

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

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

**CASE No. 65 OF 2008**

**Date of Hearing : 10.02.2009**

**Date of Order : 20.03.2009**

**IN THE MATTER OF :** An application of the OPTCL for Annual Revenue Requirement and approval of Annual Fee and Operating Charges for State Load Despatch Centre (SLDC) functions for FY 2009-10.

**ORDER**

**PROCEDURAL HISTORY: (Para 1 to 7)**

1. The Orissa 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 Orissa. It is also notified as the State Transmission Utility (STU). The necessity for formation of this Govt. Company arose because, with the enactment 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 could no longer carry on both supply and transmission business (including SLDC functions) by virtue of 1<sup>st</sup> proviso of Section 39 of the said Act. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities ) Scheme, 2005” of Govt. of Orissa under Sec.131 (4) of the Act, transferred the erstwhile transmission business and SLDC functions of GRIDCO with all the assets and liabilities of such business to OPTCL and vested the same with the said STU with effect from 1.4.2005. By virtue of the 2<sup>nd</sup> Proviso to Sec. 14 of the Act, OPTCL has been a deemed Transmission Licensee under the Act. OPTCL is now governed by License Conditions set forth in OERC (Conditions

of Business) Regulations, 2004, at Appendix 4B issued u/s. 16 of the Act, as modified by Commission's order dated 27<sup>th</sup> October, 2006.

2. As per OERC (Conduct of Business) Regulations, 2004 and OERC (Terms and Conditions for determination of Tariff) Regulations, 2004, licensees/ deemed licensees are required to file the ARR within 30<sup>th</sup> November in the prescribed formats. As stated above, OPTCL as a deemed licensee submitted its ARR application for levy of Annual Fee and Operating Charges for FY 2009-10 in respect of its SLDC functions before the Commission on 01.12.2008 (as the last date, i.e. 30<sup>th</sup> November, 2008 was a holiday), as permitted by Section 4 of the Limitation Act, 1963 and also as per Regulation 3(4) of the OERC (Conduct of Business) Regulations, 2004. From the above provisions, the ARR application is coming within the prescribed period of limitation. After due scrutiny and admission of the matter, the Commission directed OPTCL to publish its ARR application in respect of SLDC in the approved format in the leading and widely circulated daily newspapers and the matter was also posted in the Commission's website in order to invite objections from the intending objectors. The Commission had also directed the applicant to file its rejoinder to the objections filed by the various objectors and to serve a copy to them.
3. In compliance with the Commission's aforesaid order, OPTCL published the said public notice in the leading English and Oriya dailies. The Commission also issued notice to the Govt. of Orissa represented by Department of Energy to send their authorized representative to take part in the ensuing tariff proceedings and submit the views of the Government.
4. In response to the aforesaid public notice of the applicant, the Commission received 9 (nine) nos. of objections/suggestions from the following persons/associations/institutions/organizations.  
  
(1) State Public Interest Protection Council, Cuttack, (2) Sambalpur District Consumers' Federation, Sambalpur, (3) Confederation of Indian Industry (CII), Bhubaneswar (4) M/s. Ferro Alloys Corporation Ltd., Bhubaneswar, (5) M/s. WESCO, Burla, (6) Mr. R.P. Mahapatra, Bhubaneswar, (7) M/s. Utkal Chamber of Commerce & Industry, Bhubaneswar, (8) M/s. SOUTHCO, Berhampur, and (9) M/s. NESCO, Balasore.  
  
All the above named objectors were present during tariff hearing except the objector No.1, but its written submission which was filed before the Commission was taken into record and also the same was considered by the Commission.
5. In exercise of the power u/s. 94(3) of the Electricity Act, 2003 and in order to protect the interest of the consumers, the Commission appointed Nabakrushna Choudhury Centre for Development Studies, Chandrasekharpur, Bhubaneswar, the premier Govt. of Orissa's

Institute as Consumer Counsel for objective analysis of OPTCL's proposal in respect of SLDC's ARR and levy of Annual Fee and Operating Charges for FY 2009-10. The consumer counsel submitted its report to the Commission and its representative put forth its analysis and views on the matter in the presence of all the parties present during the proceeding.

6. The date of hearing was fixed and it was duly notified in the leading newspapers mentioning the list of objectors. The Commission conducted a public hearing in its premises and heard the applicant, objectors, consumer counsel and representative of the State Government on 10.02.2009. The Commission had also appointed PRAYAS Energy Group, Amrita Clinic, Athawale Corner, Crave Road, Pune-411004, India, a consumer organization, as Consumer Counsel apart from Nabakrushna Choudhury Centre for Development Studies, Bhubaneswar, but it was neither present during the tariff hearing nor filed its objections/suggestions before the Commission regarding the above matter.
7. The Commission convened the State Advisory Committee (SAC) meeting on 12.02.2009 to discuss about the ARR application and levy of Annual Fee and Operating Charges for SLDC functioning for FY 2009-10. The Members of SAC made many valuable suggestions on the proposal and advised the Commission to complete the ring-fencing of SLDC in one go. The Commission accepted the suggestions and considered the same in this order.

#### **BACKGROUND (Para 8 to 17)**

8. By Clause 10(2) & (3) of the Orissa Electricity Reform (Transfer of Transmission and Related Activities) Scheme, 2005 framed under S. 131 of Electricity Act, 2003, the State Govt. has expressly notified OPTCL, a Govt. company created for taking over transmission function of GRIDCO, as the State Transmission Utility.
9. After coming into force of the Electricity Act, 2003 the said SLDC with all its assets, rights, and interests was transferred to OPTCL under the Orissa Electricity Reform (Transfer of Transmission & Related Activities) Scheme, 2005 framed by the State Govt. under Sec. 131 of the Electricity Act, 2003. By Clause 10(2) of the said Transfer Scheme the OPTCL was 'notified' as State Transmission Utility and was also vested to "discharge" the State Load Despatch function till further orders of the State Govt. This provision as regards 'discharge of State Load Dispatch functions' in the Transfer Scheme was obviously intended to be an interim, temporary and stop-gap measure pending establishment/Notification of a State Load Despatch Centre under Sec.31(1) and the substantive part of Sec.31(2) of the Electricity Act, 2003.
10. As in Section 55 of the Electricity (Supply) Act, 1948 (now repealed), Sections 31 & 32 of the Electricity Act, 2003 contemplates 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. The statute has also provided for financial independence of SLDC under sub-section 3 of Section 32 by way of levy and collection of fees and charges from generating companies and the licensees engaged in intra-State transmission of electricity. Apart from the aforesaid statutory provisions the National Electricity Policy (vide paras 5.3.3 and 5.3.7), OERC (Terms and Conditions for Intra-State Open Access) Regulations, 2005 (vide Reg.7), Orissa Grid Code Regulation, 2006 (vide Regulations 2.2.1.3, 2.2.2, 2.2.4, 2.2.5 and 2.2.6), OERC (Intra-State ABT) Regulations, 2007 (vide Regulations 6 and 10), CERC (Open Access in Intra-State Transmission) Regulations, 2008 (vide Regulation 8) point to independent functionality of SLDC.

11. The Commission vide letter No.1313 dated 04.08.2007 issued the following Road Map for implementation of levy of annual fee and operating charges for SLDC functions in Orissa in order to separate SLDC charges from the 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).	31.08.2007
	(b) Creation of one new 'Head of Account' for all the following and related expenses of SLDC w.e.f. 01.04.2007. (i) Employee Cost (ii) Administration and General Expenses (iii) Repairs and Maintenance Expenses (iv) Payment of ULDCS charges to PGCIL, and	31.08.2007

	<p>(v) Any other relevant costs and expenses relating to SLDC mentioned in the Road Map approved by the Commission.</p> <p>(c) Filing of Application for approval of Annual Fee and Operating Charges for SLDC functions of Orissa SLDC for FY 2008-09.</p>	30.11.2007
SLDC	<p>(a) SLDC is to be equipped with state-of-the art communication and data acquisition capability to play the pivotal role of an independent system operator.</p> <p>(b) SLDC should have broadly three wings viz. Grid Operation, Commercial and Telecommunication for satisfactory operation of all SLDC functions assigned as per the Act, Codes and Regulations. SLDC should file the Organisational chart before the Commission for SLDC functions as stipulated above through OPTCL for examination and approval of the Commission.</p> <p>(c) Nodal Agency for the purpose of overall coordination for implementation of Intra-State ABT, Intra-State Open Access and operations thereunder.</p> <p>(d) Collection of data from the generators and DISCOMs on day-ahead basis, communication with ERLDC for Central Power availability, finalisation of day-ahead schedules and intimation to all stakeholders for final implementation. Revision of Schedules during intra-day transaction and intimation of such revised schedules to all stakeholders.</p> <p>(e) Establish Energy Billing Centre (EBC) for preparation of monthly State Energy Accounting, weekly UI and Reactive Energy Accounting (both provisional and final) for billing and payment by stakeholders deploying requisite personnel, software and hardware.</p>	<p>31.08.2007</p> <p>30.09.2007</p> <p>15.08.2007</p> <p>15.08.2007</p> <p>31.08.2007</p>

OERC	(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/March,2008  March,2008
Final Implementation	Final Implementation of SLDC Charges (Annual Fee & Operating Charges) payable by Users.	From 01.04.2008

12. In exercise of powers conferred Under Section 32 (3) read with Section 181(2)(g) of Electricity Act, 2003, the Commission directed OPTCL – the Transmission Licensee to file two separate applications as mentioned below to the Commission by 30.11.2007.
  - (a) An application for approval of ARR and determination of Transmission Tariff for Intra-State Transmission Network of OPTCL for FY 2008-09.
  - (b) An application for approval of Annual Fee and Operating Charges for SLDC functions of Orissa SLDC for FY 2008-09.
13. OPTCL filed the application before the Commission on 30.11.2007 for approval of independent SLDC charges for FY 2008-09 and the Commission on 8.2.2008 through a public hearing process heard the said application for levy of annual fee and operating charges for SLDC functions for FY 2008-09.
14. OPTCL vide a petition dated 13.03.2008 submitted before the Commission that it was not in a position to achieve important milestones laid down in the Road Map issued by the Commission on 04.08.2007 for separation of SLDC charges from existing transmission charges of OPTCL and has prayed for deferring for one year the decision of implementation of levy of annual fee and operating charges for SLDC of Orissa. In view of such averments, the Commission dismissed the case and vide Order dated 20.03.2008 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 Order dated 20.3.2008 directed that the transmission charges for OPTCL would not include the charges of SLDC w.e.f. 01.04.2009.

15. The Commission has kept in view the recommendations of Shri Gireesh B. Pradhan Committee of the Ministry of Power, Govt. of India, especially the recommendation for ring fencing of Load Despatch Centre to ensure its functional autonomy. The recommendations are as follows:

**(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 31<sup>st</sup> 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 31<sup>st</sup> 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.*

16. As 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, subordinate Regulations under Intra-State Open Access and intra-State ABT and provisions under Orissa Grid Code as well as based on the Ministry of Power letter dated 04.11.2008 on implementation of the recommendations of Shri Gireesh B. Pradhan Committee on Manpower Certification and incentives for System Operation and Ring Fencing Load Despatch Centres and shall collect Annual Fee and Operating Charges for SLDC functions from the various users/stakeholders utilizing the Intra-State Transmission Network of OPTCL w.e.f. 1<sup>st</sup> April 2009 onwards, the Commission in exercise of Powers conferred under Section-32 (3) of Electricity Act, 2003 had directed OPTCL – the STU vide letter No. Director (Tariff)/2489 dated 24.11.2008 to file separate application for approval of Annual Fees and Operating Charges for SLDC functions for FY 2000-10.
17. In accordance with the aforesaid directive of the Commission, OPTCL submitted the application before the Commission for approval of Annual Fees and Operating Charges for SLDC function for FY 2009-10 on 01.12.2008. The said application was duly scrutinized, registered as Case No.65 of 2008 and admitted for hearing. In the consultative process, the Commission heard the applicant, objectors, consumer counsel, representative of the State Government on 10.02.2009 and orders as follows:

**OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEE & OPERATING CHARGES FOR SLDC FUNCTIONS FOR FY 2009-10 (Para 18 to 45)**

18. **OPTCL filed the application for ARR for SLDC functions as under**

As per the direction of the Commission, separate application for approval of Annual Fees and Operating Charges for SLDC function for FY. 2009-10 was prepared by OPTCL considering the salient points mentioned in the Road Map dated 04.08.2007 issued by the Commission.

In the ARR application of SLDC the man power planning and related expenses, the R&M expenses, A&G expenses, Training and Certification expenses etc. are made by OPTCL for FY 2009-10 for smooth functioning of SLDC, the details of which are explained below point wise.



19. **The proposed functional manpower organizational structure for each category is as under :**

- (a) Keeping in view, the various provisions of the Act and the stipulations of the National Electricity Policy, this Para addresses the issues related to the organizational development at the State Load Despatch Center of Orissa to facilitate independent system operation in order to ensure an efficient, reliable and secure power system operation and merit order dispatch of electricity.

**Proposed Organisational structure and their Functions**

- (b) The SLDC function shall be headed by a Chief Load Despatcher in the rank of Director. He shall be assisted by two Sr. Load Despatchers 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 Despatchers.

20. **Grid Operation headed under Sr. General Manager (Grid Operation)**

**A. REAL TIME OPERATION HEADED BY GM, OPERATION**

❖ **REAL TIME OPERATIONAL (GRID OPERATION) GROUP**

- Generation Despatch
  - Real time generation dispatch as per merit
  - Scheduling revisions
- Transmission Despatch
  - Network monitoring and control
  - Congestion management
  - Voltage & VAr control

**Manpower:** 20 Nos. Executives headed by GM (Operation). 4 Nos. of executives in each group and one LR/TR group consisting of 1 No. DGM, 1 No. AGM, 1No. Manager & 1 No. Dy. Manager rank (5 Groups).

