

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

**Present :        Shri S.P. Nanda, Chairperson**  
**Shri S.P. Swain, Member**  
**Shri A.K. Das, Member**

**CASE NO. 66 OF 2014**

**Date of Hearing        : 09.02.2015**

**Date of Order         : 23.03.2015**

**IN THE MATTER OF:        An application of the OPTCL for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions for FY 2015-16.**

**ORDER**

**PROCEDURAL HISTORY: (Para 1 to 10)**

1. The Odisha Power Transmission Corporation Limited, Bhubaneswar (for short OPTCL), a Govt. Company registered on 29<sup>th</sup> March, 2004 under the Companies Act, 1956 has been carrying on the business of transmission of electricity within the State of Odisha. It has also been notified as the State Transmission Utility (STU) under Section 39 (1) of the Electricity Act, 2003 “hereinafter referred to as “the Act”. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities ) Scheme, 2005” of Govt. of Odisha under Sec.131 (4) of the Act, transferred the erstwhile transmission business along with SLDC functions of GRIDCO with all the assets and liabilities of such business to OPTCL and vested the same with the said STU with effect from 01.4.2005. By Clause 10(2) & (3) of the said Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the State Govt. has expressly notified OPTCL, a Govt. Company created for taking over transmission function of GRIDCO, as the State Transmission Utility with effect from 01.4.2005. Moreover, even though by the said Scheme, vide Clause 10(2), the OPTCL was ‘notified’ as State Transmission Utility; it was also empowered to “discharge” the State Load Dispatch functions till further orders of the State Govt. This provision as regards “discharge of State Load Dispatch functions” in the Transfer

Scheme was obviously intended to be an interim and temporary measure pending establishment/Notification of a State Load Dispatch Centre under Sec.31(1) and the substantive part of Sec.31(2) of the Electricity Act, 2003.

2. As in Section 55 of the Electricity (Supply) Act, 1948 (now repealed), Sections 31 & 32 of the Electricity Act, 2003 contemplate SLDC as an independent *apex* body to ensure integrated operation of the power system in the State. SLDC has been empowered by Section 33 of the Electricity Act, 2003 to give such directions and exercise such supervision and control as may be required for ensuring integrated grid operations and for achieving maximum economy and efficiency in the operation of power system in the State. These are all highly responsible, technical, and *non-commercial* statutory functions conceived by the Electricity Act, 2003 and are entrusted to SLDC to be carried out as an independent apex body. Every Licensee including OPTCL and generating companies and generating stations and sub-stations are to comply with such directions vide Section 33 (2) and Section 40 (b) of the Act. At present SLDC has not been organizationally separated from OPTCL which is a regulated entity. This anomaly is ought to be removed without any further delay. In this context it is noteworthy that under Section 31(2) of the Act; a government body is supposed to operate SLDC and directions of the State Govt. to such a body are to be confined within the ambit of Section 37 of the Act. The State Govt. has been advised accordingly from time to time the **latest reminder having been issued vide DO Letter No.DIR(T)-351/08 (Vol.I)/1765 dtd.22.09.2011 of OERC.**
3. The Act has also provided for financial independence of SLDC under sub-section 3 of Section 32 by way of levy and collection of fees and charges from generating companies and the licensees engaged in Intra-State Transmission of electricity, Sub-section 2 under Section 2 of the Electricity (Removal of Difficulty) Sixth Order, 2005 issued by Ministry of Power (MoP) Govt. of India on dated 08.6.2005 provides that the State Load Dispatch Centre may levy and collect such fee and charges from the Licensees using the Intra-State transmission system as may be specified by the State Commission. Apart from the aforesaid statutory provisions, the National Electricity Policy (vide Paras 5.3.3 and 5.3.7), OERC (Terms and Conditions for Intra-State Open Access) Regulations, 2005 (vide Reg.7), Orissa Grid Code Regulation, 2006 (vide Regulations 2.2.1.3, 2.2.2, 2.2.4, 2.2.5 and 2.2.6), OERC (Intra-State ABT) Regulations, 2007 (vide Regulations 6 and 10), CERC (Open Access in Intra-State Transmission) Regulations, 2008 (vide Regulation 8) also point to independent functionality of SLDC.

4. The Commission vide letter No.1313 dated 04.8.2007 issued the following Road Map for implementation of levy of annual Fees and Charges for SLDC functions in Odisha in order to separate SLDC Charges from the Transmission Charges of OPTCL with effect from 01.4.2008 to make SLDC self-reliant.

**Table – 1**

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

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.	31.08.2007
	(b) Filing of Application by OPTCL for approval of SLDC charges for FY 2008-09.	30.11.2007
		31.12.2007
	(c) Scrutiny of Application of OPTCL for SLDC charges and seeking of clarification if any.	Jan/Feb.2008
	(d) Public hearing on Application of OPTCL for approval of SLDC charges for FY 2008-09.	Feb/Mar'2008
	(e) Approval of State Advisory Committee (SAC) of SLDC charges for FY 2008-09.	March,2008
	(f) Issue of Order of Commission approving SLDC charges for FY 2008-09.	
Final Implementation	Final Implementation of SLDC Charges (Annual Fee & Operating Charges) payable by Users.	From 01.04.2008

5. OPTCL by a petition dated 13.3.2008 filed before the Commission submitted that it was not in a position to achieve important milestones laid down in the Road Map issued by the Commission on 04.8.2007 for separation of SLDC charges from existing Transmission Charges of OPTCL and had prayed for deferring for one year on the decision of implementation of levy of Annual fee and operating charges for SLDC of Odisha. The Commission dismissed the Petition vide Tariff Order dated 20.3.2008 in Case No.62/2007 and while approving ARR and Transmission Tariff of OPTCL at Para 239 allowed to include the Charges of SLDC functions in the ARR and Transmission Tariff for FY 2008-09 for OPTCL. The Commission vide Para 357 of the said Order directed that the transmission charges for OPTCL would not include the charges of SLDC w.e.f. 01.4.2009.
6. The Commission perused the Recommendations of Shri Gireesh B. Pradhan Committee of the Ministry of Power (MOP), Govt. of India, submitted to MOP in August, 2008 especially the recommendation for ring-fencing of Load Dispatch Centre to ensure its functional autonomy. The recommendations were as under:

**(a) Recommendation 1**

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

- (i) *The Appropriate Government should take suitable steps to facilitate independent functioning of the Load Despatch Centres in line with the Electricity Act, 2003 and National Electricity Policy. To begin with,*

*the State Governments are urged to create a separate representative board structure for governance of LDCs on the lines of wholly owned subsidiary being created for the independent System Operation of RLDCs and NLDC.*

- (ii) The financial accounts should be separated for all LDCs by 31st March 2009 with the appropriate Electricity Regulatory Commissions (ERC) specifying the fees and charges payable.*
- (iii) Capital Expenditure (CAPEX) plans for modernization of all LDCs during 2009-12 should be submitted and the approval of the respective Electricity Regulatory Commission (ERC) should be obtained by 31st March, 2009. The Central Transmission Utility (CTU) and Regional Load Despatch Centres (RLDCs) should extend the necessary assistance to SLDCs in this area.*
- (iv) In the next stage, rolling 5-year CAPEX plans should be prepared by each LDC and got approved by the respective ERCs to take care of the system expansion, associated real-time data requirements as well as technological innovations and obsolescence of control center equipment. ERCs may examine CAPEX proposal considering a shorter life cycle of 7 to 10 years for such equipment.*

**(b) Recommendation 2**

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

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

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

7. So far the State Government has not exercised its power under Sec.31 (1) and (2) of the Act to establish a separate and independent entity for operation of SLDC. Hence, by virtue of the 1<sup>st</sup> Proviso to Sec.31 (2) of the Act, OPTCL as STU has to “operate” the SLDC for the time being. It is noteworthy that OPTCL as STU is not owner of SLDC by default. It should function as an independent autonomous entity to discharge its statutory functions/obligations in accordance with the Act, and Regulations of the Commission, such as those relating to Intra-State Open Access Regulations, 2005, Intra-State ABT Regulation, 2007 & Fees & Charges for SLDC Regulation, 2010, as well as provisions under Orissa Grid Code Regulation, 2006. The Ministry of Power, Govt. of India, by Letter dated 04.11.2008 has recommended implementation of Shri Gireesh B. Pradhan Committee Report on Manpower Certification and Incentives for System Operation and Ring – Fencing Load Dispatch Centers. As such it is appropriate that SLDC shall collect Annual Fees and Charges for SLDC functions from the various stakeholders as per Sec.32 (3) of the Act and other sources permissible under law from the various stakeholders and hence, the Commission directed OPTCL- the STU to file separate application for ARR and approval of Annual Fees and Charges for SLDC functions for FY 2015-16 is therefore in order to provide the necessary finance for the statutory functions of SLDC under the 1<sup>st</sup> Proviso to Sec.31(2) of the Act.
8. In exercise of powers conferred under Sec.181 (2)(g) of the Electricity Act, 2003 read with Sec.32(3) of the said Act and all other powers enabling it in that behalf, the Commission has framed Odisha Electricity Regulatory Commission (Fees and Charges for SLDC and other related matters) Regulations, 2010 published in Odisha Gazette No.1924 dated 18.11.2010 and has come into force with effect from 18<sup>th</sup> Nov., 2010.
- a. As per Regulation 3 of OERC (Fees and Charges for SLDC & other related matters) Regulations, 2010 as well as in conformity with OERC (Conduct of Business) Regulations, 2004, the Commission directed OPTCL to file two separate applications as mentioned below before the Commission by 30.11.2014.
  - b. An application for approval of ARR and determination of Transmission Tariff for Intra-State Transmission Network of OPTCL for FY 2015-16.
  - c. An application for approval of ARR & Annual Fees and Charges for SLDC functions of Odisha SLDC for FY 2015-16.

