

**ODISHA ELECTRICITY REGULATORY COMMISSION
PLOT NO. 4, CHUNUKOLI, SHAILASHREE VIHAR,
BHUBANESWAR-751021**

Present: **Shri U. N. Behera, Chairperson**
 Shri A. K. Das, Member
 Shri S. K. Parhi, Member

CASE NO. 72 OF 2018

Date of Hearing **:** **06.02.2019 (at 3.00 PM)**

Date of Order **:** **29.03.2019**

IN THE MATTER OF: An application of the OPTCL for approval of Annual Revenue Requirement and Determination of Fees & Operating Charges for SLDC functions for FY 2019-20.

ORDER

PROCEDURAL HISTORY: (Para 1 to 6)

1. The Odisha Power Transmission Corporation Limited, Bhubaneswar (for short OPTCL), a Govt. Company registered on 29th 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”. By virtue of the 2nd Proviso to Sec. 14 of the Act, OPTCL has been a deemed Transmission Licensee under the Act, so far as transmission functions are concerned, OPTCL is now governed by License Conditions set forth in OERC (Conditions of Business) Regulations, 2004, at Appendix 4B issued under Section 16 of the Act, as modified by the Commission’s Order dated 27th October, 2006. By Clause 10(2) & (3) of the said Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005, the State Govt. has expressly notified OPTCL, a Govt. Company created for taking over transmission function of GRIDCO, as the State Transmission Utility with effect from 01.04.2005. Moreover, even though by the said Scheme, vide Clause 10(2), the OPTCL was ‘notified’ as State Transmission Utility; it was also empowered to “discharge” the State Load Dispatch functions till further orders of the State Govt. This provision as regards “discharge of State Load Dispatch functions” in the Transfer Scheme was obviously intended to be an interim, temporary and stop-gap measure pending establishment/Notification of a State Load Dispatch

Centre under Sec.31(1) and the substantive part of Sec.31(2) of the Electricity Act, 2003.

2. As in Section 55 of the Electricity (Supply) Act, 1948 (now repealed), Sections 31 & 32 of the Electricity Act, 2003 contemplate SLDC as an independent *apex* body to ensure integrated operation of the power system in the State. SLDC has been empowered by Section 33 of the Electricity Act, 2003 to give such directions and exercise such supervision and control as may be required for ensuring integrated grid operations and for achieving maximum economy and efficiency in the operation of power system in the State. These are all highly responsible, technical, and *non-commercial* statutory functions conceived by the Electricity Act, 2003 and are entrusted to SLDC to be carried out as an independent apex body. Every Licensee including OPTCL and generating companies and generating stations and sub-stations are to comply with such directions vide Section 33 (2) and Section 40 (b) of the Act. At present SLDC has not been organizationally separated from OPTCL which is a regulated entity. This anomaly is ought to be removed without any further delay. In this context it is noteworthy that under Section 31(2) of the Act; a government body is supposed to operate SLDC and directions of the State Govt. to such a body are to be confined within the ambit of Section 37 of the Act. The State Govt. has been advised accordingly from time to time the latest reminder having been issued vide DO Letter No.OERC/Tariff/Case No.56/2015/1646 dated 26.11.2015.
3. 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 1st Proviso to Sec.31 (2) of the Act, OPTCL as STU has to “operate” the SLDC for the time being. It is noteworthy that OPTCL as STU has not thereby become owner of SLDC. SLDC should function as an independent autonomous entity within the ambit of OPTCL - the STU to discharge its statutory functions / obligations in accordance with the Act, and Regulations of the Commission, such as those relating to Intra-State Open Access Regulations, 2005, Intra-State ABT Regulation, 2007 & Fees & Charges for SLDC Regulation, 2010, as well as provisions under Orissa Grid Code Regulation, 2006. The Ministry of Power, Gol, by Letter dated 04.11.2008 has recommended implementation of Shri Gireesh B. Pradhan Committee on Manpower Certification and Incentives for System Operation and Ring – Fencing Load Dispatch Centers. As such it is fit and proper that SLDC shall collect Annual

Fees and Charges for SLDC functions from the various stakeholders as per Sec.32 (3) of the Act and other sources permissible under law from the various stakeholders and accordingly SLDC has filed an application for approval of Annual Fees and Charges for SLDC functions for FY 2019-20.

4. 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, which has been published in Odisha Gazette No.1924 dated 18.11.2010 and has come into force with effect from 18th 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 had directed OPTCL-the Transmission Licensee to file two separate applications as mentioned below before the Commission by 30.11.2018.

b. An application for approval of ARR and determination of Transmission Tariff for Intra-State Transmission Network of OPTCL for FY 2019-20.

c. An application for approval of ARR & Annual Fees and Charges for SLDC functions of Odisha SLDC for FY 2019-20.

5. It is to be noted that OPTCL's application as per **Para-4(c)** above is not a tariff application under Section 62 of the Act. OPTCL filed the application before the Commission on 30.11.2018 for approval of Independent ARR & SLDC Fees & Charges for FY 2019-20.

6. The said application dated 30.11.2018 was duly scrutinized and was registered as Case No. 72 of 2018 and was taken up for hearing. Objections were invited after wide publication of the application in English and Odia daily newspaper and Commission's and OPTCL's website. In response to the aforesaid public notice of the applicant, the Commission received 05 number of objections / suggestions from the following persons/ associations/ institutions/organizations:-

(1)Sri Ananda Kumar Mohapatra, Power Analyst, S/o-Jachindranath Mohapatra, Plot No. 639/1021, Laxmi Vihar, Basuaghai, Badagada, Takapani Road,P.S: Badagada, Bhubaneswar, Dist-Khurda-751002, (2) M/s Swain & Sons Power Tech Pvt. Ltd., At-

K-8/82, Kalinga Nagar, Ghatikia, Bhubaneswar-751003, (3) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012 ,(4) Shri Alekh Chandra Mallick,S/O: Shri Harekrushna Mallick, Plot No.335, City Garden, Raghunathpur, Bhubaneswar-754005,(5) Shri R.P.Mahapatra, Retd. Chief Engineer & Member (Gen.), Plot No-775 (P), Lane-3, Jayadev Vihar, Bhubaneswar-751013.

All the above named Objectors along with the Secretary to Govt. Department of Energy, Govt. of Odisha, Bhubaneswar were present during tariff hearing except M/s Swain & Sons Power Tech Pvt. Ltd. and Shri Ramesh Ch. Satpathy and their written submissions filed before the Commission were 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 06.02.2019 at 03.00 PM and orders as follows.

OPTCL'S PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2019-20 (Para 7 to 24)

7. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2019-20 has been prepared by OPTCL in line with the provision mentioned in the CERC (Fees & Charges of RLDC & other related matters) Regulations, 2009, OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010 and considering the following recommendation of the MOP Committee Report.
 - (a) SLDC is to be equipped suitably to play the pivotal role of an Independent System Operator (ISO).
 - (b) Power system operation is the core activity of LDCs. Efficient load dispatching also requires a deep understanding of Transmission, Generation and Distribution technology. In view of above, the executives shall be from electrical engineering discipline. Efforts need be made to supplement them with interdisciplinary learning and development.
8. As per the recommendation in the report of the task force committee on "Capital Expenditure and Issues related to Emoluments for Personnel in Load Despatch

Centres”, the assets pertaining to the Control Centre (SLDC) has to be handed over to the State Load Despatch Centres. Provision for recovery of the outstanding amount for investments made by the POWERGRID on ULDC project shall be kept in the ARR of SLDC. As per the Taskforce report, SLDC is liable to pay the recovery cost of control centre equipments only. Since the assets presently being used at SLDC is yet to be transferred, the ULDC asset recovery charges are not considered in the ARR. However, the depreciation cost has been considered in the ARR for FY 2019-20.

