from OPTCL as Intra-State Transmission Licensee shall be 10% of SOC of Rs.64.82 lakh/annum and Rs.5.40 lakh/month.
- ii) The recovery of SOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by OPTCL at 4774.59 MW shall be @ Rs.6108.89/MW/annum or @ Rs. 509.07/MW/month.
- iii) The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2017-18 & shall be as shown in table below:

**Table - 13**  
**Apportionment of Annual & Monthly SOC Charges amongst**  
**Distribution Companies for FY 2017-18**

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2017-18 (MU)	% Share of Energy Consumption	Annual Charge (Rs. lakh)	Monthly Charge (Rs. lakh)
CESU	8850	35.20	102.68	8.56
NESCO Utility	5680	22.59	65.90	5.49
WESCO Utility	7090	28.20	82.26	6.85
SOUTHCO Utility	3520	14.00	40.84	3.40
<b>Total</b>	<b>25140</b>	<b>100.00</b>	<b>291.67</b>	<b>24.31</b>

**Market Operation Charges (MOC)**

122. The Market Operation Charges (MOC) of Rs.162.04 lakh/annum or Rs.13.50 lakh/month shall be apportioned for collection from the following stakeholders as under:
- Generating Stations & Sellers @ 50% of MOC - Rs.81.02 lakh/annum or Rs.6.75 lakh/month
  - DISCOM Utilities & Buyers @ 50% of MOC - Rs.81.02 lakh/annum or Rs.6.75 lakh/month

123. **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 4774.59 MW shall be @ Rs.1696.91/MW/annum or @ Rs.141.41/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2017-18 as shown in Table below:

**Table - 14**  
**Apportionment of Annual & Monthly MOC Charge amongst**  
**Distribution Companies for FY 2017-18**

(Rs. lakh)				
Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2017-18 (MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakh)	Monthly MOC Charge (Rs. lakh)
CESU	8850	35.20	28.52	2.38
NESCO Utility	5680	22.59	18.31	1.53
WESCO Utility	7090	28.20	22.85	1.90
SOUTHCO Utility	3520	14.00	11.34	0.95
<b>Total</b>	<b>25140</b>	<b>100.00</b>	<b>81.02</b>	<b>6.75</b>

**Registration Fee**

124. 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**

125. 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 respectively shall be paid by the Short Term Open Access (STOA) Customers. The Commission hereby approves the aforesaid Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2017-18.

## ARR and Annual & Monthly Charges for FY 2017-18

126. The details of ARR & Annual and Monthly Charges for FY 2017-18 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

**Table - 15**  
**ARR & Annual and Monthly Charges for FY 2017-18**

(Rs. Lakh)

Sl. No.	Particulars	Approved for 2017-18	
		Per annum	Per month
1	ARR of SLDC	810.21	67.52
2	Intra-State transmission licensee to pay SOC to SLDC	64.82	5.40
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4774.59 MW)	372.69	31.06
		(Rs.7805.80 per MW)	(Rs.650.48 per MW)
	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	372.69	31.06
4	(i) CESU	131.20	10.93
	(ii) NESCO Utility	84.20	7.02
	(iii) WESCO Utility	105.11	8.76
	(iv) SOUTHCO Utility	52.18	4.35

### Payment Mechanism of Annual Charges to SLDC

127. As per clause 11 of the Odisha Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the transmission charge of OPTCL is duly secured by a first charge over the receivables of GRIDCO from DISCOM Utilities and other Open Access Customers in favour of OPTCL. Receivables of DISCOM Utilities are escrowed in favour of GRIDCO. As on date there is no escrow arrangement between DISCOM Utilities and OPTCL. DISCOM Utilities are users of Intra-State Transmission network of OPTCL. OPTCL used to bill the Distribution Companies for the use of transmission services on the basis of meter reading at the delivery point to DISCOM Utilities with intimation to GRIDCO. This bill is being paid by GRIDCO to OPTCL from the receivables of DISCOM Utilities escrowed with them.
128. In the above manner, the monthly SOC & MOC Charges for SLDC shall also be duly secured by a First Charge over the receivables of GRIDCO in favor of SLDC from the escrowed amount of DISCOM Utilities based on the bills served by SLDC to DISCOM Utilities with copy to GRIDCO for use of Intra-State transmission system as well as the services of SLDC. The above principle adopted in previous Financial

Years from 2010-11, for payment of monthly SLDC charges to SLDC as FIRST CHARGES shall also be followed for FY 2017-18.