9. It is to be noted that OPTCL's application as per Para-8(c) above is not a tariff application under Sec.62 of the Act. OPTCL filed the application before the Commission on 29.11.2014 for approval of Independent ARR & SLDC Fees & Charges for FY 2015-16.
10. The said application dated 29.11.2014 was duly scrutinized and was registered as Case No. 66 of 2014 and was admitted for hearing. Objections were invited after wide publication of the application in English and Odia daily newspapers and Commission's and OPTCL's websites. In response to the aforesaid public notice of the applicant, the Commission received 10 nos. of objections/suggestions from the following persons/associations/institutions/organizations:-

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012, (2) Shri A.K. Bohra, Chief Executive Officer (Comm), NESCO, WESCO & SOUTHCO, Regd. Office At- Plot No. N-1/22, IRC Village, Nayapalli, Bhubaneswar-15, (3) Shri Akshya Kumar Sahani, Retd. Electrical Inspector, GoO, B/L-108, VSS Nagar, Bhubaneswar, (4) Shri R.P. Mahapatra, Retd. Chief Engineer & Member (Gen., OSEB, Plot No.775(Pt.), Lane-3, Jayadev Vihar, Bhubaneswar-751013, (5) Shri G.N. Agrawal, Convenor-cum-Gen. Secy, Sambalpur District Consumers Federation, Balajee Mandir Bhawan, Khetrajpur, Dist-Sambalpur-768003, (6) M/s.Sesa Sterlite Limited, 1st Floor, Fortune Tower, Chandrasekharpur, Bhubaneswar-751023, (7) M/s. Adhunik Metaliks Limited, IPICOL House, 3rd Floor, Annexe Building, Janapath, Bhubaneswar-751022, (8) M/s. Swain & Sons Power Tech Pvt. Ltd., Swati Villa, Surya Vihar, Link Road, Cuttack-753012, (9) M/s. Visa Steel Limited, Kalinganagar Industrial Complex, At/Po. Jakhapura-755026, Dist-Jajpur, (10) Shri Prashanta Kumar Das, President, State Public Interest Protection Council, 204, Sunamoni Appartments, Telenga Bazar, Cuttack-753009 were filed their suggestions/objections. All the above named Objectors were present during tariff hearing except Objector Nos.1 and 10 but their written submissions filed before the Commission are taken on record for consideration by the Commission.

After due notice to the Applicant, Govt. of Odisha and the Objectors and in the consultative process, the Commission heard the applicant, objectors, consumer counsel, representative of the State Government on 09.02.2015 and orders as follows:-

**OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2015-16 (Para 11 to 22)**

11. While submitting the ARR proposal for FY 2015-16, OPTCL has considered the (a) recommendations stated under the Committee under the Chairmanship of Shri Gireesh B. Pradhan, Additional Secretary to Ministry of Power (constituted in February 2008) to examine the issues for ring fencing of State Load Dispatch Centres to ensure their functional autonomy and (b) the report submitted by the “Task Force on Capital Expenditure and issues related to Emolument for Personnel in Load Dispatch Centres”
12. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2015-16 has been submitted by OPTCL in line with the provision mentioned in the CERC (Fees & Charges of RLDC & other related matters) Regulations, 2009, OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010 and considering the following recommendation of the MOP Committee Report.
  - (a) SLDC is to be equipped suitably to play the pivotal role of an Independent System Operator (ISO).
  - (b) Power system operation is the core activity of LDCs. Efficient load dispatching also requires a deep understanding of Transmission, Generation and Distribution technology. In view of above, the executives shall be from electrical engineering discipline. Efforts need be made to supplement them with interdisciplinary learning and development.
13. As per the recommendation in the report of the task force committee on “Capital Expenditure and Issues related to Emoluments for Personnel in Load Dispatch Centres”, the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Dispatch Centres. Provision for recovery of the outstanding amount for investments made by the POWERGRID on ULDC project shall be kept in the ARR of SLDC. As per the Taskforce report, SLDC is liable to pay the recovery cost of control centre equipments only. Since the assets presently being used at SLDC is yet to be transferred, the ULDC asset recovery charges are not considered in the ARR. However, the depreciation cost has been considered in the ARR for FY 2015-16.
14. OPTCL has proposed the manpower structure for SLDC operation in the ARR of FY 2015-16 which is in line with ERLDC structure the abstract of which is indicated in Annexure - I.

15. The CAPEX plan for SLDC and sub LDCs has been proposed in the ARR for FY 2015-16 which is indicated in Annexure - II.

**Item wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2015-16**

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

- a. Return on Equity
- b. Interest on Loan Capital
- c. Depreciation
- d. Operation & Maintenance Expenses Excluding Human Resource expenses
- e. Human Resource Expenses
- f. Interest on Working Capital

**a. Return on Equity:**

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

**b. Interest on Loan capital**

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

**c. Depreciation**

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs.42.675 lakh as per CERC Regulation. Twenty five per cent of depreciation amount arising out of the CAPEX plan has been included anticipating completion of 25% of the items. The major amount of depreciation charges is for recovering the depreciation cost for Video Projection Screen (VPS) amounting Rs.12.62 lakh and the depreciation cost for IT equipments at EASSC amounting Rs.6.82 lakh. (For details refer to the Forms 6 A & B and annexure – VI of the ARR application)

**Table – 2  
Statement of Depreciation**

Financial Year	(Rs. in lakh)		
	2013-14	2014-15	2015-16
Recovery of capital cost (amount to be recovered during the year)	0.000	0.000	18.211
Depreciation on existing assets	30.834	26.328	24.464
<b>Total</b>	<b>30.834</b>	<b>26.328</b>	<b>42.675</b>

#### d. Operation and Maintenance Expenses

Operation and maintenance expenses excluding human resources expenses for FY 2015-16 has been computed as Rs.403.18 lakh considering the R&M expenditure proposed to be incurred for Facility Management Services (FMS), Website charges, AMC charges for SCADA/EMS equipments, IT equipments and civil work/ Electrical maintenance of office building and colony quarters etc and A&G expenses.

The O&M expenses have been projected considering actual expenditure to be incurred during FY 2015-16. While projecting the O&M expenses, the escalation rate of 5.72% of previous year's expenditure as provided in the OERC Regulation has not been adopted in some of the items.

Further, Rs.10.00 lakh for VPN connectivity to the users (DISCOM Utilities) operating under intra-state ABT regime has been included under R&M expenses.

**Table – 3**

#### **Statement of O&M Expenses Excluding Human Resource Expenses**

(Rs. in lakh)

<b>ITEMS</b>	<b>2013-14 (Actual)</b>	<b>2014-15 (Approved)</b>	<b>2014-15 (Actual up to Sept. – 2014)</b>	<b>2015-16 (Proposed)</b>
Repair and maintenance expenses	191.770	371.020	105.761	270.500
Administrative and general expenses etc.	112.370		38.144	132.680
<b>Total</b>	<b>304.140</b>	<b>371.020</b>	<b>143.905</b>	<b>403.180</b>

#### e. Human Resources Expenses

Human resources expenses have been computed as Rs.618.222 lakh, considering the organization structure proposed in line with ERLDC structure. The salary and other remuneration of the employees have been computed by prorating existing salary to the required numbers. The present staff strength of SLDC is 54 numbers as on 31.10.2014. In addition to that, 12 numbers of contractual/outsourcing staffs are engaged at SLDC as on date. The executives already transferred to SLDC are expected to join soon. The detailed calculation sheet of human resources expenses can be seen in Form-7B (4) of the ARR filing.