While submitting the ARR proposal for FY 2018-19, OPTCL has considered the (a) recommendations stated under the Committee under the Chairmanship of Shri Gireesh B Pradhan, Additional Secretary to Ministry of Power (constituted in February 2008) to examine the issues for ring fencing of State Load Despatch Centres to ensure their functional autonomy and (b) the report submitted by the “Task Force on Capital Expenditure and issues related to Emolument for Personnel in Load Despatch Centres”.

9. The proposed man power structure for SLDC operation in the ARR of FY 2018-19 is in line with approved structure by the Govt. of Odisha. Total 67 nos. of executives / non-executives shall be deployed at SLDC.
10. The proposed CAPEX expenses amounting Rs. 717.99 lakh by SLDC for FY 2017-18 to FY 2018-19 vide their order dated 23.03.2017 has been approved by the Commission. Out of the total Rs. 717.99 lakh a sum of Rs. 402.99 lakh would be spent during FY 2017-18 and Rs. 315 lakh during FY 2018-19.
11. The Commission had approved, vide letter dated 27.10.2017, Rs. 3,09,10,579 to be spent during FY 2017-18 for procurement of RVDU, expansion & up-gradation of existing VPS, additional expenditure for procurement of furniture & fixtures and computers & peripherals
12. The Commission had approved vide order dated 22.03.2018 in case No. 78 of 2017 for shifting of the CAPEX plan implementation by one year i.e. during FY 2017-18 and 2018-19. Accordingly, OPTCL submitted that expansion of VPS and up-gradation of VPS work could not be completed till date. Hon’ble Commission may allow shifting the above CAPEX plan implementation to FY 2019-20. Construction of new building could not be completed due to modification of plan and site.

Item-wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2019-20

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

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

A. Return on Equity:

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

B. Interest on Loan capital:

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

C. Depreciation:

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. 44.645 lacs as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost for computers & peripherals for SLDC data centre procured during FY 2017-18 /2018-19 amounting Rs. **31.183** lacs and Video Projection Screen (VPS) amounting Rs. 6.588 lacs. nsidered. Total depreciation amount is provided in table –1 below.

**Table – 1
Statement of Depreciation (in Rs. Lacs)**

Financial Year	2017-18	2018-19	2019-20
1	2	3	4
Recovery of Capital Cost (Amount to be recovered during the year)	0.000	0.000	0.000
Depreciation on existing assets	23.850	58.528	44.645
TOTAL	23.850	58.528	44.645

D. Operation and Maintenance Expenses:

Operation and maintenance expenses excluding human resources expenses for FY 2019-20 has been computed as Rs.193.110 lacs considering the R&M

expenditure proposed to be incurred for Facility Management Services (FMS), Website charges, AMC charges for SCADA/EMS equipment, IT equipment and 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 2019-20

Table - 2
Statement of O&M Expenses Excluding Human Resource Expenses
(Rs. Lakh)

SL. No.	ITEMS	2017-18 (Actual)	2018-19 (Approved)	2018-19 (Actual up to Sept.-18)	2019-20 (Prop.)
1	2	4	5	6	7
1	Repairs and maintenance expenses	48.900	50.090	6.478	53.200
2	Administrative and general expenses, etc.	125.491	131.075	55.210	139.910
	Total	174.391	181.165	61.688	193.110

E. Human Resources Expenses:

Human resources expenses have been computed as Rs. 791.156 lacs. Total number of proposed employees at SLDC is 67 nos. considering the expected induction of additional staff during FY 2019-20. The present staff strength of SLDC is 51 as on 31.10.2018 including 5 nos. of telecommunication personnel working at SLDC control centre. In addition to the above, 2 nos. of contractual/outsourcing staff are engaged at SLDC as on date. The salary of the employees has been computed by considering implementation of 7th Pay Commission Report. Payment of arrear amounting Rs. 102 lacs on this account has been considered. The details 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 (amounting Rs 258.549) is computed as Rs. 30.25 lacs as per OERC Regulation considering 11.7% rate of interest (SBI base rate 8.7% plus 300 basis points). Even though SLDC has not taken loan to meet the working expenses, the provision has been kept due to non-receipt of SLDC charges from the user for two months from the commencement of financial year. The loss of interest for the above amount is being recovered as

interest on working capital. The details on working capital requirement and interest on it is given in table-4 below.

Table - 3
Statement of Interest on Working Capital

(Rs. Lakh)	
Particulars	Amount Lacs
O&M expenses for one month excluding human resources expenses	16.093
Human resource expenses for one month	65.930
Receivables (2 months of SOC & MOC)	176.527
Total Working Capital	258.549
Rate of Interest	11.70%
Interest on working capital	30.250

Abstract of expenses proposed for FY 2019-20 is given in table - 4 below.

Table - 4
Abstract of Expenses Proposed for FY 2019-20

(Rs. Lakh)		
Sl. No.	Particulars	2019-20
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	44.645
4.	O&M Expenses excluding human resource expenses	193.110
5.	Human Resource expenses	791.156
6.	Interest on Working Capital	30.250
	Total expenses	1059.161

Certificate of LDC Personnel:

14. The committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” recommended compensation structure, innovative incentive schemes for higher learning and monetary incentives based on the ratings of the employees. For imparting training to the executives, the expenditure for Training & Certification of LDC personnel has been projected as Rs 10 lacs for FY 2019-20.

SLDC Assets:

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

Determination of Annual Charges for SLDC:

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

Annual charges: Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
 - b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge
- **System Operation Charges (SOC)** shall be collected from the users in the following ratio
 - Intra-State Transmission Licensee - 10% on the basis of Ckt-KMs
 - Generating Company & Seller - 45% on the basis of installed capacity
 - Distribution Licensee and Buyers - 45% on the basis of allocation
 - **Market Operation Charges (MOC)** shall be collected equally from the DISCOMs and Generating Companies apportioning to the entitlement and installed capacity respectively.
 - As per the proposed maintenance program, the installed capacity of OHPC stations has been considered as 1800 MW as per the availability projection made by OHPC considering the R&M programme.
 - For the purpose of determination of the above charges for CGPs, the maximum MW scheduled during April to October 2018 has been considered.
 - In the absence of approved injection schedule for some of the CGPs during FY 2018-19 (up to October 2018), the approved schedule quantum for previous year has been considered.
 - 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 - 5
Abstract of Collection of SLDC Charges Proposed for FY 2019-20

	(Rs. lakh)
Annual charges (AFC)	1059.161
System Operation Charges (SOC) (80% of the AFC)	847.329
Intra State Transmission Licensee @10% of SOC	84.733
Generating Station & Sellers @45% of SOC	381.298
Distribution Licensees & Buyers@45% of SOC	381.298
Market Operation Charges (MOC) (20% of the AFC)	211.832
Generating Station & Sellers @50% of MOC	105.916
Distribution Licensees & Buyers@50% of MOC	105.916

Registration Fee:

17. Besides the above charges, provision for collection of registration fee @ Rs1.00 lac from all users has been made as per OERC Regulation.

Application Fee and Scheduling Charges:

18. 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

19. Considering the submission made above, OPTCL prays the Commission to approve the Annual Revenue Requirement of Rs.1059.161 lacs for FY 2019-20 towards State Load Dispatch Centre (SLDC) function separately and allow recovering the same from the users.

