

ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO.-4, CHUNOKOLI, SHAILASHREE VIHAR
BHUBANESWAR - 751 021
*** ** **

Present: Shri G. Mohapatra, Officiating Chairperson
Shri S. K. Ray Mohapatra, Member

Case No. 119/2021

OPTCL	Petitioner
Vrs.		
M/s. FACOR & others	Respondents

In the matter of: **Application under Regulation 7 of the OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014 for approval of Truing up expenses for the period of FY 2020-21.**

For Petitioner: Shri Bijay Kumar Das, G.M. (Electrical), OPTCL.

For Respondents: M/s. Ferro Alloys Corporation Limited, Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, M/s. Utkal Chamber of Commerce & Industry Ltd., M/s. Vedanta Limited, Shri R. P. Mahapatra, Retd. Chief Engineer & Member (Gen.). Nobody is present on behalf of M/s. Electric Power Transmission Association, New Delhi, North Odisha Chamber of Commerce and Industry (NOCCI), M/s. Grinity Power Tech Pvt., M/s. Visa Steel Limited, Kalinganagar Industrial Complex & M/s. Confederation of Captive Power Plant, Odisha (CCPPO).

ORDER

Date of Hearing: 17.02.2022

Date of Order: 12.07.2022

This petition has been filed by the Odisha Power Transmission Corporation Limited (OPTCL) for approval of truing up of expenses for FY 2020-21 relating to transmission tariff, annual fees & charges of SLDC and other related matters as per Regulation 7 of OERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2014.

2. The petitioner has filed the present application for Truing up of accounts for FY 2020-21 after the audited account for that period was made available. The Petitioner has also sought approval of Truing up of annual fees and charges of SLDC functions in terms of Regulations-4 of the OERC (Fees and Charges of State Load Dispatch Center and other related matters) Regulations, 2010 along with truing up accounts of transmission business.

3. The petitioner has submitted that the Commission had approved the Transmission Tariff and charges for SLDC functions for FY 2020-21 vide its ARR order no 72/2019 dated 21.04.2020.
4. The petitioner has submitted its proposal for true up petition after the availability of the Audited Accounts for FY 2020-21, the breakup of Profit and Loss Accounts towards Transmission Tariff component and SLDC Charges are given in the following table:

Table -1

(Rs. In Crore)

	Particulars	Notes	Total	SLDC	Transmission Component
I	Revenue from operations	27	711.40	13.94	697.46
II	Other income	28	193.09	0.01	193.08
III	Total revenue (I + II)		904.49	13.95	890.54
IV	Expenses				
	a-Employee benefits expense	29	380.36	7.16	373.20
	b-Finance costs	30	71.94	0.09	71.85
	c-Depreciation and amortization expense	31	284.14	0.79	283.35
	d-R&M Expenses	32	103.91	0.84	103.07
	e-A&G Expenses	32	51.80	0.98	50.82
	Total expenses (IV=a+b+c+d+e)		892.15	9.87	882.28
V	Profit before tax (III - IV)		12.34	4.08	8.26
VI	Total tax expense (VI)		-49.33		-49.33
	Profit after tax (V - VI)		61.67	4.08	57.59

5. The petitioner has stated that as shown in the above table the surplus amount of Rs.4.08 crore has been transferred to SLDC development fund in line with the OERC (Fees & Charges of SLDC & other related matters) Regulations, 2010 and direction of the Commission.
6. The petitioner has submitted that the Commission may consider the component wise surplus/shortfall for carrying out the truing up of ARR for FY 2020-21. The net shortfall in that case would be Rs.185.13 Cr. as worked out in the Table below:

Table -2

Abstract of Truing Up for the FY 2020-21

(Rs. In Crore)

Particulars / Year	OERC Approval	Actual as per Audited Accounts	Truing up	Surplus/ (Deficit)
Expenditure				
A. Employee Cost (Net)	415.87	373.20	382.02	33.85
B. R & M Cost	115.22	103.07	103.07	12.15
C. A & G Cost (Including SLDC and GCC)	29.22	50.82	50.82	-21.60
Sub-Total (A+B+C)	560.31	527.08	535.90	24.41