**f. Interest on working capital**

The interest on working capital is computed as Rs.27.37 lakh as per OERC Regulation considering 10.25% rate of interest (bank interest). The details of working capital requirement and interest on it are given in the table below.

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

<b>(Rs. in lakh)</b>	
<b>Particulars</b>	<b>Amount Lakh</b>
O&M expenses for one month excluding human resources expenses	33.598
Human resource expenses for one month	51.518
Receivables ( 2 months of SOC & MOC)	181.908
<b>Total Working Capital</b>	<b>267.025</b>
Rate of Interest	10.25%
<b>Interest on working capital</b>	<b>27.37</b>

**Table – 5  
Abstract of Total Expenses Proposed for FY 2015-16**

<b>(Rs. in lakh)</b>		
<b>Sl. No.</b>	<b>Particulars</b>	<b>2015-16</b>
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	42.675
4.	O&M Expenses excluding human resource expenses	403.180
5.	Human Resource expenses	618.222
6.	Interest on Working Capital	27.370
	<b>Total expenses</b>	<b>1091.447</b>

**Certificate of LDC Personnel**

17. The committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” recommended compensation structure, innovative incentive schemes for higher learning and monetary incentives based on the ratings of the employees. Eighteen numbers of SLDC executives have completed the Certification Training and successfully qualified. Further, ten numbers of executives have taken specialized training. For imparting training to balance executives, the expenditure for Training & Certification of LDC personnel has been projected as Rs.20 lakh for FY 2015-16.

**SLDC Assets**

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

## Determination of Annual Charges for SLDC

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

**Annual charges:** Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
- b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge
- **System Operation Charges (SOC)** shall be collected from the users in the following ratio
  - Intra State Transmission Licensee - 10% on the basis of Ckt-KMs
  - Generating Company & Seller - 45% on the basis of installed capacity
  - Distribution Licensee and Buyers - 45% on the basis of allocation
- **Market Operation Charges (MOC)** shall be collected equally from the DISCOM Utilities and Generating Companies apportioning to the entitlement and installed capacity respectively.
  - For the purpose of determination of the above charges for CGPs, the maximum MW scheduled during April to October 2014 has been considered. Those CGPs have not been considered for SLDC charges that have stopped generation during FY 2014-15.
  - Further, it has been proposed to collect SLDC charges from industries which are importing power through inter-state open access only for the month of their transaction basing on the maximum scheduled quantum.

**Table – 6**

### **Abstract of Collection of SLDC Charges Proposed for FY 2015-16**

**(Rs. in lakh)**

<b>Annual charges (AFC)</b>	<b>1091.447</b>
<b>System Operation Charges (SOC) (80% of the AFC)</b>	<b>873.157</b>
Intra State Transmission Licensee @10% of SOC	87.316
Generating Station & Sellers @45% of SOC	392.921
Distribution Licensees & Buyers@45% of SOC	392.921
<b>Market Operation Charges (MOC) (20% of the AFC)</b>	<b>218.289</b>
Generating Station & Sellers @50% of MOC	109.145
Distribution Licensees & Buyers@50% of MOC	109.145

### Registration Fee

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

### Application Fee and Scheduling Charges

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

### Prayer

22. Considering the submission made above, OPTCL prays the Commission to approve the Annual Revenue Requirement of Rs.1091.447 lakh for FY 2015-16 towards State Load Dispatch Centre (SLDC) function separately and allow recovering the same from the users.

### Proposed levy and collection of fees and charges by OPTCL for SLDC Operation

#### LEVY AND COLLECTION OF FEES & CHARGES

	(Rs. in lakh)
<b>Annual charges</b>	1091.447
Total Cost (Annual fixed Cost)	<b>1091.447</b>
System Operation Charges (SOC) (80% of the AFC)	873.157
Market Operation Charges (MOC) (20% of the AFC)	218.289
<b>System Operation Charges (SOC)</b>	<b>873.157</b>
Intra State Transmission Licensee @ 10% of SOC	87.316
Generating Station & Sellers @ 45% of SOC	392.921
Distribution Licensees & Buyers @45% of SOC	392.921
<b>(a) Intra State Transmission Licensee (SOC per month)</b>	<b>7.276</b>
<b>(b) Generating State &amp; Sellers</b>	<b>392.921</b>

(Rs. in lakh)				
Sl. No.	Generating Company/Sellers	Installed Capacity (MW)	Total Amount	Total Amount
			(Annual)	(Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	2027.50	177.206	14.767
2	OPGC	420.00	36.709	3.059
3	TTPS	460.00	40.205	3.350
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	1.748	0.146
5	Meenakshi (Small Hydro)	37.00	3.234	0.269
6	Shalivahana Green Energy Ltd.	0.00	0.000	0.000
<b>C</b>	<b>IPP</b>			
7	Sesa Sterlite Limited	600.00	52.441	4.370
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (upto end of October-2014)</b>		
8	Aarti Steel Ltd.	44.00	3.846	0.320

Sl. No.	Generating Company/Sellers	Installed Capacity (MW)	Total Amount	Total Amount
9	Action Ispat & Power Pvt. Limited	30.00	2.622	0.219
10	Aryan Ispat & power Pvt. Ltd.	7.00	0.612	0.051
11	Bhusan power & Steel Ltd., Jharsuguda	90.00	7.866	0.656
12	Bhusan Steel Limited, Meramundali	3.00	0.262	0.022
13	FACOR Power Ltd.	10.00	0.874	0.073
14	HINDALCO	17.00	1.486	0.124
15	IFFCO	10.00	0.874	0.073
16	IMFA	57.50	5.026	0.419
17	Jindal Stainless Ltd., Duburi	76.03	6.645	0.554
18	Jindal Steel & Power Ltd. Angul	250.64	21.906	1.826
19	Maithan Ispat Limited	2.00	0.175	0.015
20	MSP Metallicks Limited	5.50	0.481	0.040
21	NALCO, Angul	57.00	4.982	0.415
22	Narbheram power & Steel (P) Ltd.	3.00	0.262	0.022
23	Nava Bharat Ventures Ltd.	56.79	4.964	0.414
24	Nilachal Ispat Nigam Ltd.	8.00	0.699	0.058
25	OCL India Ltd.	19.62	1.715	0.143
26	Orissa Sponge Iron Ltd.	0.00	0.000	0.000
27	Pattanaik Steel & Alloys Ltd.	2.00	0.175	0.015
28	Rathi Steel & Power Ltd.	0.00	0.000	0.000
29	RSP	4.00	0.350	0.029
30	Seven Star Steels Ltd.	0.00	0.000	0.000
31	Shree Ganesh Metallicks Ltd.	1.90	0.166	0.014
32	Shyam Metallicks & Energy Ltd.	1.00	0.087	0.007
33	SMC Power generation	4.00		
34	Tata Sponge Iron Ltd.	19.00	1.661	0.138
35	SESA Sterlite Limited, CGP, Jharsuguda	60.00	5.244	0.437
36	SESA Sterlite Limited, CGP, Lanjigarh	5.00	0.437	0.036
37	VISA Steel Ltd.	25.00	2.185	0.182
38	Yazdani Steel & Power Ltd.	2.00	0.175	0.015
39	Aditya Alluminium Limited	55.00	4.807	0.401
40	Aftab Solar Pvt. Ltd.	5.11	0.447	0.037
	<b>Total</b>	<b>4495.59</b>	<b>392.571</b>	<b>32.714</b>
(c)	<b>Distribution Licensees &amp; Buyers</b>		<b>392.921</b>	
		% share		
41	CESU	36.85	144.791	12.066
42	NESCO	21.73	85.382	7.115
43	WESCO	27.80	109.232	9.103
44	SOUTHCO	13.62	53.516	4.460
	<b>Total</b>	<b>100.00</b>	<b>392.921</b>	<b>32.743</b>

### Market Operation Charges (MOC)

#### (a) Generating Company @ 50% of MOC

Sl. No.	Generating Company/Sellers	Installed Capacity (MW)	Total Amount	Total Amount
			(Annual)	(Monthly)
<b>A</b>	<b>State Generating Station</b>			
1	OHPC	2027.50	49.224	4.102
2	OPGC	420.00	10.197	0.850
3	TTPS	460.00	11.168	0.931
<b>B</b>	<b>Small Hydro &amp; Bio-mass</b>			
4	OPCL (Small Hydro)	20.00	0.486	0.040
5	Meenakshi (Small Hydro)	37.00	0.898	0.075
6	Shalivahana Green Energy Ltd.	0.00	0.000	0.000