Table - 6
Proposed Levy and Collection of Fees and Charges by OPTCL
for SLDC operation for FY 2019-20

(Rs. in Lacs)

LEVY AND COLLECTION OF FEES & CHARGES		
Annual charges		1059.161
Total Cost (Annual Fixed Cost)		1059.161
System Operation Charges (SOC) (80% of the AFC)		847.329
Market Operation Charges (MOC) (20% of the AFC)		211.832
System Operation Charges (SOC)		847.329
Intra State Transmission Licensee @10% of SOC		84.733
Generating Station & Sellers @45% of SOC		381.298
Distribution Licensees & Buyers@45% of SOC		381.298
(a) Intra State Transmission Licensee (SOC per month)		7.061
(b) Generating Station & Sellers @45% of SOC		381.298

Table - 7

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
A	State Generating Station			
1	OHPC	1800.00	146.709	12.226
2	OPGC	420.00	34.232	2.853
3	TTPS	460.00	37.492	3.124
B	Small Hydro & Bio-mass			
4	OPCL (Small Hydro)	20.00	1.630	0.136
5	Meenakshi Power Ltd. (Small Hydro)	37.00	3.016	0.251
6	Shalivahana Green Energy Ltd	20.00	1.630	0.136
C	IPP			

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
7	GMR, Kamalanga	350.00	28.527	2.377
8	Vedanta Limited (IPP)	600.00	48.903	4.075
D	CGPs	Maximum Scheduled (MW) (up to end of October-2018)		
9	Aarti Steel Ltd	39.98	3.259	0.272
10	Aditya Aluminium Limited	2.00	0.163	0.014
11	Aryan Ispat & Power Pvt. Ltd.	3.23	0.263	0.022
12	Bhubaneswar Power Pvt. Ltd.	120.00	9.781	0.815
13	Bhusan Power & Steel Ltd.,Jharsuguda	30.00	2.445	0.204
14	Bhusan Steel Limited, Meramundali	20.88	1.702	0.142
15	ESSAR Power (Orissa) Ltd.	30.90	2.519	0.210
16	FACOR Power Ltd.	12.49	1.018	0.085
17	HINDALCO	16.18	1.319	0.110
18	IFFCO	10.00	0.815	0.068
19	IMFA	47.63	3.882	0.324
20	Jindal Stainless Limited, Duburi	19.84	1.617	0.135
21	Jindal Steel & Power Ltd., Angul	193.49	15.770	1.314
22	Maithan Ispat Limited	9.91	0.808	0.067
23	MGM Minerals Ltd.	3.44	0.280	0.023
24	NALCO, Angul	41.00	3.342	0.278
25	Narbheram Power & Steel (P) Ltd	3.00	0.245	0.020
26	Nava Bharat Ventures Limited	49.94	4.070	0.339
27	Nilachal Ispat Nigam Limited	4.91	0.400	0.033
28	OCL India Ltd.	19.73	1.608	0.134
29	Pattaniak Steel & Alloys Limited	2.00	0.163	0.014
30	RSP	4.00	0.326	0.027
31	Shree Ganesh Metalicks Limited	1.05	0.086	0.007
32	Shyam Metalicks & Energy Limited	1.00	0.082	0.007
33	SMC Power generation	4.00	0.326	0.027
34	Tata Sponge Iron Limited	21.13	1.722	0.144
35	Vedanta Limited (Jharsuguda)	169.99	13.855	1.155
36	Vedanta Limited (Lanjigarh)	5.00	0.408	0.034
37	VISA Steel Limited	25.00	2.038	0.170
38	Yazdani Steel & Power Limited	2.00	0.163	0.014
E	Solar Projects	Installed Capacity (MW)		
39	ACME, Odisha	25.00	2.038	0.170
40	AFTAB Solar	5.00	0.408	0.034
41	BEL SOLAR	7.50	0.611	0.051
42	GEDCOL	20.00	1.630	0.136
	Total	4678.22	381.298	31.775
(c)	Distribution Licensees & Buyers @45% of SOC		381.298	
		% share		
43	CESU	34.90	133.073	11.089
44	NESCO	23.62	90.063	7.505
45	WESCO	27.40	104.476	8.706

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
46	SOUTHCO	14.08	53.687	4.474
	Total	100.00	381.298	31.775

Market Operation Charges (MOC) : Rs. 282.105 lakh

(a) Generating Company @50% of MOC: Rs. 141.053 Lakh

Table – 8

(Rs. in Lacs)

Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
A	State Generating Station			
1	OHPC	1755.00	54.248	4.521
2	OPGC	420.00	12.983	1.082
3	TTPS	460.00	14.219	1.185
B	Small Hydro & Bio-mass			
4	OPCL (Small Hydro)	20.00	0.618	0.052
5	Meenakshi Power Ltd. (Small Hydro)	37.00	1.144	0.095
6	Shalivahana Green Energy Ltd	20.00	0.618	0.052
C	IPP			
7	GMR, Kamalanga	350.00	10.819	0.902
8	Vedanta Limited (IPP)	600.00	18.546	1.546
9	NBVL (IPP)	60.00	1.855	0.155
D	CGPs	Maximum Scheduled (MW) (up to end of October-2017)		
10	Aarti Steel Ltd	37.21	1.150	0.096
11	Aditya Aluminium Limited	2.00	0.062	0.005
12	Aryan Ispat & Power Pvt. Ltd.	8.67	0.268	0.022
13	Bhubaneswar Power Pvt. Ltd.	115.00	3.555	0.296
14	Bhusan Power & Steel Ltd.,Jharsuguda	30.00	0.927	0.077
15	Bhusan Steel Limited, Meramundali	20.88	0.645	0.054
16	ESSAR Power (Orissa) Ltd.	12.00	0.371	0.031
17	FACOR Power Ltd.	10.98	0.339	0.028
18	HINDALCO	15.00	0.464	0.039
19	IFFCO	10.00	0.309	0.026
20	IMFA	48.08	1.486	0.124
21	Jindal Stainless Limited, Duburi	18.81	0.581	0.048
22	Jindal Steel & Power Ltd., Angul	86.93	2.687	0.224
23	Maithan Ispat Limited	2.00	0.062	0.005
24	MGM Minerals Ltd.	3.00	0.093	0.008
25	NALCO, Angul	61.00	1.886	0.157

26	Narbheram Power & Steel (P) Ltd	3.00	0.093	0.008
27	Nava Bharat Ventures Limited	47.74	1.476	0.123
28	Nilachal Ispat Nigam Limited	4.91	0.152	0.013
29	OCL India Ltd.	19.79	0.612	0.051
30	Pattaniak Steel & Alloys Limited	2.00	0.062	0.005
31	RSP	4.00	0.124	0.010
32	Shree Ganesh Metalicks Limited	1.05	0.032	0.003
33	Shyam Metalicks & Energy Limited	1.00	0.031	0.003
34	SMC Power generation	4.00	0.124	0.010
35	Tata Sponge Iron Limited	20.18	0.624	0.052
36	Vedanta Limited (Jharsuguda)	169.99	5.255	0.438
37	Vedanta Limited (Lanjigarh)	5.00	0.155	0.013
38	VISA Steel Limited	25.00	0.773	0.064
39	Yazdani Steel & Power Limited	2.00	0.062	0.005
E	Solar Projects	Installed Capacity (MW)		
40	ACME, Odisha	25.00	0.773	0.064
41	AFTAB Solar	5.00	0.155	0.013
42	GEDCOL	20.00	0.618	0.052
	Total	4563.22	141.053	11.754
(b) Distribution Licensees & Buyers @50% of MOC			141.053	
Sl.		% share		
43	CESU	35.20	49.650	4.138
44	NESCO	22.59	31.864	2.655
45	WESCO	28.20	39.777	3.315
46	SOUTHCO	14.00	19.747	1.646
	Total	99.99	141.038	11.753

Compliance of directions of the Commission

20. On reply to the Commission's queries on independent functioning of SLDC, the OPTCL has submitted that as per provision under Section 31(2) of the Electricity Act, OPTCL, being the designated STU, is operating SLDC at present. SLDC is now operating autonomously as an independent system operator headed by Chief Load Dispatcher, under the direct administrative control of the Chairman-cum-Managing Director of OPTCL. Further SLDC is processing the open access applications independently in accordance with the prevailing regulations.
21. Further, SLDC submitted that all assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel. Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification.