**B. Operational Planning and Services headed by GM, Operational Planning & Operation Services.**

❖ **Operational Planning Group**

- Operational System Analysis

- Shutdown planning
- Operational report preparation
- Management of data base
- Transmission / Generation availability Monitoring

**Manpower:** 6 Nos. executives headed by GM (OP & OS). 1No DGM, 1No AGM, 2 Nos. Manager & 2 Nos. Dy. Manager rank

#### ❖ **Operation Services Group**

- Demand forecast- Short term (Day ahead, Month ahead, Year ahead)
- Day ahead scheduling of generation and optimization, in coordination with the State generators, ISGS allotment and neighboring utilities such as CGP, Discoms etc.
- Disco drawal Scheduling.
- Maintenance of Historical data and database.
- Short term transaction (Open Access) coordination with traders
- Off-line load flow study for outage planning and real time operation
- Network Security and disturbance Analysis
- Protection coordination
- Implementation plan for intra state ABT

### 21. **Commercial Group (under Sr. General Manager Commercial)**

#### ❖ **Commercial Group**

- Reviewing Long term contracts and short term contracts
- Energy meter data collection & compilation
- Review of metering arrangement for Short-term contracts.
- Development of Billing & Settlement procedures and keeping of accounts of energy transacted.
- Preparation of UI bill for intra state utilities in case of implementation of Intra state ABT.
- Preparation of State energy Accounting and Bills for State distribution utilities.

**Manpower:** 10 Nos. of Executives headed by GM (Commercial). 1 No. DGM, 2Nos AGM, 3 Nos. Manager & 4 Nos. Dy. Manager rank

22. **TS/CM/MIS/IT/EMS headed by General Manager, TS/CM/MIS/IT/EMS**

**(A) TS/C&M Group**

❖ **Technical Services / Contract & Material management Group**

- AC/DC auxiliary supply
- Diesel generator operation and maintenance
- UPS, battery, battery charger maintenance
- Safety
- Civil works maintenance.
- Air conditioning plant maintenance.
- Award of contract and contract execution
- Material management and maintenance of stores.

**Manpower:** 5 Nos. of Executives headed by GM (TS/CM/MIS/IT/EMS). 1 No. DGM, 1No. AGM, 1 No. Manager and 2 Nos. Dy. Manager rank

**(B) MIS/IT/EMS Group**

❖ **MIS/IT & EMS Group.**

- Operation and implementation of EMS package.
- Publishing System operation performance report.
- Data archiving.
- Organization of Meetings.
- Maintenance of Technical library.
- Computer system and network management.
- Maintenance of SLDC web site

**Manpower:** 9 Nos. Executives headed by GM (TS/CM/MIS/IT/EMS). 1 No DGM, 2 Nos. AGM, 4 Nos. Manager and 2 Nos. Dy. Manager rank

23. **SCADA Group headed by General Manager (Telecom), SCADA**

❖ **SCADA Group**

- Monitoring of communication link availability such as Optical Fibra, MW, PLCC etc.(to be maintained by STU)
- Monitoring of RTU availability in coordination with STU Telecom Dept.
- SCADA System (hardware) maintenance.
- To develop suitable MIS for grid monitoring.
- Maintaining Historical database.
- Interface with ULDC project.
- To build up accounting oriented information system.

**Manpower:** 6 Nos. Executives headed by GM (SCADA) 1 Nos. AGM (Telecom), 1 No Manager (Telecom) and 4 Nos. Dy. Manager(Telecom) (for shift duty) rank

24. **SUPPORT SERVICES FOR SLDC**

**A. HUMAN RESOURCES MANAGEMENT**

**\* Human Resources & Administration**

- Manpower planning, Training, Budgeting & placement
- Personal services (Leave / Loan / Recoveries etc)
- Installation Security and safety
- Human resource development
- Administration

**Manpower:** 4 Nos. of executives under AGM(HRM). 1 No AGM(HRM), 1 No Manager(HRM), 1 No DM(HRM) and 1 No AM(HRM)

**B. Public Relations**

- Organizing meeting
- Function and other cultural activities
- Monitoring environmental development

**Manpower:** 1 No. of executives headed by AGM(HRM). 1 No JM(PR)

**C. FINANCE**

- Drawing and Disbursing functions
- Auditing
- Reconciliation
- Maintenance of asset registers
- Budget
- Accounts

**Manpower:** 4 Nos. executives under AGM(Fin.). 1 No. AGM (Fin.), 1 No. Manager (Fin.), and 2 Nos. DM (Finance.)

**D. LEGAL**

- Examining legal aspect of agreements and procedures
- Scrutinizing the petition filed by the users
- Co-ordinating for legal assistance for filing affidavits etc.

**Manpower:** 2 Nos. executives under Manager (Law). 1 No. Manager (Law), and 1 No. DM (Law).

25. **Total staff requirement for SLDC**

**A. Executive Staff**

**TABLE - 2**

Sl. No.	Category of Posts	Total Nos.
1	Director	01
2	CGM (Elect)	01
3	Sr. General Manager(Elect)	01
4	General Manager (Elect)	04

5	General Manager(Telecom)	01
6	DGM(Elect)	11
7	AGM(Elect)	14
8	AGM (Telecom)	01
9	AGM (HRM)	01
10	AGM (Finance)	01
11	Manager (Electrical)	19
12	Manager (Telecom)	01
13	Manager (HRM)	01
14	Manager (Finance)	01
15	Manager (Law)	01
16	Deputy Manager (Electrical)	18
17	Deputy Manager (HRM)	01
18	Deputy Manager (Finance)	02
19	Deputy Manager (Law)	01
20	Private Secretary	03
21	Asst. Manager (HRM)	01
22	Junior Manager (HRM)	01
23	Junior Manager (PR)	01

## B. Non-Executive Staff

**TABLE - 3**

Sl. No.	Category of Posts	Total Nos.
1	Ministerial Staff	14
2	Steno/Typist/Comp. Asst.	21
3	Telecom Operator	05
4	Technicians (Electrical/Communication)	04
5	Messengers/Peon	31
6	Driver	02
7	Other transport through outsourcing	12

## 26. Computation of item wise Annual Revenue Requirement for FY 2009-10

**(1) Employee Cost** - Considering the above man power requirement on provisional basis, Rs.5.23 Crore is estimated for FY 2009-10 towards employee cost, the details of which is shown below in the Table – 4.

**TABLE – 4**

Sl. No.	Category	Electrical	Telecom	Total	Total salary/month per man (Rs.)	Total/month (Rs.)	Total for 12 months 2009-10
<b>Technical</b>							
1	Director (SLDC)	1		1	48000	48000	576000
2	CGM	1		1	48000	48000	576000
3	Sr. General Manager	1	0	1	45000	45000	540000
4	General Manager	4	1	5	43000	215000	2580000
5	Dy. General Manager	11	0	11	42000	462000	5544000
6	Asst. General Manager	14	1	15	40000	600000	7200000
7	Manager	19	1	20	36000	720000	8640000
8	Dy. Manager	18	4	22	28000	616000	7392000
<b>Non-Technical</b>							
9	AGM (F)	1		1	40000	40000	480000
10	AGM (HRM)	1		1	40000	40000	480000
11	Manager (Law)	1		1	36000	36000	432000
12	Manager (HRM)	1		1	36000	36000	432000
13	Manager (F)	1		1	36000	36000	432000
14	Dy. Manager (Law)	1		1	28000	28000	336000
15	Dy. Manager (HRM)	1		1	28000	28000	336000
16	D. Manager (F)	2		2	28000	56000	672000
17	Asst. Manager (HRM)	1		1	24000	24000	288000
18	Jr. Manager (HRM)	1		1	22000	22000	264000
19	Jr. Manager (PR)	1		1	22000	22000	264000
20	Private Secretary	3		3	24000	72000	864000
<b>Non-Executive Staff</b>							
21	Ministerial Staff						
	Grade -I	3		3	22000	66000	792000
	Grade -II	7		7	20000	140000	1680000
	L.D. Asst.	4		4	18000	72000	864000
22	Comp. Asst.	18		18	6000	108000	1296000
23	Steno	3		3	20000	60000	720000
24	Telecom Operator	5		5	25000	125000	1500000
25	Technicians (Electrical)/Communication)	4		4	22000	88000	1056000
26	Messenger/Peon/Group C/D	31		31	15000	465000	5580000
27	Driver/transport (for chief Load Despatcher)	2		2	18000	36000	432000
	<b>Total</b>			168	860000	4354000	52248000

**NB -** *The employee cost assessed and projected above is provisional. NPC has been entrusted to submit a report on the manpower structuring of OPTCL as well as of SLDC. The report is yet to be finalised. The man power structure may undergo change upon the implementation of the report.*

**27. Compensation structure for SLDC personnel**

The Recommendation 4 in Clause 6.4 of Report of the Committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” has envisaged that the highly specialized and technical nature of LDC function necessitates a suitable compensation structure to attract and retain talent. The committee recommended the compensation structure, innovative incentive schemes for higher learning and monetary incentives based on their ratings. Hence, the Compensation structure for SLDC personnel has been projected by OPTCL as Rs.1.50 Crore for FY 2009-10.

**28. Administrative and General (A&G) Expenses**

Administrative and General Expenses (A & G Expenses) have been projected by OPTCL at Rs.2.90 Crore for FY 2009-10. The component-wise details of Administrative and General Expenses projected for FY 2009-10 are provided in the Table-5 below:

**TABLE – 5**

**(Rs. in Crore)**

<b>Sl. No.</b>	<b>Particulars</b>	<b>FY-10</b>
1	Property related expenses	0.20
2	Communication	0.20
3	Professional Charges	0.20
4	Conveyance & Travelling	0.50
4	Fees for Certification program for Operators	1.00
5	Insurance charge for building & equipment	0.50
6	Material related expenses	0.30
	<b>A&amp;G Expenses</b>	<b>2.90</b>

**29. Repair and Maintenance(R & M) Cost**

Since ULDC project shall be maintained by OPTCL, the STU, the expenditure towards the same has not been considered in ARR. However, for SLDC function, provision of Rs.1.00 Crore is kept for FY 2009-10 to meet the R&M Cost of SLDC considering the future expenditure maintenance and up-keeping of office buildings, staff quarters, vehicles etc.

30. **Assets of SLDC**

Pursuant to the Transfer Scheme of 2005 as Notified by Govt. of Orissa, OPTCL, the State Transmission Utility, has been vested with State Load Despatch Functions until further orders of the State Govt. Pursuant to the said Notification, the said vesting is with effect from 01.4.2005. The opening balance sheet of OPTCL as on 01.4.2005 which includes the assets of SLDC is also vested with OPTCL as per the approval of the State Govt. Hon'ble OERC have given a road map which, inter-alia, provides for transfer of all assets belonging to unified State Load Despatch Centre at Mancheswar 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. However since the Sub-Load Despatch Centres are to be maintained by OPTCL, the STU the assets are not considered for transfer to SLDC.

The transfer value of the aforesaid assets has been made based on the available records and on a provisional basis which due course will be finalized. In course of audit, the segregation of value of the assets and liabilities etc. will be done on the basis of a Special Audit to be conducted for the purpose. The figures given in the ARR is, therefore, provisional.

31. **Depreciation**

Provision of Rs.0.06 Crore is being made by OPTCL for FY 2009-10 towards Depreciation of SLDC and ULDC related assets, the asset value, which is assessed at Rs.1.17 Crore, The details are shown in Table-6 below :

**TABLE - 6**

Particular	Provisional value of asset (Rs. Cr.)	Depreciation rate as per CERC order	Depreciation for 09-10 (Rs. Cr.)
Land	0.13	-	-
Building	0.78	1.80%	0.01
Plant and Machinery	0.03	2.57%	0.00
Vehicles	0.22	18%	0.04
Office equipment	0.01	6%	0.00
Total	1.17		0.06



32. **Interest on Long Term Liabilities**

No provision is made towards interest on Long term Liabilities for FY 2009-10 as there is no liability that is transferred to SLDC.

33. **Interest on Working Capital**

No provision is made by OPTCL for FY 2009-10.

34. **Contingency Reserve**

No provision is made by OPTCL for FY 2009-10.

**Summary of Annual Revenue Requirement of SLDC, ULDC, EASSC for recovery through Annual fee and Operating Charges for FY 2009-10**

**TABLE - 7**

Sl. No	Item	Proposal for separate SLDC function forFY09-10 (Rs. Crs.)
1	Employee Cost	5.23
2	Compensation structure for LDC personnel	1.50
3	Repair & Maintenance Cost	1.00
4	A&G cost	2.90
5	Interest on Loan	0.00
6	Interest on Working Capital	0.00
7	Depreciation	0.06
8	Provision of investment for infrastructure development for EASSC (Rs2.00 Cr.)	2.00
9	Contingency Reserve	0.00
10	Bad & Doubtful Debt	0.00
11	Reasonable Return	0.00
	<b>Total</b>	<b>12.69</b>

35. **Determination of the Annual Fee and Operating Charges**

Methodology to determine the Annual Fee and Operating Charges for SLDC is not yet notified by OERC. In absence of any notification with regard to determination of the Annual Fee and Operating Charges for SLDC, OPTCL submits below the determination of Annual Fee Charges for SLDC in line with the method mentioned in the Road Map decided by the Commission.

### 36. **Determination of the Annual Fee**

The annual fee has been designed by OPTCL to enable SLDC to develop a state-of-art despatch centre in order to ensure smooth flow of power among different players in the electricity market. This annual fee is to cover any investment made for upgradation and/ or modernization of SLDC that may be required for repayment of principal and payment of interest on investment in a year, plus any residual cost of past investment.

OPTCL proposes below the basis for determination/ Computation of the annual fee:

$$\text{Annual SLDC Fee (Rs./ MW / per annum)} = \frac{\text{Capital Cost (CC) in Rs.}}{\text{Total Generation Capacity (MW)}}$$

#### **Where**

Capital Cost (CC) for a given year shall be computed as follows:

$$\text{Capital Cost (in Rs.)} = \frac{\text{Investment} \times r}{1 - \frac{1}{(1+r)^t}}$$

#### **Where**

Investment = Actual investment made in a year plus any residual value of previous investment (s).

r = Actual rate of interest on borrowed capital or 150% of the Bank Rate, whichever is the lower,

T = Number of years in which the investment is proposed to be recovered; for software, it would be 5 years and 10 years for other investments.