<b>C</b>	<b>IPP</b>			
7	Sesa Sterlite Limited	600.00	14.567	1.214
<b>D</b>	<b>CGPs</b>	<b>Maximum Scheduled (MW) (upto end of October-2014)</b>		
8	Aarti Steel Ltd.	44.00	1.068	0.089
9	Action Ispat & Power Pvt. Limited	30.00	0.728	0.061
10	Aryan Ispat & power Pvt. Ltd.	7.00	0.170	0.014
11	Bhusan power & Steel Ltd., Jharsuguda	90.00	2.185	0.182
12	Bhusan Steel Limited, Meramundali	3.00	0.073	0.006
13	FACOR Power Ltd.	10.00	0.243	0.020
14	HINDALCO	17.00	0.413	0.034
15	IFFCO	10.00	0.243	0.020
16	IMFA	57.50	1.396	0.116
17	Jindal Stainless Ltd., Duburi	76.03	1.846	0.154
18	Jindal Steel & Power Ltd. Angul	250.64	6.085	0.507
19	Maithan Ispat Limited	2.00	0.049	0.004
20	MSP Metallicks Limited	5.50	0.134	0.011
21	NALCO, Angul	57.00	1.384	0.115
22	Narbheram power & Steel (P) Ltd.	3.00	0.073	0.006
23	Nava Bharat Ventures Ltd.	56.79	1.379	0.115
24	Nilachal Ispat Nigam Ltd.	8.00	0.194	0.016
25	OCL India Ltd.	19.62	0.476	0.040
26	Orissa Sponge Iron Ltd.	0.00	0.000	0.000
27	Pattanaik Steel & Alloys Ltd.	2.00	0.049	0.004
28	Rathi Steel & Power Ltd.	0.00	0.000	0.000
29	RSP	4.00	0.097	0.008
30	Seven Star Steels Ltd.	0.00	0.000	0.000
31	Shree Ganesh Metallicks Ltd.	1.90	0.046	0.004
32	Shyam Metallicks & Energy Ltd.	1.00	0.024	0.002
33	SMC Power generation	4.00	0.097	0.008
34	Tata Sponge Iron Ltd.	19.00	0.461	0.038
35	SESA Sterlite Limited, CGP, Jharsuguda	60.00	1.457	0.121
36	SESA Sterlite Limited, CGP, Lanjigarh	5.00	0.121	0.010
37	VISA Steel Ltd.	25.00	0.607	0.051
38	Yazdani Steel & Power Ltd.	2.00	0.049	0.004
39	Aditya Aluminium Limited	55.00	1.335	0.111
40	Aftab Solar Pvt. Ltd.	5.11	0.124	0.010
	<b>Total</b>	<b>4495.59</b>	<b>109.145</b>	<b>9.095</b>
<b>(b)</b>	<b>Distribution Licensees &amp; Buyers @ 50% of MOC</b>		<b>109.145</b>	
		% share		
41	CESU	36.85	40.220	3.352
42	NESCO Utility	21.73	23.717	1.976
43	WESCO Utility	27.80	30.342	2.529
44	SOUTHCO Utility	13.62	14.866	1.239
	<b>Total</b>	<b>100.00</b>	<b>109.145</b>	<b>9.095</b>

## Annexure – I

### Abstract of Staff Requirement for SLDC

#### Executive Staff Requirement

<b>Sl. No.</b>	<b>Category of Posts</b>	<b>Total Nos.</b>
1	Director (Chief Load Despatcher)	01
2	Executive Assistant to Director [Manager(E)]	01
<b>A. GRID OPERATION</b>		
<b>REAL TIME OPERATION</b>		
3	CGM (Elect)	01
4	General Manager (Elect)	01

<b>Sl. No.</b>	<b>Category of Posts</b>	<b>Total Nos.</b>
5	DGM (Elect)	01
6	AGM (Elect)	04
7	Manager (Electrical)	04
8	Deputy Manager (Electrical)	08
9	Deputy Manager (Telecom)	04
	<b>Sub LDC (3 nos.)</b>	
10	Manager (Elect)	03
11	Deputy Manager (Telecom)	12
	<b>OPERATIONAL PLANNING</b>	
12	AGM (Elect)	
13	Manager (Electrical)	01
14	Deputy Manager (Electrical)	01
<b>B. OS, RA &amp; MIS</b>		
15	General Manager (Elect)	01
16	DGM (Elect)	01
	<b>OPERATION SERVICES</b>	
17	Manager (Electrical)	01
18	Deputy Manager (Electrical)	01
	<b>MIS &amp; Regulatory Affairs</b>	
19	Manager (Electrical)	01
20	Deputy Manager (Electrical)	02
<b>C. COMMERCIAL SERVICES</b>		
21	Sr. General Manager (Elect)	01
	<b>Commercial, Tech Services, Contract &amp; Material Management</b>	
22	General Manager (Commercial, TS, C&M)	01
	<b>COMMERCIAL</b>	
23	DGM(Elect)	
24	AGM (Elect)	01
25	Manager (Electrical)	01
26	Deputy Manager (Electrical)	03
	<b>TECHNICAL SERVICES / CONTRACT &amp; MATERIAL MANAGEMENT</b>	
27	Deputy Manager (Electrical)	01
	<b>SCADA</b>	
28	AGM (Telecom)	
29	Manager (Telecom)	01
30	Deputy Manager (Telecom)	01
<b>1.4 HRM</b>		
31	Assistant Manager (HR)	01
<b>1.5 FINANCE</b>		
32	Manager (Finance)	01
33	Assistant Manager (Finance)	01
<b>1.6 SECRETARIAL</b>		
34	PS to Director	01
	<b>TOTAL EXECUTIVES</b>	<b>63</b>

**Non-Executive Staff Requirement:**

Sl. No.	Category of Posts	Total Nos.
1	Steno / Typist / Comp. Asst.	02
2	Office Assistant( Gr-I, II & LDC)	03
3	Semi skilled Assistant / Operator	03
4	Helper for Real time	05
5	Peon/Attendant	04
6	Driver	01
	<b>TOTAL NON-EXECUTIVES</b>	<b>18</b>

**Total staff requirement proposed for SLDC=A+B =63+18=81 Nos.**

**Annexure – II****Details of Capital Expenditure Proposed****(Rs. Lakh)**

Sl. No.	Item	Amount
1	Construction of new building for 3 nos. of Sub-LDCs a Budhipadar, Jaynagar & Meramundali	<b>300.00</b>
2	Expansion of existing SLDC building at Bhubaneswar	<b>200.00</b>
3	Procurement of hardware & associated IT equipment at Sub-LDCs	<b>100.00</b>
4	Provision of back up communication link between SLDC & Sub-LDCs	<b>1.00</b>
5	Dedicated web server with firewalls configuration for dashboard management to provide uninterrupted service to users (Distribution Utilities)	<b>60.00</b>
6	Software for countering the cyber attacks	<b>50.00</b>
7	Computer & peripherals for SLDC	<b>10.00</b>
8	Procurement of furniture & fixture for EASSC	<b>50.00</b>
9	Replacement of old A/C of SLDC building	<b>10.00</b>
10	Provision of voice Recorded at Sub-LDCs	<b>40.00</b>
11	Provision of 2 nos. of UPS at SLDC	<b>10.00</b>
12	Installation Video conferencing system at SLDC	<b>20.00</b>
	<b>Total</b>	<b>851.00</b>

**VIEWS OF CONSUMER COUNSEL (Para 23 to 25)**

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

**24. Observations on Annual Revenue Requirement**

- SLDC has proposed a revenue requirement of Rs.1091.45 lakh for FY 2015-16 which is 27.44% rise over Rs.856.43 lakh approved by the Commission for FY 2014-15.

This will be recovered through Annual Fees and Charges. The Revenue Requirement includes employee cost of Rs.618.22 lakh which is provisional. But, the proposed employee cost seems to be at a higher side as the SLDC recruits only 66 staff including the contractual staff which fall short of the requisite 81 number of staff to be employed by the SLDC.