22. SLDC has furnished the details of receipt towards Application Fee and Scheduling Charges from STOA customers for FY 2016-17, 2017-18 and from April 2018 to November, 2018 for the FY 2018-19 as given below :

Table – 9
Application fee and Scheduling charges

Sr No	Financial Year	Application Fee (Rs)	Scheduling charges (Rs)
1	2016-17	77,00,000	2,27,90,024
2	2017-18	84,00,000	2,45,34,200
3	2018-19 (up to Nov 18)	52,48,000	1,42,50,120

23. Further, SLDC has submitted the item-wise actual expenditure viz. Employee cost, R&M, A&G and Depreciation incurred during FY 2016-17, 2017-18 and 2018-19 (up to November, 2018) as given in the table below

Table -10
Item-wise Actual expenditure

Financial Year	Employee Cost (Rs)	R&M (Rs)	A&G (Rs)	Dep (Rs)
2016-17	5,44,58,948	55,47,836	109,58,560	32,53,009
2017-18	5,00,52,994	48,90,224	125,49,216	57,02,416
2018-19 (Nov 18)	3,45,81,776	7,66,974	66,15,712	

24. SLDC submitted the details of Open Access allowed by SLDC as provided in table below :

Table – 11
Details of Open Access Allowed

Year	No of Applications received	No of Application allowed	No of Application rejected	Total MW allowed (MU scheduled)	Total amt received as STOA charges (lakh)	Reason of rejection
2014-15	1297	1243	54	3849.98	Furnished in Table No 7 above	Application Not complying with req provisions
2015-16	1416	1321	95	4564.03		
2016-17	1645	1496	149	4312.83		
2017-18	1697	1599	98	4705.15		
2018-19	1210	1206	4	5837.50		

VIEWS OF CONSUMER COUNSEL (Para 25 to 26)

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

Observations on Annual Revenue Requirement

- SLDC has given the proposal for revenue requirement of **Rs.1059.161** lakh for FY 2019-20 which is 20% high over Rs.885.09 lakh approved by the Commission for FY 2018-19. This would be recovered through Annual Fees and Charges. The Revenue Requirement includes Employee Cost of Rs. 791.156 lakh on account of salary and other cost of 67 nos. of executives and non-executives and implementation of 7th Pay Commission Report for FY 19-20. SLDC has proposed Rs.102 lakh on account of arrear payment due to consideration of implementation of 7th Pay Commission's Recommendations. The same may not be allowed by the Commission until the 7th Pay Commission's Recommendations are actually implemented.
- The O&M expenses of Rs. **193.110** lakh are projected considering the expenditure to be incurred in FY 2019-20 & not as per OERC Regulation (5.72% escalation on previous year's actual O & M expenses. The proposed O&M expenses of Rs **193.110** lakh seems to be on higher side and should not be approved.

The O&M, therefore, should be computed as per OERC Regulation: 5.72% escalation over actual prorated O&M expenditure of FY 2018-19.

- SLDC has claimed Rs. 44.654 lakh as depreciation for assets in ULDC and offices in SLDC, out of which an amount of Rs. **7.750** lakh is claimed on account of Video Projection Screen (VPS) and Rs. **6.547** lakh is claimed for IT equipments at EASSC. Depreciation on VPS and IT equipments at EASSC may be allowed for the FY 2019-20. The counsel is of the view that depreciation on new assets such as AC, furniture, UPS, photocopier, battery etc. should be scrutinized.
- Proposed working capital of Rs. 258.549 lakh may not be approved separately and the same may be allowed to be incurred from SLDC Development Fund, as per the earlier directive of the Commission.

Non-Compliance of Directions of the Commission - Main Issues

- Regarding Commission's directions on transfer of assets to SLDC, the OPTCL has responded by saying that all assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel. Transfer of assets

shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. The actual transfer of assets has not taken place as yet.

- On the Commission's direction that SLDC should operate as an independent system operator, SLDC has replied that as per provision under Section 31(2) of the Electricity Act, OPTCL, being the designated STU, is operating SLDC at present. SLDC is now operating autonomously as an independent system operator headed by Chief Load Despatcher, under the direct administrative control of the Chairman-cum-Managing Director of OPTCL. The post of Director has already been approved by Government of Odisha. However, SLDC is yet to operate independently.
- SLDC has spent Rs 12.804 lakh for training and certification of SLDC personnel during FY 2017-18. SLDC has propose to spent Rs 12.55 Lakh during FY 2018-19 again projected to spent Rs 10 lakh for same purpose during the ensuing year 2019-20. SLDC may submit the details regarding the staff trained and benefits from training.

26. The Consumer Counsel, WISE, presented before the Commission the following concluding remarks during hearing on application of OPTCL for approval of ARR & Annual Fees & Charges of SLDC functions for FY 2019-20.

- The SLDC is considered as 'Brain' of Power System Operation.
- SLDC is responsible for optimum scheduling and dispatch of electricity, carrying out real time operations for grid control and dispatch of electricity in cost-effective manner.
- The actual utilization of the "SLDC Development Fund" so far may be produced by SLDC.
- The SLDC has been delaying implementation of the various orders of Commission.
- The Commission may consider all the above facts before approving the ARR for FY 2019-20.

VIEWS OF OBJECTORS (Para 27 to 54)

Functioning of SLDC

27. One of the objectors submitted that OPTCL is now controlling SLDC and has not implemented the directives given by the Commission from time to time since 2007.
28. Some objectors pointed out that SLDC/OPTCL had not complied with the directions of the Commission with regard to timely completion of works and assets transfer.
29. Few Objectors opined that CMD of OPTCL is also the CMD of GRIDCO due to which SLDC is not able to function independently. Thus, there is conflict of interest while permitting open access to consumers as permission to do so is affecting the interest of GRIDCO.
30. One of the objectors submitted that SLDC has not been separated from OPTCL and was not given functional autonomy as per the recommendations of the Gireesh Pradhan Committee. SLDC remains under the control of the management of OPTCL and does not enjoy functional and structural immunity.
31. Another objector pointed out that SLDC is not functioning as an Independent System Operator and it is taking 'Commercial Clearance' from GRIDCO before issuing permission of open access.

Organizational Structure and Staffing of SLDC

32. One of the objectors stated that normal SLDC functions like preparation of energy accounting, preparation of cross subsidy surcharge bills, updating of websites of SLDC are being hampered due to lack of sufficient manpower in SLDC.
33. One of the objectors pointed out that SLDC should furnish action plan to deploy complete sanctioned manpower.
34. One of the objectors stated that additional Executives required for highly specialized and technical nature of the SLDC functioning have not been appointed.
35. Some objectors submitted that the recent appointment of Chief Load Despatcher of SLDC had been from the general cadre of OPTCL.
36. One of the objector submitted that a director may be appointed as Head of SLDC and he should function under administrative control of Energy Department of Govt. of Odisha.

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

37. Some objectors stated that SLDC charges should not be extended to open access customers importing power through interstate open access as per provisions under EA 2003 and regulations framed by CERC.
38. Operating and scheduling charges of SLDC should be approved at Rs. 1000 per day for the purpose of intra state OA transaction.
39. SLDC is not following merit order based optimum scheduling and dispatch of electricity within the state.
40. One objector submitted that SLDC should not levy SOC on the captive generating plants for which power is not scheduled for the year
41. One objector requested that operating and scheduling charges of SLDC should be approved at Rs. 1000 per day instead of proposed Rs. 2000 per day as per CERC (Open Access (third amendment) Regulation 2015.
42. Some objectors submitted that SLDC should be directed to publish the monthly Energy Account, weekly UI account, and weekly Reactive Energy Account, status of open access applications in its website in a time bound manner.