129. The Customers other than DISCOM Utilities shall pay the Monthly Charges to SLDC directly based on the bills served upon them from time to time by SLDC. The Customers other than DISCOM Utilities shall pay an amount equivalent to two months monthly SOC & MOC Charges as the case may be in advance as security against default in payment of SOC & MOC Charges of SLDC.
130. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 4774.59 MW for FY 2017-18 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2017-18.
131. If the SOC & MOC Charges as the case may be, are not paid by the due date(s) by the Customers other than DISCOM Utilities, surcharge at the rate of 1.25 percent per month shall be levied on the unpaid amount.
132. The SOC & MOC Charges of SLDC shall be paid monthly by the Customers based on the monthly bills served upon them by SLDC following the payment mechanism mentioned above.

#### **SLDC Development Fund**

133. Based on the provisions in CERC Regulation, 2009 & Regulation-8 of OERC Regulation, 2010, the Commission vide Para-213 of the Order dated 20.3.2010 had approved to create a separate fund namely “SLDC Development Fund” under a separate head of account under SLDC. SLDC Development Fund has already been established under SLDC with effect from 01.04.2010.
134. The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.29.50 Crore as at the end of 2015-16. SLDC is directed to spend for the approved capital expenditure from the SLDC Development Fund after obtaining necessary part approval from the Commission.
135. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short Term Open Access Charges, etc. during FY 2017-18 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.

136. SLDC shall be entitled to utilize the money from SLDC Development Fund as usual in assets creation and margin money for raising loan from FIs for assets creation & funding of R&D Projects, if any, relating to Odisha Power System with the necessary approval of the Commission.
137. Any asset created by SLDC out of money available in SLDC Development Fund shall not be considered for computation of Return on Equity & Interest on Loan.

#### **Functioning of SLDC**

138. As per the Commission's Order dt.20.3.2009, SLDC is to be ring-fenced to function as an Independent System Operator (ISO). Other Officers and Staff as approved by the Government need to be inducted early so as not to disturb its functioning.

#### **COMMISSION'S DIRECTIVES (Para 139 to 142)**

139. The Commission expects that the State Govt. & OPTCL shall take steps to make SLDC an independent system operator in accordance with intention of the Electricity Act, 2003. On reply to the Commission on independent functioning of SLDC, the OPTCL has stated that as per provision under Section 31(2) of the Electricity Act, 2003 OPTCL, being the designated STU, has been operating SLDC. SLDC is now operating autonomously as an independent system operator headed by Chief Load Despatcher, under the direct administrative control of the Chairman-cum-Managing Director of OPTCL. The post of Director has already been approved by Government of Odisha. The Commission feels that an independent entity free from any type of day-to-day influence can serve as an independent system operator. Many objectors raised views and doubts about independent functioning of Chief Load Despatcher in granting Open Access to the users. In view of objectors submission and rival contentions we direct Chief Load Despatcher to act independently in accordance with law while granting Open Access to the users.
140. In response to another query of the Commission on transfer of assets to SLDC, the OPTCL has responded by saying that all assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel. Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. The Commission directs OPTCL and the Chief Load Despatcher to pursue with Govt. of Odisha so as to make the Transfer Scheme effective.
141. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1<sup>st</sup> April, 2017 and shall continue until further orders.

142. The application of OPTCL in Case No.65 of 2016 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.

**Sd/-**  
**(S. K. PARHI)**  
**MEMBER**

**Sd/-**  
**(A. K. DAS)**  
**MEMBER**

**Sd/-**  
**(U. N. BEHERA)**  
**CHAIRPERSON**