**The parameters taken by OPTCL for SLDC for fixing Annual Fee are as follows**

- (i) Rate of interest at 9% for 2009-10
- (ii) 10 years for recovery of investment.
- (iii) Generation Capacity of 2359 MW considering the availability to GRIDCO from different stations

**OPTCL proposes the following towards Investment for SLDC for FY 2009-10**

**TABLE - 8**

Sl. No.	Item	Proposal for separate SLDC function for FY2009-10 (Rs. Crore)
1	Provision for investment in infrastructure development of EASSC (Rs.2 Crore)	2.00
2	Towards loan repayment of PGCIL including interest component	0.00
	<b>Total</b>	<b>2.00</b>

$$\begin{aligned}
 \text{Capital Cost (Rs. Cr.)} &= \frac{\text{Investment} \times r}{1 - 1/(1+r)^t} = \frac{2.00 \times 0.09}{1 - 1/(1+0.09)^{10}} \\
 &= \frac{0.18}{1 - 1/2.3674} = \frac{0.18}{1 - 0.4224} = \frac{0.18}{0.57758} \\
 &= \mathbf{0.311645}
 \end{aligned}$$

$$\text{Annual SLDC Fees (Rs./MW / per annum)} = \frac{\text{Capital Cost}}{\text{Total Generation Capacity (MW)}}$$

The total Capital cost is expected to be recovered over the total generating capacity availability of 2,359 MW in FY 2009-10. Details of Generating Capacities for FY 2009-10 is shown in Table – 9 below.

**TABLE – 9**

Sl No.	Name of the Power source	Installed Capacity (MW)	Firm Power Availability (MW)	Power Available for 2009-10 (MW)
1	HPS	347.5	134	130
2	Balimela	360	135	134
3	Rengali	250	60	93
4	Upper Kolab	320	95	94
5	Indravati	600	224	225
6	Machkund		30	30
7	TTPS	460	360	352
8	OPGC	420	340	320
9	CPP		80	150
10	ISGS Power		678	831
	Total		2136	2359

$$\begin{aligned}
 \text{Annual SLDC Fees (Rs./MW / per annum)} &= \frac{\text{Capital Cost}}{\text{Total Generation Capacity (MW)}} \\
 &= \frac{3116450}{2359} = 1321.09
 \end{aligned}$$

Hence, OPTCL proposes **Rs.1321 per MW per annum** as the Annual SLDC Fees to be levied for the year FY 2009-10.

### 37. Computation of Operating Charges

The Operating Charges take care of the expenses involved in running and maintaining the SLDC and will cover the following items.

- a) Employee cost;
- b) Compensation structure for SLDC personnel;
- c) Administration and General charges;
- d) Repairs and Maintenance expenses; and
- e) Any other relevant costs and expenses deemed appropriate by the Commission.

These charges shall be fixed for a year and will cover Rs.10.69 Crore, the details are shown in Table-10 below:

**TABLE - 10**

Sl. No	Item	Proposal for separate SLDC function for 2009-10 (Rs. Crs.)
1	Employee Cost	5.23
2	Compensation	1.50
3	Repair & Maintenance Cost	1.00
4	A&G cost	2.90
5	Interest on Loan	0.00
6	Interest on Working Capital	0.00
7	Depreciation	0.06
8	Contingency Reserve	0.00
9	Bad & Doubtful Debt	0.00
10	Reasonable Return	0.00
	<b>Total</b>	<b>10.69</b>

The monthly Operating Charges per MW shall be computed as per the following formula:

$$\begin{aligned}
 \text{Operating Charges (Rs./MW / PM)} &= \frac{\text{Annual Operating Charges}}{\text{Total Generation Capacity (MW)} \times 12} \\
 &= \frac{106900000}{2359 \text{ MW} \times 12} = 3776.32 \text{ say } 3776.00
 \end{aligned}$$

Hence, OPTCL proposes Rs.3776 per MW / PM as the monthly Operating Charges to be levied by SLDC for FY 09-10.

38. **Application Fee and Scheduling Charges**

Application Fee and Scheduling Charges of **Rs.5000 per application and Rs.2000/- per day** or part there of shall be paid by the short term open access Customers.

39. **The details of proposed levy of SLDC Annual Fee and Operating Charges for FY 2009-10 are summarized in Table- 11 below.**

**TABLE - 11**

Sl. No.	Particulars	Unit	Proposal for 2009-10
1	Annual Revenue Requirement	Rs. Cr.	12.69
1.a	Capital Cost Amortized	Rs. Cr.	0.311645
1.b	Operating Charges	Rs. Cr.	10.69
2	Total Generation Capacity	MW	2359
3	SLDC Charges	MW	0.20
3.a	Annual Fee	Rs./MW/P.A	1321.00
3.b	Operating Charges	Rs./MW/Month	3776.00

**Summary of Annual Fee and Operating Charges for SLDC functions proposed by OPTCL**

40. OPTCL has proposed before the Commission to approve the Annual Revenue Requirement of Rs.12.69 Crore for FY 2009-10 towards State Load Dispatch Centre (SLDC) functions separately and to approve to recover:

- (i) The Annual Fee of **Rs.1321.00 per MW per annum.**
- (ii) Operating Charges of **Rs.3776.00 per MW per month.**

41. The SLDC charges (Annual Fee & Operating Charges) shall be paid by the licensees using the Intra-State transmission system as may be specified by the State Commission. The Annual Fee shall be paid by all the Users in advance in two equal instalments, by 10th of April and by 10<sup>th</sup> of October of FY 2009-10 respectively:

42. Provided that in case where the usage of Intra-State transmission system commences after the 10<sup>th</sup> of April or after the 10<sup>th</sup> October of a year, the fee for the period up to 30<sup>th</sup> September of the year and 31<sup>st</sup> March of the subsequent year respectively shall be required to be paid before the commencement of Intra-State transmission.

43. The Operating Charges shall be paid monthly;
44. If the Fee and Charges as the case may be are not paid by the due date(s), surcharge at the rate of 1.25 percent per month shall be levied on the unpaid amounts;
45. An amount equivalent to two months' Operating Charges shall have to be deposited in advance through L.C by every User as security against default in payment of Operating Charges.

**VIEWS OF OBJECTORS AND CONSUMER COUNSEL ON OPTCL PROPOSAL FOR ARR AND LEVY OF ANNUAL FEE AND OPERATING CHARGES FOR SLDC FUNCTIONS FOR FY 2009-10 ( Para 46 to 80 )**

**Analysis of the proposal by Consumer Counsel (Para 46 to 58)**

46. In accordance with Section 94(3) of the Electricity Act, 2003 which stipulates that the appropriate Commission may authorize any person as it deems fit to represent the interest of consumers in the proceedings before it. The Commission engaged Nabakrushna Choudhury Centre for Development Studies (NCCDS) as consumer counsel in order to receive quality inputs/feedback on the tariff matters in the interest of different sections of consumers. The representative of NCCDS had analyzed the application of the licensee and some of the important observations are as follows:

**Annual Revenue Requirement**

47. SLDC has given the proposal for revenue requirement of Rs.12.69 Crore which would be recovered through annual fee and operating charges. The Revenue Requirement includes Employee Cost of Rs.5.23 Crore, which is provisional. NPC has been entrusted to submit a report on the manpower structuring of OPTCL & SLDC. The report is yet to be finalised. However, in the absence of any approved organizational structure for SLDC the proposed amount seems to be too high.
48. SLDC has projected Administrative and General (A&G) expenditure at Rs.2.90 Crore. This is to be based on certain principles. The amount sanctioned for SLDC should be deducted from the ARR of OPTCL based on an escalation of 5.2% over the previous year provision.
49. Repair and Maintenance (R&M) of Rs.1.00 Crore has been projected for expenditure on maintenance and up-keeping of the office buildings, staff quarters, vehicles, etc. However, the R&M expenses of Rs.1.00 Crore on an asset base of Rs.1.17 Crore does not seem to be justified.
50. No provision has been made for interest on loan, interest on working capital, contingency reserve, bad and doubtful debt and reasonable return. However, an amount of Rs.0.06

Crore has been projected for depreciation, the asset value of which has been assessed at Rs.1.17 Crore.

51. The provision of reinvestment for infrastructure development for EBC has been kept at Rs.2.00 Crore. Since this is a capital cost, this should not find place in the ARR of SLDC.
52. OPTCL proposes transfer of all assets that belong to ULDC at Mancheswar and sub-load despatch centers at Bhubaneswar, Meramundali, Jaya Nagar and Budhipadar with the land, buildings, plants and equipments associated or related to the state load and sub-load dispatch center to SLDC to function as an independent autonomous entity under OPTCL (Transfer Scheme of 2005 of GOO). Provision of man power, repayment of loan, R&M expenses etc. are made for smooth operation and maintenance of the ULDC operation.

#### **Annual Fee**

53. OPTCL proposes the basis of determination/calculation of annual fees as ratio of capital costs to total generation capacity. The parameters taken by OPTCL for fixing annual fee are: rate of interest at 9% for 2009-10, 10 years for recovery of investment, and generation capacity of 2250 MW considering the availability to GRIDCO from different stations. For investment of Rs.2.00 Crore for SLDC function, capital cost is calculated as Rs.0.311645 Crore and annual fee at Rs.1321/MW/PA.
54. While calculating annual fee, capital cost has been taken into consideration. However, annual fee is treated as revenue requirement, which is supposed to be calculated on revenue expenditure only.

#### **Operating Charges**

55. Monthly operating charges are calculated by the ratio of annual operating charges and total generation capacity for 12 months. The operating charges covers employment cost, compensation, A&G cost, R&M expenses and any other relevant costs and expenses deemed to be appropriate by the Commission. These charges will cover Rs.10.69 Crore. On the basis of this formula the monthly operating charge are calculated as Rs.3776/MW.
56. However, any operating charges of SLDC should be a part of OPTCL charge and to be charged as per unit basis in their transmission charges and not to be charged on cost per MW basis. Further, this should not be collected from stakeholders like DISCOMs and CPPs.

#### **Scheduling and System Operating Charges**

57. SLDC proposes scheduling and system operating charges of Rs.5000 per application and Rs.2000 per day or part thereof to be paid by the short-term customers.

#### **Summing Up**

58. OPTCL has submitted an annual revenue requirement of Rs.12.69 Crore for the FY 2009-10 towards SLDC function separately. But it has shown very high Employee Cost and

R&M expenses. Further, the provision of reinvestment is in the nature of capital cost and should not find place in the ARR. Annual fee is a revenue requirement but has been calculated taking capital cost into account. Further, operating charges proposed by SLDC should not be charged as cost per MW basis from the stakeholders.

**Views of Objectors (Para 59 to 80)**

59. The Commission has considered all the views of various Objectors on the proposal of OPTCL on ARR and levy of Annual Fee and Operating Charges for SLDC functions for FY 2009-10. Some of the views were found to be of general nature whereas others were specific to the proposed ARR filing for FY 2009-10. Based on their nature and tariff, these views have been classified issue-wise as discussed below.

**Functioning of SLDC**

60. Some Objectors submitted during Public Hearing that when SLDC is working under the direct control of the OPTCL, how it can be enabled to operate in an independent and transparent manner.
61. Another Objector submitted that as per the recommendations of the High Power Committee, it is necessary to separate the financial accounts of all LDCs by 31st March 2009 and to make the LDCs financially self reliant.
62. Some Objectors held that the OERC had clearly directed OPTCL on 4.8.2007 to separate SLDC charges from the transmission charges of OPTCL w.e.f. 1.4.2008. The Commission again directed in their tariff order dated 20.03.2008 not to include the charges of SLDC in OPTCL's transmission cost with effect from 01.04.2009 which has not been complied to as OPTCL has again filed ARR and Transmission Tariff for FY 2009-10 including SLDC charges.

**Annual Revenue Requirement**

63. The objectors pointed out that OPTCL has submitted an unusually inflated ARR for the SLDC.

**Annual fee and Operating Charges**

64. Some Objectors submitted that the principle of sharing of SLDC annual fees & operating charges among the licensees using the intra state transmission system should be decided.
65. One Objector submitted that SLDC charges, if any, both annual fees and monthly operating charges may be made applicable to the open access customers of the state without affecting BST.
66. Some Objectors apprehended that any increase in BST which includes transmission tariff and transmission loss and SLDC charges will have direct bearing on RST and in the past it had been observed that the burden of BST increase was loaded on H.T. and E.H.T. consumers availing load factor incentive tariffs.



67. Another Objector held the view that the charges of SLDC if any applicable may be made out of the open access power supply through SLDC to outside the state.

#### **Organizational Structure and Employee Strength**

68. Some Objectors submitted that SLDC has proposed a staff of 168 Nos. and is presently handling about 3855 MW whereas the ERLDC is having 81 Nos. of staff and is handling about 8350 MW ISGS power with overall supervision of an installed capacity of 20,814 MW of ER. They, therefore, submitted that the proposed staff of SLDC of 168 Nos. is abnormally on the higher side compared to the staffing pattern of ERLDC which has been engaged in a similar function but on a much larger scale covering 5 States and the Command Area of DVC in Eastern Region. The proposal for 31 Peons / Messengers, 21 Steno / Typists / Computer Assistants, 14 numbers of Ministerial staff and such a large number of officers at higher grades is simple outrageous and should be rejected outright.
69. One Objector submitted that OPTCL should furnish the actual staff strength of SLDC for the year 2007-08 and from 01.04.2008 to 30.09.2008. The proposed structure of manning the SLDC is unwieldy with overlapping jurisdiction and without any clear line of command. This structure will give rise to serious problems in operation and the inflated staff will simply add to the inefficiency.
70. Another Objector submitted that OPTCL's proposed operation structure for SLDC is a luxurious scheme of staff requirement and in view of general recession all over the world, such elaborated luxurious scheme would increase the cost of power and hence he suggested not to increase or augment the staffing structure of SLDC and manage the work with the existing staff or very little increase in staff strength on technical side.