Operation & Maintenance Expenses (O&M Expenses)

43. Some of the objectors stated that O&M expenditure of SLDC should be increased at 5.72% from previous year's O&M expenses provided its below maximum permissible limit as per OERC regulations.

SLDC Development Fund

44. One objector pointed out that SLDC had accumulated huge amount of funds in the SLDC Development Fund and it was using part of this fund as deemed loan for working capital and hence there was no need to approve a separate amount under the head interest on working capital.
45. Another objector submitted that SLDC should furnish year-wise deposit in SLDC Development Fund and its utilization in each year. Besides that fund available as on 31st March, 2017 and fund deposited thereafter in the SLDC Development Fund should be monitored.

SLDC ARR and Charges & fees

46. One of the objector submitted that OPTCL has violated the provisions of EA 2003 and Gireesh Pradhan Committee formulated by MoP. OPTCL did not able to prepare the annual financial statement for FY 2009-10 to FY 2017-18. The OPTCL neither infuse equity nor has asset for SLDC function implying that SLDC is not a separate entity. OERC has not able to true up the accounts of previous orders and hence it is illegal to admit the present petition.
47. The objector requested the Commission to introduce one uniform transmission tariff @ paisa/kWh over the all beneficiaries Generators, sellers, DISCOM, traders and consumers etc. The present practice of specifying SOC and MoC by breaking AFC into 80:20 ratio suggested to discontinued
48. One of the Objector has urged commission not to allow OPTCL to collect fees and charges for SLDC separately in addition to their Transmission Tariff on the absurd presumption that SLDC is functioning as an autonomous & independent body which is factually wrong.
49. Objector has stated that OPTCL has not separated the financial accounts of SLDC and in absence of that truing up exercise and performance review could not be done.

Other Suggestions

50. One of the objector submitted that in the True up order (case no 05/2018) issued by the Commission dated 3.07.2018 nothing has been disclosed about the expenditure and revenue for SLDC function of OPTCL. The objector requested the Commission to ask the petitioner to file up the True up petition for its SLDC function since beginning. Same objector pointed out that in absence of the Trueing up of previous tariff order for SLDC function , it is illegal to admit the ensuing year petition filed by the petitioner for SLDC function. The objector requested the Commission to reject the present petition.
51. One of the Objector has urged before the commission to implement Multi-Year Tariff(MYT) Principles, a mandate of EA-2003 in determining the tariff, charges, fees etc of various licensees of Odisha.
52. Some objectors urged commission to direct SLDC to publish its quarterly performance and quarterly expenses under CAPEX relating to SLDC.

53. One objector stated that SLDC is not following merit order based optimum scheduling and dispatch of electricity within the state
54. The OPTCL should produce a status report on the following directives of the Commission:
- ✓ direction given to the CMD OPTCL to ensure the posting of a full time Director in SLDC in order to enable SLDC to function effectively and independently as the state nodal agency.
 - ✓ direction given to CMD, OPTCL to post the existing Director (Technical) as Director of SLDC by 31st May, 2010.
 - ✓ direction on the creation of a separate “SLDC Development Fund” w.e.f. 01.04.2010 and deposition of the amount unspent as on 31.03.2010 of SLDC in the newly created fund.
 - ✓ direction on the functioning of the Energy Accounting & Settlement System Centre (EASSC) of SLDC from 01.04.2010 without fail and direction given on preparation and issuance of the monthly energy account and weekly reactive energy account to all the stake holders.
 - ✓ direction given to SLDC to submit monthly report on STOA transactions and to display the same in SLDC website for the information of all the stake holders/ general public.
 - ✓ direction given to the OPTCL to post requisite number of executives as per ERLDC norms.
 - ✓ direction given to the Chief Load Despatcher, SLDC to submit quarterly performance of each quarter to the Commission for quarterly performance review at the end of each quarter.

REJOINDER AND REPLY OF OPTCL TO QUERIES RAISED DURING HEARING (Para 55 to 87)

Functioning of SLDC

55. 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. SLDC is operating the State grid most efficiently to maintain the electrical parameters within the statutory limit.

56. SLDC submitted that it is now functioning autonomously under the direct administrative control of the Chairman-cum-Managing Director, OPTCL, the designated State Transmission Utility (STU). SLDC is being headed by the Chief Load Despatcher.
57. SLDC has been financially unbundled and is maintaining separate books of accounts and is meeting its expenses out of the revenue generated as per OERC order. Hence SLDC is financially independent from OPTCL.
58. SLDC is discharging its duty as per the provision of the Electricity Act 2003. Accordingly, SLDC is operating the State grid and performing all other activities efficiently.
59. OERC vide letter No. 1313 dated 04.8.2007 issued a road map for implementation of levy of annual fees and operating charges for SLDC functions in Odisha in order to separate SLDC charges from the existing transmission charges of OPTCL with effect from 01.04.2008 to make SLDC self-reliant. As per direction of Hon'ble Commission, separate application for approval of Annual Fees and Operating Charges for SLDC function is being filed by OPTCL since FY 2009-10.
60. Subsequently, on notification of OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010, the application for approval of Annual Revenue Requirement and Fees & Charges for SLDC is being prepared & submitted before the Hon'ble Commission as per the provisions of Regulation.
61. All assets pertaining to SLDC & Sub-LDCs have been identified and used exclusively by SLDC personnel, transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. However, the day to day functioning of SLDC is not being hampered.
62. The assets pertaining to SLDC are being used exclusively by SLDC personnel. Also, new assets are being added by SLDC to perform the day to day functions & activities. Transfer of assets shall be done through a 'Transfer Scheme' by Government of Odisha after due notification. However, the day to day functioning of SLDC is not being hampered.

Organizational Structure and Staffing of SLDC & Employees Cost

63. Government of Odisha has already approved the SLDC structure for 67 nos. of employees of different category excluding personnel at Sub-LDC which have been included in OPTCL staff structure.
64. It has been submitted by SLDC that previously it has almost incurred HR expenses with insignificant difference with the approved amount during FY 2013-14, 2014-15, 2015-16, 2016-17 & 2017-18. It is anticipated that during FY 2018-19, the HR expenses shall reach the approved amount. It is further submitted that the present staff strength including contractual is 51 numbers, against approved strength of 67 Nos. The approved staff strength is adequate to perform the present activities of SLDC. Filling up of the remaining posts is under process. One no. of the Telecom staff has been posted under Chief Load Despatcher. Five nos. of Telecom. Executives are deployed at SLDC, whose salary is being disbursed from SLDC.
65. With the existing manpower, SLDC is performing all major activities as per the provision of Act & Regulation.
66. The Executives working at SLDC are highly specialized with strong technical knowledge in respect of SLDC function. All the Executives had undergone the System Operator training conducted by National Power Training Institute (NPTI).
67. OPTCL is looking after the SLDC function, the staff cadre is being maintained by OPTCL.

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

68. The website of SLDC is updated regularly in respect of major information like implementation of open access transactions, energy accounting, daily/monthly/quarterly/annual system performance report, daily drawl & dispatch schedule for DISCOMs and Generating Stations respectively. However, some of the information which is not urgent in nature is yet to be displayed. Action is being taken for displaying the above.
69. As per provision of Regulation 20 & 21 of OERC (Fees and Charges of SLDC and other related matters) Regulations, 2010, OPTCL proposed to collect Annual Charges

from those industries who are importing power through Intra/Inter-State open access as they are coming under 'buyer' category, thus liable to pay the SLDC charges.