- SLDC has projected Administrative and General (A&G) expenditure at Rs.132.68 lakh for FY 2015-16 which is about 12% increase over the approved A&G expenditure of Rs. 116.62 lakh for FY 2014-15. SLDC has made an expenditure of Rs.38.14 lakh during first six months of FY 2014-15 & if prorated for full year, it may be of the order of Rs.76.28 lakh for FY 2014-15. The consumer counsel proposes that the commission may arrive at the figures for FY 2014-15 on pro-rata basis and then escalate it for FY 2015-16 at 5.72%.
- Repair and Maintenance (R&M) expenses of Rs.270.50 lakh has been proposed for FY 2015-16 which is about 6.4% rise over the approved R&M expenses of Rs.254.4 lakh for the FY 2014-15. As compared to the proposed amount, SLDC has spent only Rs.105.76 lakh during first six months of FY 2014-15. If prorated for full year, it may be of the order of Rs.211.52 lakh for FY 2014-15. Hence, the R&M expenses proposed by SLDC for FY 2014-15 may be approved by the Commission considering 5.72% escalation over the prorated amount of Rs.211.52 lakh.
- SLDC has computed depreciation of Rs.24.46 lakh for ULDC and offices in SLDC as per CERC Regulation, out of which Rs.12.62 lakh has been claimed on account of VPS and Rs.6.82 lakh has been claimed on account of IT equipments at EASSC. Depreciation on VPS may be allowed on the ground that the Commission allowed the same in the last year's order. However, the Commission may ask for information on the functioning of EASSC before approving the depreciation amount on the same.
- SLDC has calculated Interest on Working Capital as Rs.27.37 lakh by considering an interest rate of 10.25%. The proposed working capital may be reduced based on the approved O&M and HR Expenses.

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

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

status report on the same.

- SLDC is to be headed by a Chief Load Dispatcher in the rank of Director with requisite supporting Executives and Staff (81 nos.). The HR information pertaining to FY 2014-15 reveals that the present staff strength of SLDC is 66. Commission earlier directed OPTCL to send requisition to State Government to post a Director in SLDC by 28.02.2011 and that has not been complied with. SLDC may be asked to justify the delay in employing the requisite number of staff.
- SLDC should use the money from SLDC fund for asset creation and R&D rather than merely keeping the money for interest earning.

### **Summing Up**

25. The Consumer Counsel, WISE presented before the Commission the following concluding remarks during hearing on 09.02.2015 on application of OPTCL for approval of ARR & annual Fees & Charges of SLDC for FY 2015-16.
- The SLDC is considered as 'Brain' of Power System Operation.
  - SLDC is responsible for optimum scheduling and dispatch of electricity, carrying out real time operations for grid control and dispatch of electricity in cost effective manner.
  - Non-functioning of SLDC at the full strength will adversely affect the Power System Operations and indirectly increase the cost of electricity to be served.
  - The SLDC has been delaying in implementation of various orders of Commission.
  - The Commission may consider all the above facts before approving the ARR for FY 2015-16.

### **VIEWS OF OBJECTORS (Para 26 to 39)**

26. The Commission has considered all the views of Objectors on the proposal of OPTCL on ARR and Annual Fees and Charges for SLDC functions for FY 2015-16. Excluding general issues, specific views of the objectors on SLDC relating to ARR for FY 2015-16 are discussed below.

### **Functioning of SLDC & Establishment of SLDC as separate organization**

27. Many objectors pointed out that SLDC has failed to act as an independent system operator even after 5 years of its ring-fencing. Therefore, Odisha Power System Corporation Ltd. should be created which will be a wholly owned subsidiary of the State Govt. SLDC should function as an independent system operator with a

representative Board structure as recommended by the Shri Gireesh B. Pradhan Committee of the Ministry of Power.

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

28. Most of the objectors submitted that the SLDC has failed to appoint the Chief Load Dispatcher as per the Commission's direction and hence may be directed by the Commission to appoint the Chief Load Dispatcher at the earliest.
29. Some objectors have submitted that the present manpower structure in the SLDC is not as per the ERLDC structure. Further, SLDC may be directed by the Commission to appoint requisite number of executives as per the ERLDC structure at the earliest.

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

30. Many objectors submitted that the Commission should ask OPTCL for submitting a status report on the functioning of the Energy Accounting and Settlement System Centre (EASSC) of SLDC which was supposed to function from 01.4.2010 without fail. The EASSC at SLDC should prepare and issue the monthly energy account, weekly UI account and weekly reactive energy account to all the stakeholders as per the Commission's direction.

### **Annual Charges**

31. Objectors also submitted
  - that SLDC has proposed not to levy SLDC charges to those CGPs/ Generators who have stopped generation during FY 2014-15 which is not proper and not in accordance with provisions of Regulation mentioned at Para 20 (3) and 20 (4) of OERC (fees and Charges of State Load Dispatch and other related matters) Regulations,2010.
  - that the industries importing power through inter-state open access are neither licensees nor generating companies. Hence, they submitted to reject the proposal of SLDC to levy SLDC charges on industries importing power through inter-state open access.

### **Depreciation**

32. Some objectors submitted
  - that the Commission may only approve the normal depreciation of existing assets and leave out the part of depreciation attributed to capital recovery of

assets while approving the depreciation. This leads to a depreciation cost of Rs.24.464 lakh.

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

33. Some objectors submitted
- that the Commission may allow only 5.72% increase on the earlier approved O&M expenses for FY 2014-15 which leads to an O&M expense at Rs.392 lakh.

### **Human Resource Expenses**

34. Some objectors submitted
- that the Human Resource Expenses for the SLDC should be increased 10% over the actual expenditure cost for FY 2014-15 in line with the Regulation 15 of OERC (Fees and Charges of State Load Despatch Centre and Other Related Matters) Regulation 2010 and thus the Commission may approve the same at Rs.470 lakh for FY 2015-16.

### **Interest on Working Capital**

35. It was submitted that interest on working capital may not be allowed to SLDC as the SLDC has not taken any loan from bank for working capital requirement. On requirement, funds from SLDC Development Fund may be utilized for working capital purpose.

### **SLDC Development Fund**

36. It was submitted that SLDC should be asked to furnish year-wise deposit in SLDC Development Fund and its utilization in each year. Besides fund available as on 31st March, 2014 and fund deposited in the SLDC Development Fund up to 31st December, 2014 should be monitored.
37. It was submitted that OPTCL has failed to spend the full amount of money from the SLDC Development Fund and the money is left with SLDC only for interest earning. Thus there is no requirement for further contribution to the SLDC Development Fund and the interest earned on the investment/deposition of the fund should be treated as miscellaneous income of SLDC.
38. One objector submitted that SLDC calculates the deviation settlement charges by limiting the drawl of DISCOM Utilities to 12% of Central Sector entitlement, instead

of 12% of schedule given by the DISCOM Utilities which is neither in conformity to the CERC Regulation nor to the OERC regulation.

39. Other objector submitted that the SLDC should calculate the UI charges payable/receivable by DISCOM Utilities based on the existing OERC Intra State ABT Regulations, 2007 instead of Deviation Settlement Mechanism of CERC. Further the deviation settlement charges receivable from and payable to ER pool by GRIDCO should be equally shared with DISCOM Utilities in case SLDC links the drawl of DISCOM Utilities with ISGS drawl.

**REJOINDER AND REPLY OF OPTCL TO QUERIES RAISED DURING HEARING  
(Para 40 to 54)**

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

40. SLDC replied that in reply to the contents of Para-3, it is submitted that as per provision under Section 31(2) of the Act, the State Transmission Utility shall operate the State Load Despatch Centre (SLDC) until a government company or any authority or corporation is notified by the State Government. Accordingly SLDC is at present operated by OPTCL, the STU.

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

41. SLDC replied that it is now functioning autonomously under the direct administrative control of the Chairman-cum-Managing Director, OPTCL, the designated State Transmission Utility (STU). Sr. G.M. (PS) is functioning as Chief Load Dispatcher. Posting of Director as Chief Load Dispatcher is under consideration by OPTCL.
42. At present 66 nos. of Executives & staffs including contractual staffs have been posted at SLDC. Further, more numbers of Executives are expected to be posted at SLDC during FY 2015-16. In view of the above, human resource expenses have been projected by apportioning the current year expenditure anticipating 81 numbers of employees to be deployed in the FY 2015-16, payment of arrear RPP for retired executives, which is due, has been incorporated in HR expenses.

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

43. OPTCL submitted that at present EASSC is fully operational and functioning at SLDC. SLDC is preparing the monthly State energy account, weekly UI/deviation charge billing and mock reactive energy account at EASSC. SLDC is furnishing the Performance Report to OERC for review as and when required.

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

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

### **Annual Charges**

45. SLDC submitted that it has suggested for not collecting SLDC charges from the CGPs who have stopped generation as they are not using the intra state network. However, SLDC has suggested collecting charges after their revival.
46. SLDC submitted that the industries drawing power through inter-state open access are using the State network and coming under 'buyer' category, thus liable to pay the SLDC charges as per the provision in the OERC Regulation.