#### **Employee Cost**

71. Some Objectors submitted that due to implementation of Inter-State ABT, CERC only allowed 15% additional employee cost to RLDCs. Hence the proposed employee cost of SLDC for Rs.5.22 Crore for FY 2009-10 is untenable. Considering the employee cost allowed by CERC to ERLDC, the employee cost of SLDC is suggested at Rs.2.50 Crore for FY 2009-10.
72. Another Objector submitted that OPTCL should furnish the Employee Cost of SLDC for the year 2007-08 and from 01.04.2008 to 30.09.2008 for study and proper assessment of the proposed expenditure of Rs.5.22 Crore.

#### **Provisions for Infrastructure Development of EBC/ EASSC (Rs.2 Crore)**

73. Some Objectors submitted that some modifications have been made to the Bulk Energy Billing Software currently used by EBC under GRIDCO to bill the DISCOMs at the various interface points which has led to abnormal billing increases. They submitted that the Commission may direct for an "Audit of the Bulk Energy Billing Software" by an

independent agency of repute like IITs & IIITs. They further suggested that Commission should direct OPTCL to furnish a detailed plan for infrastructure development of EBC/ EASSC proposed at Rs.2 Crore for FY 2009-10 to undertake a prudence check.

#### **A&G Cost**

74. Some Objectors submitted that A&G expenses of Rs.2.90 Crore proposed by SLDC are not supported by detailed breakup of cost and should be considered on a pragmatic basis.
75. One Objector submitted that OPTCL should furnish the A&G Expenses of SLDC for the year 2007-08 and from 01.04.2008 to 30.09.2008 for study of present proposal of A&G Expenses of Rs.2.90 Crore.
76. Another Objector submitted that the A&G expenses needed detailed scrutiny. The provision of Rs.50 lakhs towards conveyance and traveling and Rs.1.00 Crore for certification programme seems to be on the higher side.

#### **Computation of SLDC Charges based on total Installed Capacity**

77. Some Objectors submitted that the total installed capacity should be used to compute the annual SLDC fees and the annual operating charges instead of total generation availability/firm availability considered by SLDC.

The Commission during hearing on 10.02.2009 directed the aforesaid Objectors to file the relevant copies of the Orders of different State Electricity Regulatory Commissions in support of their claim to determine the annual SLDC fees and the Operating Charges considering the total Generation Capacity.

Those Objectors on 16.02.2009 filed the relevant portions of copies of Orders of Andhra Pradesh Electricity Regulatory Commission (APERC Order dated 07.03.2007 ) , Delhi Electricity Regulatory Commission (DERC Order dated 18.10.,2007), Madhya Pradesh Electricity Regulatory Commission (MPERC Order dated 18.01.2008) and that of Rajasthan Electricity Regulatory Commission (RERC Order dated 02.05.2005) where the Annual Fee and Operating Charges of SLDC have been approved considering the total Generation Capacity and the contracted Transmission Capacity which is nothing but the total installed capacity of the generation contracted to flow through the Transmission network..

#### **Comparison of ERLDC and SLDC Operating Charges**

78. Some Objectors submitted that CERC has approved ERLDC charges for FY 2006-07 for Rs.638.75 lakhs. Considering an escalation rate of 4% per annum the estimated ERLDC charges for FY 2009-10 may be of the order of Rs.715.52 lakhs for handling of an installed capacity of 8350 MW of ISGS Power with total Installed Capacity of 20814 MW in ER Grid. Against this background, the operating expenses of Rs.1069.69 lakhs

proposed by SLDC for FY 2009-10 is on the higher side to handle about an installed capacity of about 3855 MW in Orissa Grid.

### **R&M Expenses**

79. One Objector submitted that OPTCL should furnish the R&M Expenses of SLDC for the year 2007-08 and from 01.04.2008 to 30.09.2008 to study the proposed R&M Expenses for FY 2009-10 of Rs.1.00 Crore.
80. Another Objector submitted on proposed R&M charges as under :
- (a) The SLDC related both Capex and O&M expenses should be fully separated from the provision given in OPTCL's application for their ARR and Transmission Cost.
  - (b) In the ARR it is stated here that all R&M works would be done by OPTCL. Then what for Rs.1.00 Crore has been provided in this application under SLDC charges Details may be given.
  - (c) Similarly also if OPTCL will maintain all the ULDCs, then the staff requirement as given in their staffing structure need to be drastically reduced.,

### **OPTCL's RESPONSE TO THE OBJECTORS (Para 81 to 93)**

81. In response to the views of the Objectors on the ARR and levy of Annual Fee and Operating Charges for SLDC functions for FY 2009-10, OPTCL had filed rejoinders in respect of each issue as under :-

### **Functioning of SLDC**

82. As per the MoP Committee report, SLDC shall be an independent organization and Ring Fenced in respect of its function in all respects. For creating a level playing field, one Director post is required as the head of SLDC who shall interact with the head of other utilities headed by Directors. In view of the above the Director post proposed as head of SLDC is well reasonable.
83. The present staff posted at SLDC is very much skilled and undertake SLDC functions smoothly. The team appointed in pursuance of OERC Notification No.- OERC-ENGG-11/2008/2033, dated September, 2008 under the Chairmanship of Dr. K.K. Das in its report and examination of SLDC in Chapter-IV, Clause-4.1 has mentioned at Para 5 as under:
- (a) "SLDC is manned by experienced engineers. Some incentive has been sanctioned for the personnel. Executives have access to inter-net and computers. There is a homepage for SLDC under OPTCL. OPTCL meets all financial expenditure for SLDC".

- (b) Action is being taken for posting of additional executives for preparation of State Energy Accounting and development of suitable infrastructure for Energy Billing Centre, Energy Accounting and Settlement System Centre at SLDC. Three numbers of rooms have been identified for the purpose and tender has already been floated for modification of those rooms. Action is being initiated for procurement of required Hardware and Software for the purpose.
  - (c) At present SLDC website is under OPTCL site. SLDC will have its own website soon.
  - (d) Load flow studies are conducted at SLDC for real time operation and analysis.
  - (e) The executives of SLDC have undergone overseas training organized by AERVA for operation and maintenance of SCADA system at SLDC end.
84. At present the SLDC is operating in an independent and transparent manner. The reorganization of SLDC by deployment of more executives is required to perform the activities as per the provisions under the Electricity Act, 2003 and the provisions made in OGC /IEGC.

#### **Organisational Structure and Employee Strength**

85. The proposed staffing pattern of SLDC has been prepared based on the Recommendations of MOP Committee Report. As SLDC functions are to be carried out irrespective of the prevailing General Recession, downsizing of the proposed SLDC organisational structure / staffing pattern does not arise.
86. The manpower requirement module has been prepared in line with the ERLDC and the number of executive posts proposed for SLDC function is well within the limit indicated in the MoP Committee Report. The total number of executives in the proposed SLDC structure is more than that of ERLDC, since SLDC activities are more than that of ERLDC in the following respects.
- Interface with the Distribution Companies
  - Day ahead demand estimation
  - Interface with the State Generators.
  - Disturbance analysis and reporting
87. Besides the above activities, SLDC deals with more entities in Intra-State level in comparison to RLDC's Inter-state system as stated hereunder.
- RLDC undertakes Scheduling and Despatch of Central Sector Generating Stations and Six numbers of Beneficiaries, whereas SLDC makes Scheduling & Despatch of five hydro-stations under OHPC, two thermal stations, 15 numbers of CGPs and four Distribution Companies of the State.

- SLDC also performs the similar responsibilities in the State assigned to RPC at Regional level.
  - SLDC also handles both the Inter-state and Intra-state Open Access transactions. The proposed staffing structure has been prepared keeping in view the activities to be performed by SLDC as indicated above.
88. Provision of staff for electrical and civil works maintenance of SLDC building, colony and staff quarters, equipments, Legal and Public relation etc. have been made in the ARR for 2009-10, keeping in mind that SLDC will have to function as an independent organization in future.
89. The proposed staffing pattern of SLDC has been prepared in line with ERLDC and also keeping the activities to be performed by SLDC in future. The apprehensions of an objector on proposed structure of SLDC causing serious problems in operation and leading to inefficient operation is baseless.
90. The proposed staffing pattern of SLDC which has been prepared considering the activities to be undertaken by SLDC in future as per the recommendations of the MoP Committee report. However it is worthwhile to mention here that the existing staff strength of SLDC is 53 numbers only (both Executive & non-Executive) which is much below the present strength of ERLDC.

#### **A&G Expenses**

91. OPTCL stated that the detailed breakup of A&G expenses has been provided in the ARR. The A&G expenses proposed in the ARR are assessed based on the proposed staffing pattern and for implementation of the recommendations proposed by the MoP Committee Report.

#### **R&M Expenses**

92. OPTCL stated that the R&M expenditure proposed in the ARR application for Rs.1.00 Crore includes maintenance of approach road, Colony and SLDC building (both Civil and electrical maintenance) and other equipments, which ultimately will come under SLDC. The provision of Rs.1.00 Crore under this head is justified.

#### **Computation of SLDC Charges based on Total Generation Availability**

93. OPTCL stated that the Annual SLDC fee and operating charges are computed based on the quantum of power (MW) to be handled by SLDC. The quantum of power has been computed from the estimated MW furnished by the generating stations and CGPs. OPTCL is of the firm opinion that the installed capacity has got no meaning unless the generator generates. The more realistic approach is to compute the fee and charges on the basis of estimated Firm Availability rather than installed capacity.

**OPTCL'S RESPONSE TO QUERIES RAISED BY THE COMMISSION STAFF  
(Para 94 to 120)**

94. The Commission staff on scrutiny of the Annual Revenue Requirement & Levy of Annual Fee and Operating Charges Application of State Load Despatch Centre (SLDC) for FY 2009-10 has sought clarifications and additional information vide letter No.65/2008/2701 dated 18.12.2008 by raising certain queries. OPTCL submitted the following clarifications and additional information in the paragraphs mentioned hereunder for information of the Commission.

**Status of Mile-Stones mentioned in Road Map of OERC**

95. OERC issued a Road Map for implementation of levy of Annual Fee and Operating Charges for SLDC functions vide letter No. 1313 dated 04.08.2007 and the important milestones and the time-line proposed by OERC are mentioned as under:
- (a) Transfer of all assets belonging to the Unified State Load Despatch Centre at Mancheswar and Sub-Load Despatch Centres at Bhubaneswar, Meramundali, Jayanagar and Budhipadar with the land, buildings, plant and equipments associated or related to the State Load and Sub-Load Despatch Centres to SLDC to function as an independent autonomous entity under OPTCL (in line with Transfer Scheme of 2005 of GOO).....31.08.2007.
  - (b) Establish Energy Billing Centre (EBC) for preparation of monthly State Energy Accounting, weekly UI and Reactive Energy Accounting (both provisional and final) for billing and payment by stakeholders deploying requisite personnel, software and hardware ..... 31.08.2007.
  - (c) Transfer of all records / PPAs to SLDC relating to payment of ULDCs charges to PGCIL ..... 31.03.2008.
  - (d) SLDC is to act as Nodal Agency for the purpose of overall co-ordination of implementation of Intra-State ABT, Intra-State Open Access and operations thereunder .....15.08.2007.

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

96. In response to the query at para 95 above, OPTCL replied as under: -
- (a) Action has been taken to prepare the costing part belonging to Unified State Load Despatch Centre at Mancheswar with the land, buildings, plant and equipments associated or related to the SLDC. Transfer of assets for the Sub Load Despatch Centers (Sub-LDCs) need not be required as these are to be maintained by OPTCL - the STU.

- (b) Action has been taken for establishment of EBC/EASSC at SLDC. IT Wing of OPTCL is on the job. Three numbers of rooms at SLDC building have been identified for the said purpose. Procurement of the required hardware and software and deployment of requisite personnel is in progress.
- (c) Transfer of all records/PPAs to SLDC relating to payment of ULDC charges to PGCIL is not required as the Tariff for ULDC project shall be paid by OPTCL - the STU. SLDC is the service provider and responsible for operational activities only.
- (d) As per provision of Electricity Act, 2003 and Regulations framed by CERC and OERC for inter-state and intra-state Open Access respectively, SLDC is discharging its responsibilities.

#### **Status of R&M Expenses for SLDC**

- 97. The Commission vide Para 281 of Order dated 20.03.2008 while approving the Transmission Tariff of OPTCL for FY 2008-09 approved Rs.6.88 Crore exclusively towards R&M expenses of SLDC. OPTCL was directed to furnish the actual R&M expenses for FY 2008-09 (for the period from April to November, 2008).
- 98. In reply to the query at Para 97 above, OPTCL replied that the expenses of SLDC during the FY 2008-09 relating to vehicle and office equipment (for the period from April to November, 2008) was Rs.2.90 Lakhs. The expenditure is comparatively low as the maintenance of ULDC equipment of SLDC & sub-LDCs are booked to OPTCL account under Telecom R&M expenditure.

#### **Transfer of Assets of Sub-LDCs/ALDCs at Bhubaneswar, Meramunduli, Jayanagar, Budhipadar and at Mancheswar to the control of SLDC**

- 99. Govt. of Orissa, Department of Energy vide Notification No.6892, dated 09.06.2005 notified Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005 which came into force from 1<sup>st</sup> April, 2005. The Govt. Notification at Schedule-A, para-1 stipulated that unless otherwise specified by the State Govt. the Transmission Undertaking shall comprise of all the assets, liabilities, personnel and proceedings concerning transmission consisting of (i) Transmission Assets, and (ii) State Load Despatch Centre Assets. The Govt. Notification has categorically specified that SLDC assets are those assets belonging to the Unified State Load Despatch Centre at Mancheswar and Sub-Load Despatch Centres / Area Load Despatch Centres at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar with the land, buildings, plant and equipments and also other assets associated or related to state Load and Sub-Load Despatch Centres.