70. It is submitted that, EASSC is functioning at SLDC for State Energy Accounting and UI charge / Deviation charge billing on receipt of energy meter data from field. Schedule based energy accounting and Un-scheduled inter-change / deviation charges billing are being prepared by SLDC with effect from 01.04.2012. However the Un-scheduled interchange/ deviation charges billing has been stopped since 17.02.2014 as per APTEL order. The monthly energy accounting for DISCOMs and Open access customers on 15 minutes block basis is being uploaded in the SLDC website and forwarded to all customers on 1st day of each month by email.
71. It is submitted that SLDC has filed the compliance of the directives of Hon'ble Commission at para 139 & 140 of the order dated 23.03.2017 in Case No. 65/2016 while approving the ARR & determination of Fees & Charges of SLDC functions for FY 2017-18. The contention of one of the Objector is not based on facts in respect of processing of Open Access applications. SLDC is processing the Inter / Intra State Open Access applications independently as per the provision of Act & Regulations without any influence.
72. SLDC is functioning autonomously under the ambit of OPTCL, the STU as per the provisions of the Act. GRIDCO is the designated entity for receiving power from all sources including State's ISGS share. In case of non-compliance of schedule by the embedded Open Access customers, GRIDCO's drawl schedule will be ultimately affected. In view of the above, some sort of commercial agreement is required between embedded Open Access customers & GRIDCO, in the absence of implementation of Intra-State ABT to the generators.
73. SLDC has never asked to any CGP for not to inject power to the System. However, as a part of grid operation activity, SLDC can direct any user not to inject power beyond the schedule depending on grid condition.

Repair & Maintenance (R&M Expenses)

74. It is submitted that O&M expenses comprise A&G and R&M expenses. AMC charges of SCADA / EMS & VPS contribute a substantial amount of R&M expenses. During FY 2018-19, the R&M expenses are expected to reach the approved amount as some bills are pending for payment. As such, the proposal of the Objector is not acceptable.

Depreciation

75. It has been submitted that depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. 44.645lacs as per CERC Regulation (Form-4B). The major amount of depreciation charges is for recovering the depreciation cost for computers & peripherals for SLDC data centre, procured during FY 2017-18 and depreciation cost of VPS screen amounting, IT equipment for EASSC amounting. Besides, depreciation on assets such as AC, Furniture, DG set, RVDU at Jaynagar etc. has been considered.

SLDC Development Fund and Interest on Working Capital

76. SLDC stated that SLDC Development Fund has already been created and operative at present. The details of SLDC Development Fund are available in the ARR application filed by OPTCL.
77. The SLDC development fund is being utilized to meet the Capital Expenditure of SLDC with due approval of Hon'ble Commission.
78. That, in reply to the contents of Para-6, it is submitted that the interest on working capital amounting Rs. 258.549lacs computed as Rs. 30.250lacs as per OERC Regulation considering 8.7% rate of interest (SBI base Rate) plus 300 basis point. Even though SLDC has not taken loan to meet the working expenses, the provision has been kept due to non-receipt of SLDC charges from the Users for a period of two months from the commencement of Financial Year. The expenses have to be met from the charges collected from the Users for the previous year which could have been kept in the SLDC development fund. The loss of interest for the above amount is proposed to be recovered as interest on working capital.

SLDC fees and charges

79. For the purpose of determination of the Annual Charges for CGPs, the maximum MW scheduled during April to October 2018 has been considered. In absence of approved injection schedule for some of the CGPs during the FY 2018-19 (up to October'18), the approved schedule quantum for previous year has been considered for purpose of levying SLDC charges
80. OPTCL has suggested to collect scheduling charges @ 2000/- per day as per the previous tariff order.

Others

81. OPTCL (SLDC) has submitted that it has complied with the directions of Hon'ble Commission.
82. It is submitted that display of monthly report on STOA transactions on SLDC website is under process..
83. The objections made relating to merit order despatch is not specific. However, SLDC is adopting merit order generation despatch.
84. The Commission has been reviewing the performance of SLDC. SLDC is furnishing the Performance Report to OERC for review as directed by the Commission. Further, statutory / internal audit of SLDC accounts is being conducted annually by independent Chartered / Cost accountant firms.
85. Statutory / internal audit of SLDC account is being conducted annually by independent Chartered / Cost accountant firm. Further, the function of SLDC is for integrated operation of the State grid to ensure reliability and quality of power supply to all the Users, question of loss & profit does not arise. As such, the allegation made by the objector is not maintainable.
86. SLDC is optimizing the State's drawl from Machhkund Power House with the available network configuration.
87. The State's hydro generation is being made as per the decision made by the Water Resources Department, Government of Odisha in coordination with OHPC. SLDC is operating the State grid in co-ordination with all the entities at different levels including Generation, Transmission & Distribution.

OBSERVATIONS OF STATE ADVISORY COMMITTEE (SAC) (Para 88)

88. The Commission convened the State Advisory Committee (SAC) meeting on 20.02.2019. The members of SAC deliberated on different issues related to power sector and the Annual Revenue Requirement of various licensees/generators. However, no specific view was offered related to the Annual Revenue Requirement and Fees & Charges of SLDC for the FY 2019-20.

VIEWS OF GOVT. OF ODISHA (Para 89)

89. Govt. of Odisha communicated its suggestions/views/comments on various issues involving Tariff setting for the FY 2019-20 vide its letter No.LC-OERC-

06/2019/2283 dt.12.03.2019. However, no specific suggestion was given by the State Government with regard to determination of fees and charges for SLDC for the FY 2019-20.

COMMISSION’S OBSERVATIONS (Para 90 to 131)

90. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2019-20 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)

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

Interest on Loan Capital

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

Depreciation

93. The OERC (Fees & Charges of SLDC and other related matters) Regulations, 2010 provides that the depreciation shall be calculated annually on straight line method and at rates specified by CERC from time to time. The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission. SLDC has proposed Depreciation of Rs.44.645 lakhs for FY 2019-20 for its assets in the following manner.

Table - 12

(Rs. in Lakhs)

Sl. No.	Name of the Assets	Gross Block as on 31.03.2018	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2019-20
	1	2	3	4 = Col.2 X Col.3
1.	Land	00.00	0.00%	0.000
2.	Office Building	00.00	1.63%	0.000
3.	Residential Building	00.00	1.63%	0.000
4.	Roads	00.00	100.00%	0.000
5.	Battery including new for data centre UPS	10.47	5.28%	0.553

Sl. No.	Name of the Assets	Gross Block as on 31.03.2018	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2019-20
6.	Isolation transformer & ACDB for UPS	07.98	5.28%	0.421
7.	Underground Cables	00.61	5.28%	0.032
8.	Over Head LT lines	00.00	5.28%	0.000
9.	Voice Recording System	04.95	5.28%	0.261
10.	Split type Air Conditioner	00.00		
(i)	Procured during 2012-13 (10)	03.19	5.28%	0.169
(ii)	Procured during 2014-15 (14)	06.15	5.28%	0.325
(iii)	Procured during 2016-17 (18)	07.94	5.28%	0.419
11.	DG Set (ULDC project)	00.00	5.28%	0.000
12.	DG Set for disaster management	07.91	5.28%	0.418
13.	3 HP water pump	00.31	6.33%	0.020
14.	Office Furnitures including new	06.33	6.33%	0.401
15.	Office equipment	00.06	6.33%	0.004
16.	Electrical Installation for SLDC building (new)	14.04	6.33%	0.889
17.	Street Light including UG cable (new)	08.05	5.28%	0.425
18.	Communication Equipment (intercom system)	00.00	6.33%	0.000
19.	Computer tables for EASSC	00.89	6.33%	0.057
20.	Software for EASS	00.32	30.00%	0.097
21.	Video Projection System (VPS)	43.92	15.00%	6.588
22.	Photo copier	02.98	6.33%	0.189
23.	UPS for desktops	01.14	5.28%	0.060
24.	End User's equipments such as router etc. to receive the metering data	01.53	15.00%	0.229
25.	Computers & peripherals for data centre	207.88	15.00%	31.183
26.	RVDU at Jaynagar sub-station	11.36	15.00%	1.703
27.	Vehicle	03.86	5.28%	0.204
	TOTAL	351.88		44.645
	Weighted Average Rate of Depreciation (%)	12.69		

*Assets of ULDC projects except battery, UPS & DG Set have not been considered for computation of depreciation cost as they are owned by PGCIL.