### **Depreciation**

47. SLDC submitted that the depreciation for the existing assets in the Unified Load Dispatch Center and offices in SLDC has been computed as Rs.24.464 lakh as per CERC Regulation. Twenty five percent of depreciation amounting Rs.18.211 lakh arising from the CAPEX plan (Annexure-VI of the application) has been included anticipating completion of 25% of the items.

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

48. SLDC submitted that some new items under O&M expenses such as providing VPN connectivity to DISCOM Utilities, civil works & electrical maintenance have been projected during FY 2015-16 in the ARR application. As such, the escalated rate as indicated by the Objector is not acceptable.

### **Human Resource Expenses**

49. SLDC submitted that the restructuring plan in respect of SLDC is under process by the Govt. and will be implemented soon. At present 66 nos. of Executives & staffs including contractual staffs have been posted at SLDC. Further, additional numbers of Executives are expected to be posted at SLDC during FY 2015-16. In view of the above, human resource expenses have been projected by apportioning the current year expenditure anticipating 81 numbers of employees to be deployed in the FY 2015-16. Payment of arrear RPP for retired executives, which is due, has been incorporated in HR expenses

### **Interest on Working Capital**

50. SLDC submitted that justification for provision of interest on working capital has already been mentioned in the ARR application.

### **SLDC Development Fund**

51. SLDC submitted that as per the direction of the Commission the balance amount of the revenue remaining unspent at the end of financial year is being deposited in the SLDC Development Fund.
52. Further, as per provision under Section 8(3) of the OERC Regulation, SLDC shall be entitled to utilize the money deposited in the SLDC Development Fund for meeting stipulated equity portion in asset creation and margin money for raising loan from the financial institution and funding R&D projects with due approval of the Commission. In view of the above, the proposal of the objector for truing up SLDC accounts and carry forward the unspent amount to the next financial year may not be accepted.
53. SLDC clarified that as approved by the Commission, OPTCL is meeting the CAPEX from SLDC Development Fund. The Development Fund comprises of one time Registration Fee, Application money, Scheduling charges paid by OA customers and unspent revenue recovered through Annual Charges of SLDC. Equity investment for CAPEX can also be met from this fund. As such the SLDC Development Fund cannot be stopped as suggested by the objector. There is no such provision in the Regulation to utilize the interest of SLDC Development Fund for computation of fees & charges.
54. SLDC submitted that it is issuing dispatch instruction to the State generating stations and drawl schedule for ISGS stations. In surplus scenario, the State's ISGS share is being surrendered from costly stations on real time basis.

### **COMMISSION'S OBSERVATIONS (Para 55 to 92)**

55. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2015-16 followed the principles laid down in the Electricity Act, 2003, CERC (Fees and Charges of RLDC and Other Related Matters) Regulation, 2009 and OERC (Fees and Charges of SLDC and other Related matters) Regulations, 2010. The component-wise determination of Revenue Requirement for SLDC functions is given here under:

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

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

### **Interest on Loan Capital**

57. As per the OERC (Fees & Charges of SLDC and other Related matters) Regulations, 2010 the normative loan outstanding as on 01.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission upto 31.3.2009 from the gross normative loan. In the same analogy for not providing the ROE, the Commission is not inclined to approve any interest on loan capital also as there is no outstanding loan /loan proposed for SLDC expenditure for FY 2015-16.

### **Depreciation**

58. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that the depreciation shall be calculated annually on straight line method and at rates specified by CERC from time to time. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. SLDC has proposed Depreciation (including capital recovery cost) of Rs.42.675 lakh for FY 2015-16 for its assets in the following manner.

**Table – 7**

	<b>(Rs. in lakh)</b>		
<b>Financial Year</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>
<b>Recovery of Capital Cost (Amount to be recovered during the year)</b>	0.000	0.000	18.211
Depreciation on existing assets	30.834	26.328	24.464
<b>TOTAL</b>	<b>30.834</b>	<b>26.328</b>	<b>42.675</b>

59. SLDC has claimed depreciation under two accounts. One part amounts to Rs.24.464 lakh towards normal depreciation of existing assets and the other towards recovery of capital cost of Rs.18.211 lakh. Some objectors submitted that the Commission may only approve the normal depreciation of existing assets and leave out the part of depreciation attributed

to capital recovery of assets during 2015-16. Taking into consideration the views of the objectors, Commission approves an amount of Rs.24.464 lakh towards depreciation for the FY 2015-16.

**Employee Cost (Human Resource Expenses)**

60. SLDC has projected the Employee Cost at Rs.618.22 lakh. As on 31.10.2014, the staff strength of SLDC is 66 including 16 Nos. of Telecommunication personnel.
61. SLDC was asked to submit the actual payment made to the existing employees upto November, 2014 for the FY 2014-15 which it has complied. SLDC expects that out of total of 81 Nos. of employees approved by the Commission, another 10-15 new employees might join SLDC during FY 2015-16. On the basis of data submitted by the SLDC Commission approves the Human Resource expenses of Rs.459.90 lakh against the proposed expenses of Rs.618.22 lakh. The details of Employee Cost are shown in the Table below:

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

(Rs. in lakh)

<b>EMPLOYEE COST</b>			
<b>Sl.</b>	<b>Particulars</b>	<b>Proposed for FY 2015-16</b>	<b>Approved for FY 2015-16</b>
1	Basic Pay + GP	237.892	171.08
2	Addl. Emp. Cost	1.30	1.30
3	DA	285.4704	205.30
4	Other allowance	23.237	1.70
5	Contractual Employees	10.49	10.49
6	Compensation for LDC Personnel	12.00	12.00
7	<b>Total Emoluments (1 to 6)</b>	<b>570.39</b>	<b>401.87</b>
8	Reimbursement. of medical expenses	11.50	8.55
9	Leave Travel Concession	3.00	3.00
10	Reimbursement of HR	33.12	34.48
11	Other Staff Costs (Uniform and Liveries)	1.00	1.00
12	<b>Total Other Staff Costs (8 to 11)</b>	<b>48.622</b>	<b>47.030</b>
13	Staff Welfare Expenses	1.00	1.00
14	Provisions - RPP for 15 Executives	10.00	10.00
15	<b>Total (7+ 12+13+14)</b>	<b>630.01</b>	<b>459.90</b>

Pay and GP for 2015-16 has been calculated by adding 3% rise to the estimated Pay & GP of SLDC for 2014-15 which is based on actual figures upto November, 2014 prorated upto March, 2015. DA has been calculated as 120%, HRA 15% and Medical allowance 5%. A sum of Rupees 459.90 lakh has been approved by the Commission towards Human Resources Expenses for 2015-16. Employee expenses for additional

staff for SLDC have not been provided for 2015-16. However, SLDC can claim the same in the ARR for the year 2016-17.

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

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

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

**Table – 9**

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

Items	Actual FY 2013-14	Approved FY 2014-15	Proposal FY 2015-16
A&G	112.370		132.680
R&M	191.770		270.500
Total O&M	304.140	371.02*	403.180

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

The following table presents the calculation of O&M expenses for the FY 2015-16 based on the above stated OERC Regulation.

**Table – 10**

**Operation and Maintenance (O&M) Expenses (Approved for 2015-16)**

<b>DETAILS</b>	<b>Rs. in lakh</b>
R&M EXPENESS FOR 2010-11 F.Y	186.96
A&G EXPENESS FOR 2010-11 F.Y	65.48
<b>Total O&amp;M Expenses for 2010-11</b>	252.44
Escalation @5.72% FOR 2011-12	14.44
For 100GB space to Add soft technology (NEW)	1.98
<b>Total O&amp;M Expenses for 2011-12</b>	268.86

<b>DETAILS</b>	<b>Rs. in lakh</b>
Escalation @5.72% FOR 2012-13	15.38
AMC OF VPS SCREEN (NEW)	15.88
STRENGTHENING OF WATCH & WARD 8 nos. (NEW)	5.80
<b>Total O&amp;M Expenses 2012-13</b>	<b>305.92</b>
Escalation @5.72% FOR 2013-14	17.50
AMC & BANDWIDTH CHARGE (NEW)	2.60
HIRE VEHICLE CHARGES ON AVG. (NEW)	6.00
<b>Total O&amp;M Expenses 2013-14</b>	<b>332.02</b>
Escalation @5.72% FOR 2014-15	19.00
CERTIFICATION OF SLDC STAFF	20.00
<b>Total O &amp; M Expenses approved for 2014-15</b>	<b>371.02</b>
Escalation @5.72% FOR 2015-16	<b>392.24</b>

As per the above computation the O&M Expenses (which includes R&M and A&G expenses only) is allowed at Rs.392.24 lakh for FY 2015-16.