100. On scrutiny of the application filed by OPTCL on 1.12.2008 for approval of levy of Annual Fee and Operating Charges for SLDC functions of Orissa for FY 2009-10, it is observed by the staff of the Commission at (C) and (F) at Page-4 of the aforesaid application that OPTCL has proposed to transfer all assets belonging to Unified State Load Despatch Centre at Mancheswar only to SLDC and does not want to transfer the Sub-SLDCs/ALDCs at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar to SLDC which have been declared as SLDC assets as per Govt. Notification dated 9.6.2005 and the Commission has specifically directed OPTCL in the Road Map for such transfer by 31.08.2007.
101. In reply to query at Para 99 above, the OPTCL replied that the action has been taken to prepare the costing part belonging to Unified State Load Despatch Centre at Mancheswar with the land, buildings, plant and equipments associated or related to the SLDC. Transfer of assets for the Sub Load Despatch Centers (Sub-LDCs) / Area Load Despatch Centres (ALDCs) need not be required as these are to be maintained by OPTCL, the STU.

#### **Total Generation Capacity of Orissa**

102. It is observed at Page-13 and 14 of the application filed before the Commission on 01.12.2008 that OPTCL has considered total generation capacity of Orissa as 2250 MW and 2359 MW during FY 2009-10 whereas GRIDCO has submitted on 29.11.2008 before the Commission that the total generation capacity of 3935.40 MW without considering any injection from the Captive Generating Plants and the proposed Balimela Extension of Unit-7 & 8. Such huge discrepancy in total generation capacity figures for Orissa submitted by OPTCL is to be explained.
103. In reply to query at Para 102 above, OPTCL replied that at page 14 under the heading “*parameters taken by SLDC for fixing annual fees or as follows*” at (III), total “*generation availability of 2359 MW*” has been wrongly typed as “*generation capacity of 2250 MW*”. For computing of annual SLDC fees and operating charges the generation availability of 2359 MW has been considered. This has been arrived by taking into account the tentative generation forecast furnished by OHPC, TTPS, IBTPS and CGPs for the FY 2009-10. The ISGS share has been computed basing on the current year trend. OPTCL is not aware of the methodology adopted by GRIDCO for computation of total generation capacity at 3935.4 MW.

#### **Proposed SLDC charges of 0.20 MW in FY 2009-10**

104. It is observed from Page-16 of the application filed on 01.12.2008 before the Commission that SLDC charges proposed for FY 2009-10 is 0.20 MW. This may be explained by OPTCL.



105. In reply to query at Para 104 above, OPTCL replied that It was a typographical error at Page 16 of the ARR application for SLDC charges where the unit was wrongly mentioned as “MW” in place of Crore. The proposed SLDC charges for FY 2009-10 is Rs.0.20 Crore.

**Status of Receipt of Application Fee and Scheduling Charges from STOA customers**

106. It is observed from the application filed on 01.12.2008 before the Commission that OPTCL has proposed to collect application fee of Rs.5000/- per application and scheduling charges of Rs.2000/- per day or part thereof from STOA customers. OPTCL is directed to furnish the receipt of such application fee and scheduling charges from STOA customers for FY 2007-08 and for FY 2008-09 (From April-November, 2008) for the perusal of the Commission.
107. In reply to the query mentioned in Para 106 above, OPTCL submitted that during the FY 2007-08 there was no Open Access transaction in OPTCL System except some bilateral transactions of GRIDCO. During the FY 2008-09 (from April to December, 2008) an amount of Rs.0.12 Crore have been received towards application fees and scheduling charges from STOA customers.

**Status of Actual Employee Cost for FY 2000-08 and FY 2008-09 (April to November, 2008)**

108. The segregated actual employee cost incurred during FY 2007-08 as per audited accounts and for the Financial Year 2008-09 (actuals up to November, 2008) may be submitted. Impact of Sixth Pay Commission and detailed calculation thereof may be submitted separately. OPTCL is required to submit the details of the man in position in different grades with their respective scales existing at present in SLDC to man the activities relating to Grid Operation, Commercial, Power System, Telecommunication etc. for perusal of the Commission.
109. In reply to the query raised in Para 108 above, OPTCL submitted that the actual employee cost incurred during FY 2007-08 as per audit report is Rs.1,62,89,271/- and for FY 2008-09 (actual up to November, 2008) is Rs.1,34,99069/-. The said employee cost does not include the cost incurred for Telecom executives/staff deployed at SLDC who are under G.M. (Telecommunication), OPTCL. The revised Pay Structure due to implementation of “6<sup>th</sup> Pay Commission Revision” is yet to be finalized by OPTCL. The details of man in position under Sr. G.M.(PS) and their present pay scale is furnished.

**Justification of Compensation of Rs.1.5 Crore for SLDC in FY 2009-10**

110. Detailed calculation of compensation structure of SLDC personnel amounting to Rs.1.50 Crore as mentioned in ARR filing may be submitted along with justification thereof.

111. In reply to query mentioned in Para 110 above, OPTCL replied that the lump sum amount of Rs.1.5 Crores has been provided in the ARR application keeping in view the provision for payment of suitable compensation to the executives working in SLDC as per the Ministry of Power (MoP) Committee Report on “Manpower certification & incentive for system operation and ring fencing of Load Despatch Centre, August 2008”.

**Segregated actual A&G expenses for SLDC functions**

112. Segregated actual A&G expenses for SLDC functions for the FY 2007-08 and 2008-09 (up to November, 2008) may be submitted by OPTCL for verification.
113. In reply to Para 112 above, OPTCL submitted that the actual expenditure under A&G expenses for SLDC function for the FY 2007-08 as per audited report is Rs.40,78,260/- and for FY 2008-09 (actual up to November, 2008) is Rs.16,46,188/-.

**Proposed Expenses for Certification and Conveyance**

114. The A&G expenses have been projected for Rs.2.90 Crore for FY 2009-10. Under A&G expenses, an amount of Rs.50 lakhs has been proposed towards conveyance and traveling expenses. This seems to be in higher side. The actual expenses under this head for FY 2007-08 and FY 2008-09 (up to November, 2008) may be furnished by OPTCL
115. In reply to Para 114 above, OPTCL replied that in the matter of Petitions filed by different Utilities as well as per the Ministry of Power (MoP) committee report on “Manpower certification & incentive for system operation and ring fencing of load dispatch center, August 2008”, SLDC executives are required to undergo different training courses for certification purpose. Keeping the above in view, the provision of Rs.50 Lakh has been proposed in ARR for FY 2009-10.
116. OPTCL further submitted that the actual expenditure under the Head “Conveyance and Travelling Expenses” for SLDC function for the FY 2007-08 as per audited report is Rs.7,10,000/- and for FY 2008-09 (actual up to November, 2008) is Rs.6,00,000/-.

**A&G Expenses of SLDC for FY 2007-08 and FY 2008-09 (April to November, 2008)**

117. Under A&G expenses, an amount of Rs.1.00 Crore has been proposed for certification programme of Operators. The actual expenditure under this head for FY 2007-08 and FY 2008-09 (up to November, 2008) may please be furnished.
118. In reply to Para 117 above, OPTCL submitted that the concept of Certification has been newly inducted in the ARR application in line with the Ministry of Power (MoP) Committee Report on “Manpower certification & incentive for system operation and ring fencing of load dispatch center, August 2008”.. Hence actual expenditure under this head for the previous period mentioned in the query is Nil.

**Status of R&M Expenses of SLDC for FY 2007-08 and for FY 2008-09 ( from April to November, 2008 )**

119. The Repair & Maintenance expenditure proposed by SLDC amounting to Rs.1.00 Crore appears to be on the higher side, considering the fact that the asset value is only Rs.1.17 Crore. Hence, OPTCL was asked to furnish details of R&M expenditure of SLDC, along with the actuals for FY 2007-08 and 2008-09 (up to November, 2008) for verification at the Commission.
120. In reply to the query mentioned at Para 119 above, OPTCL submitted that the Repair and Maintenance expenditure proposed in the ARR application includes maintenance of approach Road, Colony and SLDC building (both Civil and electrical maintenance) and other equipments, which ultimately will come under SLDC. Earlier, those works had not been taken up by SLDC. Hence, the actual expenditure as sought for FY 2007-08 & FY 2008-09 does not arise.

**OPTCL'S RESPONSE TO THE QUERIES OF THE DIRECTOR (TARIFF) DURING PUBLIC HEARING (Para 121 to 139)**

121. The Director (Tariff), OERC during hearing of the OPTCL's application for approval of Annual Revenue Requirement & Levy of Annual Fee and Operating Charges for State Load Despatch Centre (SLDC) function for FY 2009-10 (Case No. 65/2008) raised certain queries for compliance by OPTCL. OPTCL submitted the clarifications to the said queries as well as additional information in the following paragraphs:-

**Functioning of Energy Billing Centre (EBC) / Energy Accounting & Settlement System Centre (EASSC) in SLDC**

122. OPTCL should furnish a definite timeline for functioning of the EBC / EASSC under SLDC as Shri Gireesh B. Pradhan Committee has recommended for independent financial functioning of SLDC by 31<sup>st</sup> March, 2009.
123. In reply to the query at Para 122 above, OPTCL submitted that for functioning of Energy Accounting and Settlement System Centre (EASSC) under SLDC, necessary IT hardware and networking equipments have been tendered during January, 2009. Technical Bids have been opened on 12.02.2009. The price Bids are scheduled to be opened on 19.02.2009. The Civil / Electrical related works executed by OPTCL Civil Works wing shall be completed by end of March, 2009. The trial operation of Data Center for SLDC for processing Batch Metering Data are expected to commence during April / May, 2009.

**Proposed R&M Expenses**

124. OPTCL may explain abnormally low R&M expenses during FY 2008-09 (upto November, 2008) and should justify the provision of Rs.1.00 Crore towards R&M expenses for FY 2009-10 against an asset base of Rs.1.17 Crore.
125. In reply to the query raised in Para 124 above, OPTCL submitted that at present all the activities as provided in the Electricity Act, 2003 have not been taken up by SLDC due to

lack of adequate manpower and required infrastructure. Once the above requirements as proposed in the ARR are fulfilled, SLDC will take up the new activities like preparation of State Energy Accounting, preparation of weekly UI Accounts for Intra/ Inter State Open Access for the embedded utilities etc. Besides, major maintenance of office building, colony, and approach roads will be taken up by SLDC during FY 2009-10. Further, SLDC is included in the ERP scheme under execution by OPTCL for which the VSAT usage charges are to be borne under R&M expenses in FY 2009-10. The asset value of Rs.1.17 Crore projected in the ARR application for SLDC is based on assessment. OPTCL has appointed a Chartered Accountant firm M/s. A.N. Lenka & Associates, Bhubaneswar for actual valuation of fixed assets of SLDC which includes Land, Buildings, Roads & Culverts, Plant & Machinery, Line, Cable Network, Vehicle, Furniture & Fixture, Office Equipment etc.

#### **Total Installed Capacity Vrs. Total Generation Availability**

126. OPTCL may explain why the total generation availability is taken for computation of SLDC charges instead of total installed capacity as per the formulae.
127. In reply to the query raised in Para 126 above, OPTCL submitted that the total generation availability of 2359 MW (Avg.) has been considered in the ARR for computation of SLDC Fee and Operating Charges. The above quantum is arrived at on the basis of projected average generation furnished by the State Generating Stations and Captive Generating Plants. The present trend of ISGS share availability has been considered for the FY 2009-10. To have a realistic approach, generation availability in MW is considered instead of total installed capacity. Installed capacity of a generator does not carry any realistic meaning unless it generates. Considering outage due to Annual Maintenance and forced outages, the generating units are in service for about 80 % of times in a year. Apart from the above, the Captive Generating Plants of the State are supporting only 5-10% of their installed capacity. The installed capacity concept, if taken into consideration for computation of the charges, will inflate the actual generation figure.

#### **Employee Cost**

128. OPTCL has proposed Employee Cost for FY 2009-10 at Rs.5.22 Crore whereas in Reply Affidavit dated 07.01.2009, OPTCL submitted that the Actual Employee Cost incurred during FY 2007-08 as per their Audit Report was Rs.1.628 Crore and for FY 2008-09 (from April to November 2008), it was only Rs.1.35 Crore. OPTCL may explain the reason of such additional proposed Employee Cost of Rs.3.50 Crore during FY 2009-10 for SLDC.

129. In reply to the query mentioned in Para 128 above, OPTCL submitted that the employee cost for the FY 2009-10 has been computed on the basis of proposed organizational structure, which is many fold of the present staff strength keeping in view the future enormous activity to be performed by SLDC. The man power requirement projected in the ARR is based on MoP Committee Recommendations (Shri Gireesh B. Pradhan Committee's Report for System Operation and Ring-fencing of Load Despatch Center) which includes highly specialized & technical man power in addition to skilled personnel of HR, Legal & Finance wings. Hence, the two figures cannot be compared as they are based on different footings.

#### **A&G Expenses**

130. OPTCL has proposed A&G expenses of Rs.290 lakhs for FY 2009-10. OPTCL in its Reply Affidavit dated 07.01.2009 submitted that A&G expenses for SLDC for FY 2007-08 as per the Audit Report was only Rs.40.78 lakhs and for FY 08-09 (from April to November, 2008) it was Rs.16.46 lakh. OPTCL may explain why it has proposed 7 times of A&G expenses to the tune of Rs.290 lakh for FY 2009-10.
131. In reply to the query mentioned at Para 130 above, OPTCL submitted that the A&G expenses proposed is higher than the actual expenditure incurred during FY 2008-09 (upto November'08) because of the projection towards cost of the Certification Charges considered as per the MoP Committee report which was not in place in FY 2008-09. Apart from the above, the expenses projected towards Conveyance & Travelling of SLDC staff is based on the proposed man power structure. The Insurance Charges towards insurance coverage of high value equipments etc. of SLDC also constitute a major part of the A&G expenses.