* Assets such as Land & Building, Road have not been handed over to SLDC and hence not been considered for calculation of depreciation

SLDC has claimed Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC which has been computed at Rs.44.64 lakhs as per CERC Regulations as stated above. The Commission after hearing the objectors approves an amount of Rs.44.64 lakhs towards depreciation for the FY 2019-20 as the major

amount of depreciation claimed by SLDC is for computers and peripherals for SLDC data centre and for the VPS screen which are crucial for day to day functioning of SLDC.

Employee Cost (Human Resource Expenses)

94. SLDC in its application for ARR Fees and Charges had projected the Employee Cost at Rs.791.16 lakhs for the ensuing FY 2019-20 considering the existing employees including 5 numbers of Telecommunication personnel working at SLDC control centre. In addition to the above, salary for 2 numbers of contractual / outsourcing staffs, engaged at SLDC as on date has been considered. The salary of staffs for FY 2019-20 has been computed considering implementation of 7th Pay Commission Report.
95. The details of proposed and approved human resource expenses based on 7th Pay Commission Recommendations is shown in the table below:

**Table - 13
Details of Human Resource Expenses**

		(Rs. lakhs)	
	Particulars of Human Resource Expenses	Proposed	Approved
1.	Basic and GP	462.264	462.264
2.	Over-time	0.000	0.000
3.	Dearness Allowance	64.717	60.094
4.	Other Allowance such as shift, Conveyance, ABT, green card washing etc.	32.109	32.109
5.	Contractual Staff Payment	3.000	3.000
6.	Compensation for LDC Personnel	0.000	0.000
7.	Sub Total (1 to 6)	562.090	557.468
	OTHER STAFF COST		
8.	Reimbursement of Medical Expenses	23.113	23.113
9.	Leave Travel Concession	5.000	5.000
10.	Reimbursement of House Rent	69.340	69.340
11.	Interim Relief to Staff	0.000	0.000
12.	Encashment of Earned Leave	0.000	0.000
13.	Honorarium	0.000	0.000
14.	Payment under Workmen compensation Act	0.000	0.000
15.	Ex-gratia	10.000	10.000
16.	Expenditure on VRS	0.000	0.000
17.	Sub Total (8 to 16)	107.453	107.453
18.	Staff Welfare Expenses	1.000	1.000
19.	Terminal Benefits (Employer's Share)	15.113	15.113
20.	Provisions - RPP for 5 executives	2.000	2.000
21.	Arrear Salary (7th Pay)	102.000	40.800
22.	Others (Specify) (Uniform & Liveries)	1.500	1.500

	Particulars of Human Resource Expenses	Proposed	Approved
23.	Total (7+17+18+19+20+21)	791.156	725.333
24.	Revenue recovered, if any	0.000	0.000
25.	Net Total (22-23)	791.156	725.333

Pay for 2019-20 has been calculated based on 7th Pay Commission's Recommendations. DA has been calculated @ 13% of Pay. HRA as per 7th Pay Commission Recommendations has been approved for FY 2019-20 @ 15% of Basic and Grade Pay (GP). Medical allowances have been approved as 5% of Basic and GP. An amount of Rs. 3.00 Lakh has been added for contractual employees. We have considered arrear salary payment on account of 7th Pay w.e.f. 01.01.2016 for the FY 2019-20 to the tune of 40% of the total arrear.. Other allowances have been approved as proposed by SLDC. A sum of Rupees Rs.725.33 lakhs has been approved by the Commission towards Human Resources Expenses for 2019-20.

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

96. 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.

The actual expenditure of SLDC during FY 2017-18, approved figure for 2018-19 and proposed expenditure on A&G and R&M head for 2019-20 are presented in the table below:

Table - 14
Operation and Maintenance (O&M) Expenses excluding human Resources Expenses

Items	(Rs. in Lakhs)		
	Actual for 2017-18	Approved for 2018-19	Proposed for 2019-20
R&M	48.90	50.09	53.20
A&G	125.49	131.07	139.91
Total O&M	174.39	181.16	193.11

97. The following table presents the calculation of O&M expenses for the FY 2019-20 based on the above stated OERC Regulation.

Table – 15
Approved O&M excluding human Resources expenses for 2019-20

R&M for 2019-20	Rs. in Lakhs
Actual R&M Expenditure estimated for FY 2018-19 as per submission of SLDC on dt.11.03.2019	48.00
R&M for 2019-20 (with 5.72% escalation)	50.75
A&G for 2019-20	
Actual A&G Expenditure upto Sep 2018	55.21
Pro-rated (2018-19)	110.42
A&G for 2019-20 (with 5.72% escalation)	116.74
Approved O&M (R&M+A&G) for 2019-20	167.49

98. The O&M expenses excluding human Resources expenses of SLDC for FY 2019-20 is approved at Rs.167.49 lakhs which consisting R&M of Rs.50.75 lakhs and A&G of Rs.116.74 lakhs.

Interest on Working Capital

99. SLDC has proposed interest on working capital as Rs.30.25 lakhs on the total working capital amounting to Rs.285.55 lakhs. 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.
100. 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 2019-20.

Provision of CAPEX Plan

101. The Commission had approved CAPEX expenses amounting to Rs.717.99 lakhs vide its order dt.23.03.2017 passed in Case No. 47 of 2016. SLDC has submitted that CAPEX plan was to be implemented during FY 2016-17 & 2017-18. Construction of a new building is a part of the proposed CAPEX plan and the total cost of the building as proposed is Rs.450 lacs. The phasing of expenditure for the building was Rs.135.00 lacs during FY 2016-17 and Rs.315.00 lacs during the FY 2017-18. The SLDC submitted that the Construction of new building could not be completed due to

modification of plan and site. The revised proposal along with estimate may be submitted to the Commission separately indicating fate of existing building, equipments, furnitures and fixtures avoiding unnecessary spaces to increase the building cost and minimum floor space needed. The proposed building should have an optimum size adequate to provide space for the modern equipment, machineries and other facilities that will be required for an efficient functioning of the Centre. Modern SLDCs set up in other States could be used as a benchmark. The contract for construction may be decided following the principle of competitive bidding.

102. Further, the commission approved additional CAPEX of Rs.3,09,10,579/- to be spent during FY 2017-18 for procurement of RVDU, expansion & up-gradation of existing VPS, additional expenditure for procurement of furniture & fixtures and computers & peripherals. Further, on request of SLDC, the commission vide order dated 22.03.2018 in Case No. 78 of 2017 has allowed for shifting of the CAPEX plan implementation by one year i.e. from FY 2017-18 to 2018-19.
103. The SLDC submitted that the expansion of VPS and up-gradation of VPS work could not be completed till date. The SLDC prayed that the since the tender for these two works is under process the Commission may allow shifting of the above CAPEX plan implementation to FY 2019-20.
104. In view of the prayer by the SLDC, the commission allows extension of the time for the completion of expansion of VPS and up-gradation of VPS work. We direct that the expansion of VPS and up-gradation of VPS work shall be completed during the year 2019-20 and no further extension would be granted. The Commission lays importance on functioning of SLDC as the nerve centre of the electricity sector in Odisha. Strengthening of SLDC in terms of infrastructure, IT, Communication etc., are important parameters for effective functioning of SLDC. In view of the above, we direct SLDC to carry out the CAPEX programme as mentioned in this order above and submit the details of CAPEX expenses to the Commission by 30.06.2019.