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

63. SLDC has projected the interest on working capital of Rs. 267.025 lakh at Rs.27.37 lakh as per OERC Regulations considering 10.25% rate of interest. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that rate of Interest on working capital shall be on normative basis and shall be equal to the short-term Prime lending rate of State Bank of India.
64. The Commission feels that since SLDC has accumulated huge amounts of funds in the SLDC Development Fund and it is using part of this fund as deemed loan for working capital purpose, there is no need to approve a separate amount under the head interest on working capital for FY 2015-16.

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

65. SLDC has proposed for construction of separate buildings at three nos. of Sub-LDCs and expansion of existing SLDC building. Further, back up communication between SLDC & Sub-LDCs and provision of required hardware & other IT equipment, dedicated web server with Firewalls configuration for dashboard management to provide uninterrupted service to Users (DISCOM Utilities), installation of Video Conferencing system at SLDC, replacement of old A/C of SLDC Building and procurement of furniture & fixtures for EASSC have been provided in the CAPEX plan. The details of capital expenditure proposed by SLDC are already in Annexure-II above.

66. The Commission lays high importance on functioning of SLDC as the nerve centre of the electricity sector in Odisha. Strengthening of SLDC in terms of infrastructure, IT, Communication etc., are important parameters for effective functioning of SLDC. Objectors during the hearing have also endorsed such views and submitted that the growth of SLDC should not be hampered due to want of funds. Commission feels that SLDC should plan out its capital expenditure keeping in view the load growth for the coming 10-15 years. With a view to strengthen SLDC function through CAPEX, the SLDC may file separately the detailed CAPEX Proposal along with necessary cost-benefit analysis justifying the need for such expenditure. After necessary approval, the CAPEX amount may be spent from the SLDC Development Fund.

#### **Summary of ARR for FY 2015-16**

67. Against Rs.856.428 lakh approved for FY 2014-15 and Rs.1091.447 lakh proposed by SLDC for FY 2015-16, the Commission hereby approves Rs.876.605 lakh for FY 2015-16. The details of Expenses proposed by OPTCL in the ARR of SLDC and approved by the Commission for FY 2015-16 are depicted in the Table below:

**Table – 11**

#### **Summary of ARR of SLDC for FY 2015-16**

(Rs. in lakh)

<b>Sl. No</b>	<b>Item</b>	<b>Approved for FY 2014-15</b>	<b>Proposed for SLDC for FY 2015-16</b>	<b>Approved by OERC for FY 2015-16</b>
1	Employee Cost including compensation	428.20	618.222	459.90
3	Operation and Maintenance Expenses	371.02*	403.180	392.24*
3(a)	R&M Expenses	-	270.500	-
3(b)	A&G Expenses (Including Certification of SLDC personnel)	-	132.680	-
4	Depreciation	26.33	42.675	24.46
5	Interest on Working Capital	30.88	27.37	Nil
6	Return on Equity	-	-	-
7	Contingency Reserve	-	-	-
	<b>TOTAL</b>	<b>856.428</b>	<b>1091.447</b>	<b>876.605</b>

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

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

68. The Annual Charges for SLDC Operations during FY 2015-16 have been approved by the Commission at Rs.876.605 lakh/annum and Rs.73.05 lakh/month which are to be

recovered from the users who use the Intra-State Transmission Network or the associated facilities and services of SLDC during the ensuing year.

69. OERC Regulations, 2010 define the System Operation Function & Market Operation Function of SLDC as under:

- **System Operation Function** includes monitoring of grid operations, supervision and control over the Intra-State Transmission System, real-time operations for grid control & dispatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management & black start coordination etc.
- **Market Operation Function** includes functions of scheduling, dispatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administrating ancillary services & information dissemination etc.

70. OERC Regulations, 2010 specify that the Annual Charges should comprise of

**A) System Operation Charges (SOC) i.e. 80% of Annual charge**

**B) Market Operation Charges (MOC) i.e. 20% of Annual charge**

71. As per OERC Regulations, 2010, System Operation Charges (SOC) shall be collected from the users in the following ratio

- Intra-State Transmission Licensee -10% of the SOC on the basis of Ckt-KMs
- Generating Companies & Sellers - 45% of the SOC on the basis of Installed Capacity or Contracted Capacity
- Distribution Licensees & Buyers - 45% of the SOC in proportion to the sum of their allocation & Contracted Capacities

72. As per OERC Regulations, 2010, Market Operation Charges (MOC) shall be collected equally from the DISCOM Utilities and Generating Companies apportioning to their entitlement and installed Capacity/ Contracted Capacity.

73. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2015-16 at Rs.876.605 lakh/ annum i.e. Rs.73.05 lakh/month to be recovered through SOC & MOC as under:

- System Operation Charges (SOC) (80% of AC) – Rs.701.28 lakh/annum or  
Rs.58.44 lakh/month.

- Market Operation Charges (MOC)(20% of AC) – Rs.175.32 lakh/annum or  
Rs.14.61 lakh/month

**System Operation Charges (SOC)**

74. The System Operation Charges (SOC) of Rs.701.28 lakh/annum or Rs. 58.44 lakh/month shall be apportioned for collection from the following stakeholders as under:

- Intra –State Transmission Licensee @ 10% of SOC - Rs.70.13 lakh/ annum or  
Rs.5.84 lakh/ month.
- Generating Stations & Sellers @ 45% of SOC - Rs.315.58 lakh/annum or  
Rs.26.30 lakh month.
- DISCOM Utilities & Buyers @ 45% of SOC - Rs.315.58 lakh/annum or  
Rs.26.30 lakh month.

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

- The recovery of SOC from OPTCL as Intra-State Transmission Licensee shall be 10% of SOC of Rs.70.13 lakh/annum and Rs.5.84 lakh/month.
- The recovery of SOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by OPTCL at 4495.59 MW shall be @ Rs.7019.72/MW/annum or @ Rs. 584.98 /MW/month.
- The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2015-16 & shall be as shown in table below:

**Table - 12**  
**Apportionment of Annual & Monthly SOC Charges amongst**  
**Distribution Companies for FY 2015-16**

<b>Name of DISCOM Utilities</b>	<b>Energy Consumption approved by OERC for FY 2015-16 (In MU)</b>	<b>% Share of Energy Consumption</b>	<b>Annual Charge (Rs. lakh)</b>	<b>Monthly Charge (Rs. lakh)</b>
CESU	8780	35.40	111.72	9.31
NESCO Utility	5250	21.17	66.81	5.57
WESCO Utility	7350	29.64	93.53	7.79
SOUTHCO Utility	3420	13.79	43.52	3.63
<b>Total</b>	<b>24800</b>	<b>100.00</b>	<b>315.58</b>	<b>26.30</b>

### Market Operation Charges (MOC)

76. The Market Operation Charges (MOC) of Rs.175.32 lakh/annum or Rs.14.61 lakh/month shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC - Rs.87.66 lakh/annum or Rs.7.31 lakh/month
- DISCOM Utilities & Buyers @ 50% of MOC - Rs.87.66 lakh/annum or Rs.7.31 lakh/month

### 77. Recovery of Market Operation Charges (MOC)

- The recovery of MOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by OPTCL at 4495.59 MW shall be @ Rs.1949.92/MW/annum or @ Rs.162.49/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2015-16 as shown in Table below:

Table – 13

#### Apportionment of Annual & Monthly MOC Charge amongst Distribution Companies for FY 2015-16

(Rs. in lakh)				
Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2015-16 (In MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakh)	Monthly MOC Charge (Rs. lakh)
CESU	8780	35.40	31.03	2.59
NESCO Utility	5250	21.17	18.56	1.55
WESCO Utility	7350	29.64	25.98	2.17
SOUTHCO Utility	3420	13.79	12.09	1.01
<b>Total</b>	<b>24800</b>	<b>100.00</b>	<b>87.66</b>	<b>7.31</b>

### Registration Fee

78. OPTCL has proposed for collection of one time Registration Fee of Rs.1.00 lakh as per Regulation 22 of OERC Regulation, 2010 from all users whose Scheduling, Metering & Energy Accounting are coordinated by SLDC. It has also proposed to collect registration fee from the industries who are importing power through Inter-state open access. The Commission approves the proposal of OPTCL for collection of one time Registration Fee of Rs1.00 lakh by SLDC from all users which may be deposited in SLDC Development Fund as per Regulation 8 of OERC Regulations, 2010.