#### **Improvement Measures for smooth functioning of SLDC System**

132. The Commission during the Review on the Report of the Enquiry Team engaged for enquiring into the "smooth functioning of State Load Despatch Centre (SLDC) and recommending measures for improvement of the system" had directed SLDC to carry out certain activities in compliance to the recommendations made by the Enquiry Team. The compliance in this regard may be furnished in detail along with the action plan for 100% compliance indicating the targeted date.
133. In reply to the query mentioned at Para 132 above, OPTCL submitted that efforts are being taken by OPTCL for compliance to the recommendation of Enquiry Team within the targeted period of one year. In the 1<sup>st</sup> phase primary importance will be given towards the staffing of required skilled manpower and infrastructure supports to SLDC. Regarding enhanced delegation of financial powers of OPTCL executives including that of SLDC is under active consideration & shall be finalized after receipt of final NPC report.

### **System Information of DISCOMs**

134. The Commission further had directed SLDC that the total system information of DISCOMs should be available at SLDC and all the four distribution utilities should finalize the modalities in consultation with OPTCL/SLDC so that the required information should be made available at SLDC by the end of 31st December, 2008. Commonality in the data should be the main objective. SLDC is to submit the progress made in this regard so far.
135. In reply to the query mentioned at Para 134 above, OPTCL submitted that the system information of DISCOMs can only be made available at SLDC on completion of the DSOCC by the DISCOMs. CGM (O&M), OPTCL, the Coordinating Officer has already taken steps in this regard. Meetings were held with CESU on 20.1.2009 and with representatives of WESCO / NESCO / SOUTHCO on 11.02.2009 on this matter and it is being placed before the management of OPTCL for consideration & necessary decision. Accordingly, a commercial proposal shall be communicated to DISCOMs in due course.

### **List of Grid Sub-Stations**

136. SLDC is to submit the detailed list of GRID S/Ss where SCADA is fully operational and the list of sub-stations where SCADA is not installed along with the timeline for such installation.
137. In reply to the query mentioned at Para 136 above, OPTCL submitted that out of 60 RTU stations, 55 nos. have already been integrated and made operational. The balance sub-stations such as Paradip, Bolangir (old) and NALCO shall be integrated shortly after availability of work-font. Badjamda RTU has been deleted from the scope as the sub-station has been handed over to Railways.

### **System Operation & Ring Fencing**

138. SLDC may indicate about its preparedness for System Operation and Ring-fencing in line with recommendation of Shri Gireesh B. Pradhan Committee Report.
139. In reply to the query mentioned at Para 138 above, OPTCL submitted that presently SLDC is operating the OPTCL System independently with the available manpower and infrastructure. Further improvement in this regard can only be done on fulfillment of the key requirements like manpower and infrastructure for data acquisition system from the metering points of DISCOMs on real time basis. Accordingly, OPTCL has proposed the enhanced man power structure in the ARR application for SLDC for FY 2009-10. Further, action has already been initiated regarding data acquisition system from the metering points of DISCOMs on real time basis. As regards overall implementation of the recommendations of Shri Gireesh B. Pradhan Committee report, those are under examination by OPTCL

### **Views of the Govt. of Orissa**

140. The representative of the State Govt. who participated during the public hearing on 10.02.2009 submitted that the Govt. in principle has decided to support the views of OPTCL in the matter of levy of Annual Fee and Operating Charges for SLDC functions for FY 2009–10. He further submitted that the views of the Govt. would be filed before the Commission very soon., The Govt. of Orissa, Department of Energy vide letter No.1793, dated 18.02.2009 as well as vide letter No.2329 dated 28.02.2009 informed the Commission that the State Govt. was considering the aspect of providing subsidy to the Power Sector for FY 2009-10 and the matter was being placed before the Cabinet for their consideration. The decision of the Govt. in the matter would be intimated shortly. Although the Govt. has not taken any specific view on the levy of independent SLDC charges proposed for FY 2009-10, the Govt. has expressed its views in general that there should be no Tariff hike in FY 2009-10.

### **OBSERVATION OF THE STATE ADVISORY COMMITTEE (SAC)**

#### **(Para 141 to 144)**

141. The State Advisory Committee (SAC) constituted under Section 87 of Electricity Act, 2003 met on 12, Feb 2009 to deliberate on the Annual revenue requirement and tariff application for the FY 2009-10 of utilities, namely OHPC, OPTCL, GRIDCO, SLDC, CESU, NESCO, SOUTHCO and WESCO.
142. The Director (Tariff) made a brief presentation on the ARR and tariff applications for FY 2009-10 of the above mentioned utilities. Members in general expressed their concern about the poor performance of the licensees particularly on distribution loss, poor consumer services and lack of investment etc.
143. Members opined that in spite of considerable capital investment and R&M expenditure, transmission loss had gone up from 3.6 % in reform days to 5% then coming down to 4.5% recently. They expressed surprise over the huge employee cost which is more than the revenue from existing transmission tariff. Interruption at EHT level has been rising. They ridiculed the proposal of OPTCL to purchase spare power transformer without putting them in charged condition. OERC was requested to complete the ring fencing of SLDC at one go. They further submitted that increase in bulk supply tariff and huge increase in transmission tariff will make electricity so costly in Orissa that instead of increasing access to electricity it will have the effect of de-electrifying the State. They requested OERC to fix transmission loss at 3% and transmission tariff at 20 P/U including SLDC charges.
144. On the whole the SAC members stressed on reduction of loss and cost of supply to ultimate consumers and improvement in performance standard. They suggested for dual tariff for rural and urban areas and reduction of open access surcharge.

### COMMISSION'S OBSERVATIONS (Para 145 to 208)

145. The Commission vide its Order dated 20.03.2008 in Case No.63 of 2007 dismissed the application of OPTCL for approval of Annual Fee and Operating Charges for SLDC for FY 2008-09 for Rs.20.10 Crore as OPTCL could not file the relevant documents in support of authenticity of the claim for Rs.20.10 Crore and by a Petition dated 13.03.2008, OPTCL admitted that the Licensee was not in a position to achieve the important milestones laid down in the Road Map prepared by the Commission and prayed for deferring for one year for implementation of levy of separate charges for SLDC functions. The Commission in Para 239 of the Order dated 20.03.2008 in Case No.62 of 2007, therefore, allowed to include the charges of SLDC functions in Transmission Tariff for FY 2008-09 for OPTCL and vide Para 357 of the said order it was further directed that charges of OPTCL shall not include the charges of SLDC with effect from 01.04.2009.
146. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Operating Charges for FY 2009-10 followed the same principle as laid down in the Act, sub-ordinate Regulations under Intra-State Open Access, Intra-State ABT, Orissa Grid Code etc.
147. OPTCL which is now operating SLDC has put forth the following Annual Revenue Requirement for the purpose of recovery of SLDC charges through the levy of Annual Fee and Operating Charges for FY 2009-10 as shown in Table – 12 below :

**TABLE - 12**

Sl. No.	Item	Proposed ARR for SLDC function for FY 09-10 (Rs.Crore)
1	Employee Cost	5.23
2	Compensation structure for LDC personnel	1.50
3	Repair & Maintenance Cost	1.00
4	A&G cost	2.90
5	Interest on Loan	0.00
6	Interest on Working Capital	0.00
7	Depreciation	0.06
8	Provision of reinvestment for infrastructure development for EASSC (Rs2.00 Cr.)	2.00
9	Contingency Reserve	0.00
10	Bad & Doubtful Debt	0.00
11	Reasonable Return	0.00
	<b>Total</b>	<b>12.69</b>



### **Annual Fixed Charges (AFC)**

148. The Commission analyses in detail the basis for determination of the Annual Fixed Charges (AFC). AFC as filed by OPTCL for SLDC for FY 2009-10 include Operation and Maintenance expenses, Interest on Loan, Interest on Working Capital, Depreciation and Reasonable Return.

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

149. The O&M expenses for SLDC are considered under the following heads :
- The Employee Cost including additional compensation and training structure for SLDC personnel.
  - Administration & General Cost.
  - Repair and Maintenance Cost
  - Less Expenses Capitalized

### **Employee Cost**

150. OPTCL has projected Employee Expenses of Rs.6.73 Crore for FY 2009-10 as shown in Table –13 below :

**Table – 13**

(Rs. in Crore)	
Employee Cost with a proposal of total strength of 168 numbers.	5.23
Compensation structure for SLDC Personnel with a provision for payment of suitable compensation to the Executives in SLDC based on MOP Committee Report.	1.50
Total	6.73

151. OPTCL submitted that the actual Employee Cost incurred during FY 2007-08 as per the Audit Report was Rs.1.628 Crore and that for FY 2008-09 (from April to November, 2008) was only Rs.1.35 Crore. If this is prorated for the entire FY 2008-09, the same is estimated at Rs.2.03 Crore.
152. To a Commission's query on Employee Cost, OPTCL submitted that the Employee Cost for FY 2009-10 had been computed on the basis of proposed organizational structure, which is many fold of the present staff strength keeping in view the future enormous activity to be performed by SLDC. The manpower requirement projected in the ARR is based on MOP Committee recommendations (Shri Gireesh B. Pradhan Committee's

Report for System Operation and Ring-fencing of Load Despatch Centre) which includes highly specialized and technical manpower in addition to skilled personnel of HR, Legal and Finance Wings.

153. To a query of the Commission relating to additional provision of Rs.1.50 Crore under Compensation Structure for SLDC Personnel, OPTCL replied that a lump sum amount of Rs.1.50 Crore was provided in the ARR application keeping in view the provision for payment of suitable compensation to the executives working in SLDC as per the Ministry of Power (MOP) Committee Report on “Manpower Certification & Incentive for System Operation and Ring-fencing of Load Despatch Centre”.
154. During the public hearing on 10.02.2009, almost all the objectors were very critical on the staff strength proposed by OPTCL for SLDC for FY 2009-10. The main objection was that after implementation of Inter-State ABT in ER from 01.04.2003, CERC allowed only 15% of additional Employee Cost to ERLDC. ERLDC at present with staff strength of 81 Nos. (42 Nos. of Executives + 39 Nos. of Non-Executives ) is handling about 8350 MW of ISGS power with a total installed capacity over 20,815 MW of Eastern Region encompassing 5 Nos. of States and the command area of DVC. Their contention is that when SLDC will be handling only about 4025 MW of generation capacity in the State during FY 2009-10, the proposed staff strength of 168 Nos. (91 Executives and 77 Non-Executives) is highly exaggerated with overlapping jurisdiction and without any clear line of command.
155. The Commission considered all the above issues / points relating to Staff Strength and Employee Cost and noted from the submission of OPTCL that the present staff strength in SLDC is only 53 Nos. and the estimated expenditure for FY 2008-09 would be to the tune of Rs.2.03 Crore. If the impact of the Sixth Pay Commission Pay Revision is only taken into account, the Employee Cost may be of the order of Rs.2.63 Crore. If the staff strength of SLDC is allowed at par with ERLDC and considering additional 50% expenditure over and above Rs.2.63 Crore, the Employee Cost during FY 2009-10 comes to Rs.3.95 Crore which is approved by the Commission.
156. OPTCL in its ARR application for SLDC submitted that the Recommendation 4 in Clause 6.4 of Report of the Committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” envisages for the highly specialized and technical nature of LDC function which necessitates a suitable compensation structure for SLDC to attract and retain talent. The Committee recommended the compensation structure, innovative incentive schemes for higher learning and monetary incentives based on their ratings. OPTCL has, therefore, proposed an appropriate compensation structure for SLDC personnel for Rs.1.50 Crore for FY 2009-10. The Commission hereby approves Rs.150 Crore to meet the expenditure out of

which Rs.0.75 Crore is towards Compensation and an amount of Rs.0.75 Crore towards Training of SLDC personnel during FY 2009-10.

157. The following Table summarizes actual expenditure incurred by SLDC during FY 2007 – 08 ( As per Audit Report ) prorated expenses for SLDC for FY 2008-09 based on actual expenses for the period from April to November, 2008, the expenses proposed by SLDC for 2009-10 and approved by the Commission for FY 2009-10.

**TABLE – 14**

**EMPLOYEE COST CLAIMED AND APPROVED FOR SLDC FOR FY 2009-10**

(Rs. in Crore)

<b>Particulars</b>	<b>FY 2007-08 (Audited)</b>	<b>FY 2008-09 (Prorated )</b>	<b>Proposed for SLDC for FY 2009-10</b>	<b>Approved by the Commission for FY 2009-10</b>
Actual working strength	53 Nos.	53 Nos.	168 Nos.	At par with ERLDC (81 Nos.)
Employee Expenses	1.628	2.03	5.23	3.95
Additional Compensation and Training for SLDC personnel	-	-	1.50	1.50
Less Expenses Capitalized	0.00	0.00	0.00	0.00
Net Employee Expenses	1.628	2.03	6.73	5.45

**Administrative & General (A&G) Cost**

158. The A&G expenses comprises several heads such as insurance, conveyance expenses, telephone expenses, vehicle hiring charges, rents, stationery expenses, electricity charges, entertainment expenses, legal expenses, audit fees, technical and professional fees, taxes, stamp charges, conveyance, security and service charges, other miscellaneous charges etc.
159. Administrative and General Expenses (A&G Expenses) have been projected by OPTCL at Rs.2.90 Crore for FY 2009-10. The component-wise details of Administrative and General Expenses projected for FY 2009-10 are provided in Table-15 below:

**TABLE –15**

(Rs. in Crore)

<b>Sl. No.</b>	<b>Particulars</b>	<b>FY-10</b>
1	Property related expenses	0.20
2	Communication	0.20
3	Professional Charges	0.20
4	Conveyance & Travelling	0.50
4	Fees for Certification program for Operators	1.00
5	Insurance charge for building & equipment	0.50
6	Material related expenses	0.30
	<b>A&amp;G Expenses</b>	<b>2.90</b>

160. To a query of the Commission, OPTCL submitted that A&G expenses for SLDC for FY 2007-08 (as per the Audit Report ) was Rs.40.78 lakhs and that for FY 08-09 ( April to November, 2008 ) it is only Rs.16.46 lakhs. OPTCL further stated that higher A&G expenses for Rs.2.90 Crore has been proposed for FY 2008-09 which includes Rs.1.00 Crore towards Fees for Certification Programme for Operators based on MOP Committee Report.
161. Many objectors submitted before the Commission during the public hearing that the proposed A&G expenses at Rs.2.90 Crore are almost 7 times higher than the actual expenses of the preceding past two years and have opined that the A&G expenses for SLDC for FY 2009-10 should be pragmatic and should reflect the volume of transactions.
162. The Commission noted the submission of OPTCL as well as that of the objectors on A&G expenses and considering the major expenses relating to Certification Programme for Operators based on MOP Committee Report hereby approves Rs.1.15 Crore for A&G expenses of SLDC for FY 2009-10.
163. The following Table summarizes actual expenditure incurred by SLDC during FY 2007-08 (As per Audit Report) the expenses proposed by SLDC for 2009-10 and approved by the Commission for FY 2009-10.