Summary of ARR for FY 2019-20

105. The details of Expenses proposed by SLDC in its ARR and approved by the Commission for FY 2019-20 are depicted in the table below:

**Table – 16
Summary of ARR of SLDC for FY 2019-20**

(Rs. in Lakhs)

SL No.	Items	Commission Approval for 2018-19	SLDC Proposal for 2019-20	Approved for 2019-20
1	Human Resource	645.40	791.16	725.33

SL No.	Items	Commission Approval for 2018-19	SLDC Proposal for 2019-20	Approved for 2019-20
	Expenses			
2	O & M (Excluding Human Resources Expenses)	181.16	193.11	167.49
3	Depreciation	58.53	44.65	44.65
5	Interest on Working Capital	0.00	30.25	0.00
	Total	885.09	1059.17	937.47

Determination of Annual Charges of SLDC

106. The Annual Charges for SLDC Operations during FY 2019-20 have been approved by the Commission at Rs.937.47 lakhs or Rs.78.12 lakhs/month which is 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.
107. OERC Regulations, 2010 define the System Operation Function & Market Operation Function of SLDC as under:
- i. System Operation Function** includes monitoring of grid operations, supervision and control over the Intra-State Transmission System, real-time operations for grid control & dispatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management & black start coordination etc.
 - ii. Market Operation Function** includes functions of scheduling, dispatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administrating ancillary services & information dissemination etc.
108. 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**
109. 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.

110. 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.
111. The Commission has, therefore, considered Annual Charges (AC) of SLDC Operations for FY 2019-20 at Rs.937.47 lakhs i.e. Rs.78.12 lakhs/month to be recovered through SOC & MOC as under:

Table - 17
SLDC Charges for FY 2019-20

SLDC Charges approved for FY 2019-20		(Rs. in Lakhs)	
	Rs. in Lakhs	Monthly Charges	
Annual charges (AFC)	937.47		
System Operation Charges (SOC) (80% of the AFC)	749.97		
Intra State Transmission Licensee @10% of SOC	75.00	6.25	
Generating Station & Sellers @45% of SOC	337.49	28.12	
Distribution Licensees & Buyers@45% of SOC	337.49	28.12	
Market Operation Charges (MOC) (20% of the AFC)	187.49		
Generating Station & Sellers @50% of MOC	93.75	7.81	
Distribution Licensees & Buyers@50% of MOC	93.75	7.81	

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

- i) The recovery of SOC from OPTCL as Intra-State Transmission Licensee shall be 10% of SOC of Rs.75.00 lakhs/annum and Rs.6.25 lakhs/month.
- ii) The recovery of SOC from the Generating Stations & Sellers based on installed capacity of all generators and CGPs as assessed by SLDC at 4738.22 MW shall be @ Rs.7122.685/MW/annum or @ Rs.593.56/MW/month.
- iii) The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2019-20 & shall be as shown in table below:

Table - 18
Apportionment of Annual & Monthly SOC Charges amongst
Distribution Companies for FY 2019-20

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2019-20 (MU)	% Share of Energy Consumption	Annual Charge (In lakhs)	Monthly Charge (In lakhs)
CESU	9740	34.99%	118.07	9.84
NESCO Utility	6310	22.67%	76.49	6.37
WESCO Utility	7750	27.84%	93.95	7.83

SOUTHCO Utility	4040	14.51%	48.97	4.08
Total	27840	100.0%	337.49	28.12

Market Operation Charges (MOC)

113. The Market Operation Charges (MOC) of Rs.187.49 lakhs/annum or Rs.15.62 lakhs/month shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC - Rs.93.75 lakhs/annum or Rs.7.81 lakhs/month
- DISCOM Utilities & Buyers @ 50% of MOC - Rs.93.75 lakhs/annum or Rs.7.81 lakhs/month

114. 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 SLDC at 4738.22 MW shall be @ Rs.1978.52/MW/annum or @ Rs.164.88/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2019-20 as shown in Table below:

Table - 19
Apportionment of Annual & Monthly MOC Charge amongst
Distribution Companies for FY 2019-20

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2019-20 (MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakhs)	Monthly MOC Charge (Rs. lakhs)
CESU	9740	34.99%	32.80	2.73
NESCO Utility	6310	22.67%	21.25	1.77
WESCO Utility	7750	27.84%	26.10	2.17
SOUTHCO Utility	4040	14.51%	13.60	1.13
Total	27840	100.0%	93.75	7.81

Registration Fee

115. SLDC 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 SLDC for collection of one time Registration Fee of Rs1.00 lakh from all users, which may be deposited in SLDC Development Fund as per Regulation 8 of OERC Regulations, 2010.

Application Fee and Scheduling Charges

116. SLDC 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 thereof respectively shall be paid by the Short Term Open Access (STOA) Customers. The Commission hereby approves the aforesaid Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2019-20.

ARR and Annual & Monthly Charges for FY 2019-20

117. The details of ARR & Annual and Monthly Charges for FY 2019-20 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

Table - 20
ARR & Annual and Monthly Charges for FY 2019-20

(Rs. in Lakhs)

Sl. No.	Particulars	Approved for 2019-20	
		Per annum	Per month
1	ARR of SLDC	937.47	78.12
2	Intra-State transmission licensee to pay SOC to SLDC	75.00	6.25
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 4738.22 MW)	431.24	35.94
		(Rs.9101.21 per MW)	(Rs.758.43 per MW)
4	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	431.24	35.94
5	(i) CESU	150.87	12.57
	(ii) NESCO Utility	97.74	8.15
	(iii) WESCO Utility	120.05	10.00
	(iv) SOUTHCO Utility	62.58	5.21

Payment Mechanism of Annual Charges to SLDC

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

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

119. In the above manner, the monthly SOC & MOC Charges for SLDC shall also be duly secured by a First Charge over the receivables of GRIDCO in favor of SLDC from the escrowed amount of DISCOM Utilities based on the bills served by SLDC to DISCOM Utilities with copy to GRIDCO for use of Intra-State transmission system as well as the services of SLDC. The above principle adopted in previous Financial Years from 2010-11 for payment of monthly SLDC charges to SLDC as FIRST CHARGES shall also be followed for FY 2019-20.
120. 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.
121. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 4738.22 MW for FY 2019-20 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2019-20.
122. For payment of bills through letter of credit on presentation, a rebate of 2% shall be allowed. Where payments are made other than through letter of credit within a period of one month of presentation of bills, a rebate of 1% shall be allowed.
123. In case the payment of any bill for SLDC charges is delayed by any user beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied by the SLDC.
124. 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

125. Based on the provisions in CERC Regulation, 2009 & Regulation-8 of OERC Regulation, 2010, the Commission vide Para-213 of the Order dated 20.03.2010 had approved to create a separate fund namely "SLDC Development Fund" under a

separate head of account under SLDC. SLDC Development Fund has already been established under SLDC with effect from 01.04.2010.

126. The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.40.36 Crore as on 31.03.2018.
127. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short Term Open Access Charges, etc. during FY 2019-20 shall be deposited in the SLDC Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.
128. SLDC shall be entitled to utilize the money from SLDC Development Fund as usual in assets creation and margin money for raising loan from FIs for assets creation & funding of R&D Projects, if any, relating to Odisha Power System with the necessary approval of the Commission. SLDC should make continuous effort to reduce the SOC/MOC charges.
129. Any asset created by SLDC out of money available in SLDC Development Fund shall not be considered for computation of Return on Equity & Interest on Loan.
130. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1st April, 2019 and shall continue until further orders.
131. The application of SLDC in Case No.72 of 2018 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.

Sd/-
(S. K. PARHI)
MEMBER

Sd/-
(A. K. DAS)
MEMBER

Sd/-
(U. N. BEHERA)
CHAIRPERSON