## Application Fee and Scheduling Charges

79. OPTCL in its ARR application for SLDC has proposed that the Application Fee and Scheduling Charges of Rs.5000/- per application and Rs.2000/- per day or part thereof shall be paid by the Short Term Open Access (STOA) Customers. The Commission hereby approves the aforesaid Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2015-16.

## ARR and Annual & Monthly Charges for FY 2015-16

80. The details of ARR & Annual and Monthly Charges for FY 2015-16 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

Table – 14

### ARR & Annual and Monthly Charges for FY 2015-16

Sl. No.	Particulars	Approved for 2015-16	
		Per annum	Per month
1	ARR of SLDC	876.605	73.05
2	Intra-State transmission licensee to pay SOC to SLDC	70.13	5.84
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4495.59 MW)	(Rs.8969.64 per MW)	(Rs.747.47 per MW)
4	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	403.24	33.60
	(i) CESU	142.76	11.90
	(ii) NESCO Utility	85.36	7.11
	(iii) WESCO Utility	119.51	9.96
	(iv) SOUTHCO Utility	55.61	4.63

## Payment Mechanism of Annual Charges to SLDC

81. As per clause 11 of the Odisha Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the transmission charge of OPTCL is duly secured by a first charge over the receivables of GRIDCO from DISCOM Utilities and other Open Access Customers in favour of OPTCL. Receivables of DISCOM Utilities are escrowed in favour of GRIDCO. As on date there is no escrow arrangement between DISCOM Utilities and OPTCL. DISCOM Utilities are users of Intra-State Transmission network of OPTCL. OPTCL used to bill the Distribution Companies for the use of transmission services on the basis of meter reading at the delivery point to

DISCOM Utilities with a copy to GRIDCO. This bill is being paid by GRIDCO to OPTCL from the receivables of DISCOM Utilities escrowed with them.

82. On the basis of the aforesaid mechanism, the monthly SOC & MOC Charges for SLDC shall also be duly secured by a First Charge over the receivables of GRIDCO in favor of SLDC from the escrowed amount of DISCOM Utilities based on the bills served by SLDC to DISCOM Utilities with copy to GRIDCO for use of Intra-State transmission system as well as the services of SLDC. The above principle followed for Financial Year 2010-11, 2011-12, 2012-13, 2013-14 and 2014-15 for payment of monthly SLDC charges to SLDC over the Transmission Charges of OPTCL as FIRST CHARGES shall also be allowed for FY 2015-16.
83. The Customers other than DISCOM Utilities shall pay the Monthly Charges to SLDC directly based on the bills served upon them from time to time by SLDC. The Customers other than DISCOM Utilities shall pay an amount equivalent to two months monthly SOC & MOC Charges as the case may be in advance as security against default in payment of SOC & MOC Charges of SLDC.
84. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 4495.59 MW for FY 2015-16 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2015-16.
85. If the SOC & MOC Charges as the case may be, are not paid by the due date(s) by the Customers other than DISCOM Utilities, surcharge at the rate of 1.25 percent per month shall be levied on the unpaid amount.
86. The SOC & MOC Charges of SLDC shall be paid monthly by the Customers based on the monthly bills served upon them by SLDC following the payment mechanism mentioned above.

#### **SLDC Development Fund**

87. Based on the provisions in CERC Regulation, 2009 & Regulation-8 of OERC Regulation, 2010, the Commission vide Para-213 of the Order dated 20.3.2010 had approved to create a separate fund called "SLDC Development Fund" under a separate head of account under SLDC. SLDC Development Fund has already been established under SLDC with effect from 01.04.2010.
88. The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.22.45 crore as on November, 2014. SLDC may file the details of the proposed

capital expenditure plan along with its cost-benefit analysis with the Commission. The Commission may approve said capital expenditure of Rs. 851 lakh under the proposed CAPEX Plan after due scrutiny of SLDC's Proposal. Quarterly progress of the CAPEX Programme may be furnished to the Commission for necessary performance analysis at this end.

89. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short Term Open Access Charges, etc. during FY 2015-16 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.
90. As usual SLDC shall be entitled to utilize the money from SLDC Development Fund in assets creation and margin money for raising loan from FIs for assets creation & funding of R&D Projects, if any relating to Odisha Power System with the necessary approval of the Commission.
91. Any assets created by SLDC out of money available in SLDC Development Fund shall not be considered for computation of Return on Equity & Interest on Loan.

#### **Functioning of SLDC**

92. As per the Commission's Order dt.20.3.2009, SLDC is to be ring-fenced to function as an Independent System Operator (ISO). As a first and foremost step Chief Load Dispatcher should have been appointed by now. New Executives and Staff members have not been appointed to augment the present strength of 66 numbers against the approved 81 nos. by the Commission.

#### **COMMISSION'S DIRECTIVES (Para 93 to 98)**

93. It has been observed that none of the directions of the Commission has been compiled by OPTCL for its SLDC Functions during the last 5-6 years. Some of them include creation of a wholly owned subsidiary under OPTCL in line with POSOCO created under Power Grid, posting of Chief Load Dispatcher, transfer of assets & liabilities relating to SLDC and sub-LDCs, appointment of requisite number of employees to augment the strength to 81 nos. in terms of NPC Report for SLDC etc. The Commission feels that OPTCL has neglected its duties by not complying the above directions despite repeated orders by the Commission. Therefore the Commission intends to place on record that in case of subsequent failures in complying with the above directions during the FY 2015-16, the Commission may reject the ARR

application of SLDC for the FY 2016-17 u/S.64(3) of the EA, 2003 after giving reasonable opportunity to SLDC during the tariff hearing.

94. As SLDC has failed to act as an Independent System Operator even after 5 years of its ring-fencing, the Commission is of the view that the State Govt. & OPTCL should take immediate steps in this regard. OPTCL was directed by the Commission to send its Board Resolution to this effect to Department of Energy. In reply to a query of the Commission, OPTCL stated that creation of a wholly owned subsidiary in line with POSOCO under OPTCL was not warranted as the volume of transactions and nature of activities carried out by SLDC did not necessarily call for such a separation. The Commission feels that it is not the nature and volume of activity handled by SLDC which is the reason for establishment of a separate entity. What is important is that SLDC should act as an independent system operator. The Commission feels that an independent entity free from any type of day-to-day influence can serve as an independent system operator and directs OPTCL for creating immediate such establishment.
95. Commission had advised in the earlier orders that Government of Odisha should post a Chief Load Dispatcher for SLDC positively by September, 2014. Replying to a query of the Commission, OPTCL stated that posting of a Chief Load Dispatcher was under active consideration. The Commission directs OPTCL to pursue the matter with the Govt. of Odisha to facilitate posting of a Chief Load Dispatcher for SLDC by September, 2015.
96. The Commission had directed OPTCL that the assets & liabilities relating to SLDC and sub-LDCs should be transferred forthwith pending notification of the State Govt. under Section-31 (2) of the Electricity Act, 2003. Replying to a query of the Commission, OPTCL stated that all assets pertaining to SLDC and Sub-LDCs have been indentified for transfer, which shall be done through a Transfer Scheme by Govt. The Commission directs OPTCL not to sit on this matter and to pursue with sincere objective with Govt. of Odisha so as to float the Transfer Scheme by September, 2015.
97. The Commission had directed OPTCL to appoint requisite number of employees to augment the strength to 81 nos. in terms of NPC Report for SLDC. Replying to a query of the Commission OPTCL stated that at present 66 Nos. of Executives and Staff have been posted at SLDC. Further, additional numbers of Executives are expected to be posted at SLDC during FY 2015-16. The Commission directs OPTCL

to employ additional staffs to make SLDC a fully functional and a vibrant independent body.

98. The Commission directs Chief Load Dispatcher, SLDC to submit quarterly performance and quarterly expenses under CAPEX relating to SLDC by end of each Quarter for Performance Review of SLDC by the Commission during FY 2015-16.
99. The Commission recognizes on the basis of submission that the Energy Accounting & Settlement System Centre (EASSC) of SLDC has become fully operational and is preparing the monthly State Energy Account, weekly UI/deviation charge billing, etc. A Committee consisting of CEO/Authorized Officers of all four DISCOM Utilities (or their authorized representative), SGM, SLDC under the Chairmanship of Director (Engg.), OERC shall visit the installation and submit a report to the Commission on its satisfactory performance, shortcomings (if any) and further action required by 31<sup>st</sup> May, 2015.
100. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1st April, 2015 and shall continue until further orders.
101. The application of OPTCL in Case No. 66 of 2014 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.

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

**Sd/-**  
**(S. P. SWAIN)**  
**MEMBER**

**Sd/-**  
**(S. P. NANDA)**  
**CHAIRPERSON**