**TABLE – 16**  
**A&G EXPENSES PROPOSED BY SLDC AND APPROVED BY OERC**

<b>(Rs. in Lakhs)</b>			
Particulars	FY 2007 – 08 (Audited Figure)	Proposed for SLDC for FY 2010	Approved by OERC for FY 2010
Gross A&G expenses	40.78	290.00	115.00
(less) Expenses capitalized	0.00	0.00	0.00
Net A&G expenses	40.78	290.00	115.00

**Repair & Maintenance (R&M) Cost**

164. OPTCL has projected a sum of Rs.1.00 Crore to meet the R&M cost of SLDC considering the future expenditure on maintenance and up-keeping of office building, staff quarters etc.

165. To a query on R&M expenses by the Commission, OPTCL replied that R&M expenses proposed in the ARR application included maintenance of approach road, colony and SLDC building (both Civil and Electrical Maintenance) and other equipments, which ultimately would come under SLDC. Hence, OPTCL opined that an amount of Rs.1.00 Crore proposed for R&M expenses is reasonable.
166. The Commission hereby approves an amount of Rs.1.00 Crore for R&M expenses relating to SLDC and Sub-LDCs/ Area Load Despatch Centres (ALDCs) at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar during FY 2009-10. This should be spent after due planning so that these Load Despatch and Sub-Load Despatch Centres bear a new look.

#### **Depreciation**

167. OPTCL has made a token provision of Rs.0.06 Crore for FY 2009-10 towards Depreciation of SLDC and ULDC related assets for the asset value which is valued provisionally at Rs.1.17 Crore, The details are shown in Table-17 below :

**TABLE - 17**

Particular	Provisional value of asset (Rs. Cr.)	Depreciation rate as per CERC order	Depreciation for 09-10 (Rs. Cr.)
Land	0.13	-	-
Building	0.78	1.80%	0.01
Plant and Machinery	0.03	2.57%	0.00
Vehicles	0.22	18%	0.04
Office equipment	0.01	6%	0.00
Total	1.17		0.06

168. The Commission hereby approves an amount of Rs.0.06 Crore towards Depreciation of assets of SLDC and that of Sub-LDCs/ALDCs at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar during FY2009-10.

#### **Interest on Loan/Long Term Liabilities**

169. The Commission does not approve any amount towards interest on loan / long term liabilities for FY 2009-10 as there is no liability transferred to SLDC from OPTCL.

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

170. The Commission does not approve any amount on this account as OPTCL has not made any provision for FY 2009-10.

### **Reasonable Return**

171. The Commission considers not to approve any amount towards Reasonable Return for SLDC for FY 2009-10.

### **Contingency Reserve**

172. OPTCL has not made any provision on this account for FY 2009-10. Hence, Commission does not approve any amount under this head.

### **Investment in Infrastructure Development**

173. OPTCL has proposed an investment of Rs.2.00 Crore during FY 2009-10 for Energy Accounting & Settlement System Centre (EASSC) for SLDC as per the details of expenditure shown in Table - 18 below.

**TABLE - 18**

#### **DETAILS OF EXPENDITURE FOR DEVELOPMENT OF EASSC FOR SLDC**

Sl. No.	Item Description	Amount (Rs. in Lakhs )
1	Fault Tolerant ( 24/7 ) clustered RISC based Server System	40.0
2	Storage (10 Terabyte) Area Network	10.0
3	High Speed LAN	10.0
4	2 MBps Internet Connection (Annual Charges)	10.0
5	Database unlimited Licenses	25.0
6	Business Application and Infrastructure Server	25.0
7	I.T. Consumables	10.0
8	ERP Interface with SLDC / EBC	30.0
9	Client PCs / Workstations	10.0
10.	I.T. Peripherals	10.0
11	Power Systems with hot standby	5.0
12	Annual Maintenance of all above Hardware and Software	15.0
	TOTAL	200.0 Say Rs.2.0 Crore

174. The Commission vide letter No.1313 dated 04.08.2007 had issued the Road Map for implementation of levy of Annual Fee and Operating Charges for SLDC functions in order to separate SLDC charges from the Transmission Charges of OPTCL with effect from 01.04.2008 where *inter-alia* the Commission had directed both OPTCL and SLDC to establish EBC / EASSC for preparation of monthly State Energy Accounting , weekly UI and Reactive Energy Accounting (both provisional and final) for billing to and payment by stakeholders deploying requisite personnel, software and hardware.
175. The Commission while approving ARR and Transmission Tariff of OPTCL for FY 2008-09 vide Order dated 20.03.2008 in Para – 281 had allowed Rs.688 lakhs separately

towards expenses for SLDC during FY 2008-09 but OPTCL submitted that they had made an expenditure of Rs.2.90 lakhs only during FY 2008-09 out of the aforesaid approval of Rs.688 lakhs.

176. As the functioning of SLDC very much depends upon the establishment of EASSC, the Commission hereby approves the investment of Rs.2.00 Crore proposed by SLDC towards infrastructure development of EASSC during FY 2009-10.
177. The details of expenses proposed by OPTCL in the ARR of SLDC and approved by the Commission for FY 2009-10 are depicted in the Table –19 below :

**TABLE- 19**  
**SUMMARY OF ARR OF SLDC FOR FY 2009 - 10**

(Rs. in Cr.)

<b>Sl. No</b>	<b>Item</b>	<b>Proposed for SLDC for FY 2009- 10</b>	<b>Approved by OERC for FY 2009-10</b>
1	Employee Cost	5.23	3.95
2	Additional Compensation and Training for SLDC Personnel	1.50	1.50
3	R&M Expenses	1.00	1.00
4	A&G Expenses	2.90	1.15
5	Depreciation	0.06	0.06
6	Infra. Dev of EASSC / EBC	2.00	2.00
7	Interest on loan	0.00	0.00
8	Interest on Working Capital	0.00	0.00
9	Reasonable Return	0.00	0.00
10	Contingency Reserve	0.00	0.00
	<b>TOTAL</b>	<b>12.69</b>	<b>9.66</b>

#### **Determination of Fees and Charges of SLDC**

178. These Annual Fees and Operating Charges are determined for collection from the distribution licensees and other long term open access customers towards full recovery of Annual Cost for SLDC operations approved for FY 2009-10 as mentioned in Table-19 above.

#### **Determination of Annual Fee**

179. OPTCL in its ARR has proposed Annual Fee as per designed formulae to enable SLDC to become a state- of-art Load Despatch Centre at par with RLDCs and NLDC to play its pivotal role on Orissa Power Sector as the independent System Operator.

180. The Annual Fee is to cover any investment made for upgradation and / or modernization of SLDC that may be required plus any residual cost of past investment. As per OPTCL's proposal, this is to be collected as per the formulae stated hereunder:

$$\text{Annual SLDC Fee (Rs / MW / per annum)} = \frac{\text{Capital Cost (Rs.)}}{\text{Total Generation Capacity (MW)}}$$

**Where**

Capital Cost for a given year shall be computed as follows:

$$\text{Capital Cost (in Rs.)} = \frac{\text{Investment} \times r}{1 - \frac{1}{(1+r)^t}}$$

**Where**

Investment = Actual investment made in a year plus any residual value of previous investment (s).

r = Actual rate of interest on borrowed capital or 150% of the Bank Rate, whichever is the lower,

t = Number of years in which the investment is proposed to be recovered; for software, it would be 5 years and 10 years for other investments.

181. OPTCL in its ARR application considered the following parameters for SLDC for fixing Annual Fee which are as follows
- Rate of interest at 9% for FY 2009-10
  - 10 years for recovery of investment.
  - Generation Capacity of 2359 MW considering the availability to GRIDCO from different stations
182. OPTCL has proposed an investment of Rs.2 Crore for infrastructure development of EASSC during FY 2009-10 and determined the Capital Cost as under :

$$\begin{aligned} \text{Capital Cost (Rs. Cr.)} &= \frac{\text{Investment} \times r}{1 - \frac{1}{(1+r)^t}} \\ &= \frac{2.00 \times 0.09}{1 - \frac{1}{(1+0.09)^{10}}} \\ &= \frac{0.18}{1 - 1/2.3674} = \frac{0.18}{1 - 0.4224} = \frac{0.18}{0.57758} \\ &= \text{Rs. 0.311645 Cr. or Rs.31.16 lakhs} \end{aligned}$$



183. OPTCL has determined the Total Generating Capacity for FY 2009-10 as shown in Table –20 below.

**TABLE - 20**

Sl. No.	Name of the Power source	Installed Capacity (MW)	Firm Power Availability (MW)	Power Available for 2009-10 (MW)
1	HPS	347.5	134	130
2	Balimela	360	135	134
3	Rengali	250	60	93
4	Upper Kolab	320	95	94
5	Indravati	600	224	225
6	Machkund		30	30
7	TTPS	460	360	352
8	OPGC	420	340	320
9	CPP		80	150
10	ISGS Power		678	831
	Total		2136	2359

184. OPTCL in its ARR has proposed the Annual SLDC Fees considering the Capital Cost of **Re.0.311645 Crore** and Total Generation Capacity of 2359 MW as follows :

$$\begin{aligned}
 \text{Annual SLDC Fees (Rs./ MW / per annum)} &= \frac{\text{Capital Cost(Rs)}}{\text{Total Generation Capacity (MW)}} \\
 &= \frac{3116450}{2359} = 1321 .09
 \end{aligned}$$

Accordingly, OPTCL in its ARR had proposed **Rs.1321.00 per MW per annum** as the Annual SLDC Fees to be levied for the year FY 2009-10 on DISCOMs and other LTOA customers.

185. During hearing on 10.02.2009, many objectors submitted that OPTCL has adopted total generation capacity as 2359 MW for determination / computation of both Annual SLDC Fees and monthly Operating Charges with a view to collect higher fee and charges from LTOA customers which would ultimately passed on to the retail consumers. The objectors suggested that the total installed capacity of the State should be considered instead of firm availability to compute the Annual SLDC Fee and Monthly Operating Charges. The Commission during hearing directed some of the objectors to file the relevant copies of orders of other State Electricity Regulatory Commissions in

support of their claim that the total Installed Capacity is to be adopted for computation / determination of Annual SLDC Fees and Charges.

186. Some of the objectors have filed the relevant copies of the orders of Andhra Pradesh Electricity Regulatory Commission (APERC), Delhi Electricity Regulatory Commission (DERC), Madhya Pradesh Electricity Regulatory Commission (MPERC), Rajasthan Electricity Regulatory Commission (RERC), Gujarat Electricity Regulatory Commission (GERC) and Uttar Pradesh Electricity Regulatory Commission (UPERC) from which it is observed that for determination of Annual SLDC Fees and Operating Charges either the total Installed Capacity of the Generators including the percentage of the concerned State's share from ISGS or the contracted Transmission Capacity has been considered which is nothing but the total Installed Capacity of the Generators contracted to flow through the concerned transmission network. Based on the aforesaid submissions, the Commission has computed the total Installed Capacity of the Generators in the State of Orissa including the **State's share from ISGS at 4025.50 MW**. The details of total Installed Capacity of Generators is mentioned at Annexure-1 and is enclosed to this order.
187. The Commission examined the proposal of OPTCL for levy of annual fee for SLDC and decided not to levy any annual fee for FY 2009-10 since OPTCL has not specified the source of funding for such capital investment for establishment of EASSC. However, the Commission allows this expenditure under operating charges.

#### **Determination of Monthly Operating Charges**

188. The Operating Charges take care of all the expenses involved in running and maintaining the SLDC including establishment and operation of EASSC/EBC as detailed below.
- a) Employee cost
  - b) Additional Compensation and Training for SLDC personnel
  - c) Administration & General Charges.
  - d) Repairs and Maintenance expenses; and
  - e) Depreciation.
  - f) Establishment and operation of EASSC
189. The details of the Operating Charges proposed by OPTCL and approved by the Commission for SLDC for FY 2009-10 is shown in Table-21 below:

**TABLE – 21****(Rs. in Crore)**

Sl. No	Item	Proposal by OPTCL for FY for 2009-10	Approved by the Commission for FY 2009-10
1	Employee Cost	5.23	3.95
2.	Additional Compensation & Training for SLDC Personnel	1.50	1.50
3	Repair & Maintenance Cost	1.00	1.00
4	A&G cost	2.90	1.15
5	Interest on Loan	0.00	0.00
6	Interest on Working Capital	0.00	0.00
7	Depreciation	0.06	0.06
8	Contingency Reserve	0.00	0.00
9	Reasonable Return	0.00	0.00
10	Infra Dev. of EASSC/EBC	2.00	2.00
	<b>Total</b>	<b>12.69</b>	<b>9.66</b>

190. Based on the approved Operating Expenses at Rs.9.66 Crore, the Commission determines the monthly Operating Charges per MW as per the following formula:

$$\begin{aligned}
 \text{Operating Charges (Rs./ MW / PM)} &= \frac{\text{Annual Operating Expenses}}{\text{Total Generation Capacity (MW)} \times 12} \\
 &= \frac{96600000}{4025.5 \times 12} \\
 &= \mathbf{1999.75 \text{ or Say } 2000}
 \end{aligned}$$

Accordingly, the Commission hereby approves **Rs.2000.00 per MW per month** as the monthly Operating Charges to be levied by SLDC for the year FY 2009-10 on DISCOMs and other LTOA customers.

#### **Application Fee and Scheduling Charges**

191. OPTCL in its ARR application has proposed that the Application Fee and Scheduling Charges of **Rs.5000 per application and Rs.2000/- per day** or part there of shall be paid by the short term open access Customers. The Commission hereby approves the said Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2009-10.
192. **The details of Monthly Operating Charges for FY 2009-10 proposed by OPTCL and approved by the Commission are summarized in Table-22 below.**

**TABLE - 22**

Sl. No.	Particulars	Unit	Proposed by OPTCL for FY 2009-10	Approved by the Commission for FY 2009-10
1	Annual Revenue Requirement	Rs. Cr.	12.69	09.66
2	Operating Charges	Rs. Cr.	12.69	09.66
3	Total Generation Capacity	MW	2359	4025.50
4	Monthly Operating Charges	Rs./MW/Month	3776.00	2000.00

**Operating Charges Payment Mechanism**

193. As per clause 11 of the Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the transmission charge of OPTCL is duly secured by a first charge over the receivables of GRIDCO from DISCOMs and other Open Access Customers in favour of OPTCL. Receivables of DISCOMs are escrowed in favour of GRIDCO. As on today there is no escrow arrangement between DISCOMs and OPTCL. According to the Transfer Scheme, the charge of OPTCL is duly secured by a first charge over the receivable of GRIDCO in favour of OPTCL. DISCOMs are users of Intra-State Transmission network of OPTCL. OPTCL is 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.
194. On the basis of the aforesaid principle mentioned in Para 193 above, Operating Charges for SLDC now decided to be separated from the Transmission Charges of OPTCL with effect from 01.04,2009 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. LTOA customers other than DISCOMs shall pay the Operating Charges to SLDC based on the bills served upon them from time to time by SLDC.
195. SLDC should bill the Operating Charges per MW in terms of total contracted capacity of 4025.50 MW for FY 2009-10 and shall apportion the contracted capacity of each LTOA for FY 2009-10 in proportion to their contribution to the recorded highest peak demand of the previous year i.e. FY 2008-09.
196. The Operating Charges of SLDC shall be paid monthly by LTOA customers based on the monthly bills served upon them by SLDC following the principle of payment mechanism mentioned in Para 194 and 195 above.

197. If the Operating Charges as the case may be are not paid by the due date(s) by LTOA customers other than DISCOMs, surcharge at the rate of 1.25 percent per month shall be levied on the unpaid amounts.
198. LTOA customers other than DISCOMs shall pay an amount equivalent to two months' Operating Charges in advance as security against default in payment of Operating Charges.
199. The State is likely to face power deficit on account of growing demand arising out of industrialization and massive rural electrification work being undertaken. Hence, there is urgent necessity to fully utilise the existing capacity of different Captive Generating Plants/Co-generating Plants to ensure uninterrupted power supply to the consumers of the State. In this connection the Commission have already decided an implementation plan in their Order dtd.28.02.2009 in Case No. 6 to 20 of 2009. The GRIDCO, OPTCL, SLDC and the Distribution Companies must take expeditious action in terms of the action plan pertaining to them. The extract of the order dtd. 28.02.2009 of the Commission in the aforementioned Case vide para-16 and 17 is reproduced below for ready reference and compliance by all concerned.

*“16. After going through the records and submission made by GRIDCO and the representative of CGPs and keeping in view the current difficult situation now being faced by the State as well as the recession being experienced by manufacturers and the economy, the Commission considers it fit and appropriate at this stage to pass an interim order to enable harnessing of the available idle/bottled up capacity of CGPs at a reasonable price and keep the principal producing units in a sustainable mode while at the same time not burdening the users of electricity who are also hit badly by the recession. While the CCPPO expects the price prevailing in the Indian power exchange and the price available through UI mechanism, it cannot be such as to burden all consumers with an unsustainable loading through higher price. Considering all aspects in totality and adopting the principle of “harmonious balance” the Commission hereby directs as under :-*

- i) Keeping in view the number of CGPs in the State and their large variations in size/capacity and usage of fuel it is difficult for both CGPs and GRIDCO to adopt the competitive bidding route. The verification of costs and determination of prices, given the manner in which costs are allocated as between the main product and captive power generated, is going to be a cumbersome and long drawn affair. Considering the incongruent nature of different CGPs and Co-generating plants, the Commission examined and decided to adopt a simple approach and mechanism by which GRIDCO can procure power from CGPs in and around a reference point of the highest generation cost, currently being procured by GRIDCO.*
- ii) Because of the nature of generation by a CGP and captive generators with surplus power are at liberty of selling power, even for a short duration in the Power Exchange, it is not necessary in the interim to have a dividing line between*

*short-term and long-term power. Power that can be scheduled on a day ahead basis can be absorbed in the system and can be programmed for full procurement by GRIDCO. CGPs/Co-generating plants who are capable of giving day ahead schedule should be, for the time being, treated as suppliers of firm power. Power injected by the CGPs/Co-generating plants without giving day ahead schedule would be treated as injectors of inadvertent power.*

- iii) *For supply of power by the CGPs/Co-generating plants to GRIDCO for sale to DISTCOs meant for consumption by the consumers in the State, the procurement price of firm power from the CGPs as indicated at (ii) above will be Rs.3.00/KWh with effect from 01.3.2009. However, to encourage co-generation as is mandated under the Electricity Act, 2003 the power generated by co-gen. plants e.g. sponge-iron plants such as NINL, Arati Steel, Tata Sponge, etc. may be given an incentive and shall be paid @ Rs.3.10 per/KWh with effect from 01.3.2009. The procurement price of Rs.3.00/KWh for all power meant for sale to Discoms is considered just and reasonable keeping in view the current cost of Rs.2.76/KWh of the highest cost of generation from a TPS in the Eastern Region. A premium of about 10% (ten percent) on this price is considered appropriate as a stimulous to the harnessing of bottled up capacity with the CGPs.*
- iv) *In order to encourage the CGP/Co-generating plants to fully utilize their bottled up capacity for generation of captive power/Co-generation power and to enable GRIDCO to access power from different sources including CGPs/Co-generating plants for meeting the demands in the State and making available a good quantum of power for trading, GRIDCO should offer a remunerative price to the CGPs in respect of power used for trading. Keeping in view the prevailing rate in the power exchanges, UI rate and price quoted in the bidding it would be just and equitable for GRIDCO and the CGPs and Co-generating plants to have an indicative rate of Rs.3.50 per KWh for procuring surplus power meant for trading. This is merely an indicative price suggested by the Commission. However, individual CGPs/Co-generating plant and GRIDCO, if they so like, may enter into further negotiation for an agreed price above this indicative rate. However, the procurement price by GRIDCO from the Captive Generating Plants/Co-generating plants for the purpose of trading should not unduly vary from the indicative price of Rs.3.50 per KWh now being suggested by us as an interim measure. This is necessary for the benefit of the consumers of the State because the profit earned by GRIDCO from the trading will be taken as 'other receipt' to meet its revenue requirement and bridge the gap in the ARR. After bridging of the gap in the ARR, the balance of surplus gained on account of trading of CGPs/Co-generation power may be shared with the CGPs/Co-generation plants at the year end.*
- v) *In respect of injection of inadvertent power the payment would be equal to the pooled cost of hydro power of the State during 2008-09 and 2009-10 as the case may be depending on the period of supply.*
- vi) *The rate of power indicated in (iii), (iv) and (v) will also be applicable with effect from 01.3.2009 to those CGPs/Co-generating plants having subsisting contracts/agreements with GRIDCO. This will be without any prejudice to the outcome of*

*any dispute/arbitration pending in any court of law or any authority and will have no retrospective effect whatsoever.*

- vii) *GRIDCO will devise a mechanism to decide on the quantum of energy to be procured for the Discoms and the quantum to be traded at the higher price of procurement. A transparent and simple accounting method must be maintained to obviate any dispute with CGPs/Co-generation plants. The accounts must also clearly show how the gap in the GRIDCO's ARR is being bridged and how the remaining surplus is being shared with the CGPs/Co-generation plants to the extent of power traded. The Commission hastens to state that they do not wish to prescribe a price at which the quantum being traded should be procured. We are only indicating a price around which procurement may be done for trading.*
- viii) *It will take some time for the CGPs for establishment of SCADA and PLCC, wherever not yet done. OPTCL as on date have not implemented installation of SCADA in many grid substations. As recently stated in the tariff hearing in case No.63/2008, OPTCL has already taken initiative for expansion of ULDC scheme for broadband connectivity. In view of the above and considering the present situation of power availability in the State the Commission directs that the provision of installation of SCADA and PLCC shall not be insisted upon for the CGPs before procuring their surplus power in the State grid as this is an emergent step taken by the Commission in an extremely difficult situation through which the state is passing through. However, the alternative mode of communication for the connectivity with the nearest SCADA interface point of the licensee i.e. telephone, fax, carrier communication, broadband communication, internet/other developed mode of communication should be established by the CGPs within three months from the date of synchronization with the grid.*
- ix) *The CGPs/Co-generating plants may be paid as per the rates indicated in (iii), (iv), (v) and (vi) in the proportion of CGP/Co-generation power consumed inside the state and traded outside the state as certified by the Chief Load Despatcher of SLDC in each month.*

17. *The Commission further reiterates that this is a common interim order and the arrangement suggested in Para 16 is an interim implementation plan and would be operative from 01.3.2009. After 30.6.2009 the Commission would review this arrangement as envisaged in Para 12.28 of the CGP pricing policy announced by the Commission in their order dated 14.3.2008."*

#### **Commission's Directives**

- 200. The following directives are issued by the Commission:
- 201. SLDC is to submit the status to the Commission on the milestones mentioned in the Road Map prepared by the Commission at the end of each quarter during FY 2009-10.
- 202. SLDC is to submit Monthly Report on STOA transactions viz. No. of Applications Received, Quantum and period of STOA transactions, No. of Applications permitted for STOA, No. of Applications denied STOA with reasons thereof for information of the Commission.

203. The Commission directs OPTCL that Sub-LDCs/ALDCs at Bhubaneswar, Meramunduli, Jayanagar and Budhipadar should be transferred to the control of SLDC immediately.
204. SLDC has to bear all the expenses related to Sub-LDCs/ALDCs w.e.f. 01.04.2009 and maintain records of such expenses under financial control of SLDC.
205. OPTCL is to ensure that SLDC should be headed by a Chief Load Despatcher in the rank of Director and should have three distinct Wings for Grid Operation, Commercial and Telecommunication with other support services in the pattern of Executives and staff deployed in ERLDC.
206. The Commission further directs that the exact number of technical and support Executives required on par with ERLDC as indicated in Table 14 (para 157) should be in place within four (4) months of this order enabling the SLDC to function as an Independent System Operator as recommended by the Girish Pradhan Committee of the MoP.
207. The Commission directs that SLDC should have its own website in place within a period of two months of this order.
208. The Operating Charges approved in respect of SLDC will become effective from 1<sup>st</sup> April, 2009 and shall continue until further orders.

The application of OPTCL in Case No.65 of 2008 is disposed off accordingly.

**(K.C. BADU)**  
**Member**

**(B. K. DAS)**  
**Chairperson**



## TOTAL GENERATION CAPACITY

(Reference: Paragraph 186 of the Order)

**Annexure-1**

Sl No.	Name of Power Station	% share	Installed Capacity(MW)
<b>1.1 A. STATE SECTOR</b>			
<b>(a) HYDRO</b>			
1	Burla Power House	100.00	274.50 (2x49.5+3x37.5+2x32)
2.	Chipilima Power House	100.00	72.00 (3x24)
3.	Balimela Power House	100.00	510.00 (6 x 60+2 x 75)
4.	Rengali Power House	100.00	250.00 (5 x 50)
5.	Upper Kolab Power House	100.00	320.00 (4 x 80)
6.	Upper Indravati HEP	100.00	600.00 (4 x 150)
7.	Machakund Power House	30.00	34.50
	<b>Total OHPC</b>		<b>2062.00</b>
<b>(b) THERMAL</b>			
1.	IB TPS / OPGC	100.00	420.00 (2 x 210)
2.	TTPS / NTPC	100.00	460.00 (4x60+2x110)
	<b>Total Thermal</b>		<b>880.00</b>
	<b>Total State Sector (a+b)</b>		<b>2942.00</b>
<b>B.CENTRAL SECTOR</b>			
<b>(a) THERMAL</b>			
1.	Farakka STPS (3x200+2x500)	13.63	218.10
2.	Kahalgaon STPS I (4x210)	15.24	128.00
3.	Kahalgaon STPS II (3x 500)	2.00	30.00
4	Talcher STPS I (2x500)	31.80	318.00
5.	Talcher STPS II (4x500)	10.00	200.00
	<b>Sub Total NTPC</b>		<b>894.10</b>
<b>(b) HYDRO</b>			
1.	Chukka HEP (4x84), I.A =270 MW	15.19	41.00
2.	Tala HEP (6x170=1020)	4.25	43.40
3.	Teesta –V HEP (NHPC) (3x170 =510)	20.59	105.00
	<b>Sub Total Hydro</b>		<b>189.40</b>
	<b>Total Central Sector</b>		<b>1083.50</b>
	<b>Total ORISSA (A+B)</b>		<b>4025.50</b>

- N.B :** (1) This Generation Capacity of 4025.50 MW does not include the injection of surplus power from Captive Generating Plants & Co-generation Plants.
- (2) This Generation Capacity of 4025.50 MW is without considering injection of Renewable Power from SHEPs.