Particulars / Year	OERC Approval	Actual as per Audited Accounts	Truing up	Surplus/ (Deficit)
D. Depreciation	195.59	283.35	213.62	-18.03
E. Interest on long-term liability	26.28	58.91	45.91	-19.63
F. Rebate	14.28	12.94	12.94	1.34
G. Incentive for system availability	5.00	-	10.73	-5.73
Sub-Total (A to G)	801.46	882.28	819.10	-17.64
H. Return on Equity	123.95	-	133.92	-9.97
I. Income tax	0.13	2.16	2.16	-2.03
Grand Total (A to I)	925.54	884.44	955.18	-29.64
<i>Less: Inter-state wheeling & Misc. Revenue</i>	211.70	267.58	147.09	-64.61
Net Transmission Cost	713.84	616.86	808.09	-94.25
Revenue from Transmission Charges	713.84	622.96	622.96	-90.88
Difference to be allowed in truing up (FY 2020-21)	-	6.10	-185.13	-185.13

7. The commission now considers the proposed component wise expenses and approval thereof for the each component, which are discussed in the following paragraphs:

Employee Cost and Terminal Benefits:

8. The petitioner has stated that the Commission had allowed Rs.415.87 Cr. towards Employee Cost including Terminal Benefits for the FY 2020-21. As per the audited accounts for FY 2020-21, the Employee Cost is Rs.373.20 Cr. The approved amount vis-a-vis actual expenditure (as per audited accounts) are given below:

Table -3

(Rs. In Crore)

Particulars	Approved (Transmission tariff & SLDC charges) in ARR order	Actual (Transmission & SLDC expenses) as per Audited accounts	SLDC (Actual)	Transmission (Actual)
Salaries (Basic + Grade pay + Dearness Allowance)	206.18	194.97	6.23	188.74
House Rent Allowance	15.07	14.50	0.29	14.21
Other Allowance	1.03	0.72	0.09	0.63
Bonus	0.01	0.01	0.00	0.01
Stipend for MT	5.71	0.91	0.00	0.91
Out Source Engagement	3.17	2.32	0.04	2.28
Ex-Gratia	5	10.59	0.09	10.50
Staff welfare Expenses	2.79	0.69	0.01	0.68
Others Employee cost	5.77	8.24	0.20	8.04
Pension Fund, Gratuity Fund and Leave Fund	167.63	153.59	0.00	153.59
Arrear Salary for 7 th Pay Commission	8.82	0.00	0.00	0.00

Particulars	Approved (Transmission tariff & SLDC charges) in ARR order	Actual (Transmission & SLDC expenses) as per Audited accounts	SLDC (Actual)	Transmission (Actual)
Provident Fund (NP & NPS Contribution)	9.77	10.65	0.20	10.45
Sub-Total	430.95	397.19	7.16	390.03
Less: Employee Cost Capitalised	15.08	16.83	0.00	16.83
TOTAL	415.87	380.36	7.16	373.20

9. The petitioner has stated that the Commission allowed Rs.206.18 crore towards Basic pay, Grade Pay and Dearness allowance basing on the actual cash outflow on Basic Pay + GP from April to November 2020 extrapolated to arrive at basic pay for FY 2020-21. The actual Salaries (Basic + Grade Pay+ Dearness Allowance) for FY 2020-21 as per the audited accounts is Rs.194.97 Cr.
10. The petitioner has stated that for FY 2020-21 the Commission had approved Rs 167.63 crore towards terminal liabilities. However, as per the audited P&L A/C for the FY 2020-21 the actual terminal liabilities booked as per the Actuarial valuation amounts to Rs 153.59 crore. Accordingly, the Commission allowed the actual amount booked in P&L A/C for the FY 2020-21. OPTCL has transferred the entire amount on monthly basis to the Terminal Benefit Trusts such as Pension Trust, Gratuity Trust, Leave Trust and PF Trust.
11. The petitioner submitted that Regulation 8.9 of OERC Transmission Tariff Regulations, 2014 states as under:

“Terminal Liabilities would be provided based on a periodic actuarial valuation to be made by the Commission in line with the prevailing Indian accounting standards”.
As per IND AS-19 issued by MCA, employee benefit liabilities shall be assessed through actuarial valuation. The actuarial assumptions are required to measure the obligation and the expense and there is a possibility of actuarial gains and losses. Moreover, the obligations are measured on a discounted basis because they may be settled over many years after the employees render the related service. Accordingly, OPTCL has been doing actuarial valuation availing the service of qualified Actuary every year.
12. OPTCL stated that based on the report of Independent Actuary M/s Bhudev Chatterjee, OPTCL has made provision towards terminal liabilities in the statement of P&L A/c in each of the accounting period. In the FY 2020-21, OPTCL has made following provision towards terminal liabilities as under:-

Pension:	Rs.138.17 Cr.
Gratuity:	Rs. 8.86 Cr.
Leave Encashment:	Rs. 6.56 Cr.

Total Rs.153.59 Cr.

13. Petitioner submitted that the actual expenditure toward employer's contribution in case of NPS and NP category is Rs.10.45 Cr. against approved amount of Rs.9.77 Cr. Hence, Rs.10.45 Cr. may be considered for true-up towards employer's contribution to NPS and NP.

In view of the above, the petitioner submitted that the Commission may consider Rs.164.04 Cr. (153.59+10.45) as Terminal Benefit for truing up for FY 2020-21.

14. Petitioner, therefore, submitted that the total Employee Cost including Terminal Benefit of Rs.373.20 Cr. (after capitalisation) may be considered in truing up for the FY 2020-21 against approved amount of Rs.415.87 Cr (after capitalisation). The surplus of Rs.42.66 Cr. (415.87-373.21) under this head may accordingly be considered in this truing up.
15. The Commission analyzed the said proposal of the petitioner towards the component Employee Cost and Terminal Benefits. The Commission in the earlier true up exercise had allowed the employee cost as reflected in the audited accounts. With regard to the other elements of the employee cost including the difference on Employee cost capitalized, the Commission in this true up order allows Rs 8.82 Cr towards 10% of the seventh pay arrear as approved in the ARR for FY 2020-21 in line with the State Govt. notification. The commission considers the surplus between the amount allowed in the ARR and what appears in the audited accounts. This calculation is indicated in the following table.

Table -4

(Rs. In Crore)		
Particulars	Approved in the ARR	Allowed
Total Salaries, DA, HRA, Other Allowance etc.	244.73	226
Arrear Salary for 7th Pay Commission	8.82	8.82
Total Salaries allowed	253.55	234.82
Pension Fund, Gratuity Fund and Leave Fund	167.63	153.59
Provident Fund (NP & NPS Contribution)	9.77	10.45
Sub-Total	430.95	398.86
Less : Employee Cost Capitalised	15.08	16.83
TOTAL	415.87	382.03
Surplus		33.84

16. As indicated in the above table the Commission now approves Rs 382.03 Cr towards employees cost and there accrues a surplus of Rs. 33.84 Cr (Rs 415.87 Cr- Rs 382.03 Cr) under this head in this true-up order for the year 2020-21.

Repair & Maintenance (R&M) Expenses:

17. The petitioner has stated that the Commission allowed Rs.115.22 Cr. towards R&M Expenses in the Transmission Tariff Order for FY 2020-21. As per the audited accounts for FY 2020-21, the R&M Expenditure is Rs. 103.91 Cr. as detailed below:

Table -5

(Rs. In Crore)

Particular	Actual	SLDC	Transmission
(i) Building	11.47	0.00	11.47
(ii) Plant and machinery	60.74	0.01	60.73
(iii) Lines cables and network assets	26.87	0.00	26.87
(iv) Electrical installations	1.73	0.08	1.65
(v) Vehicle	0.10	0.00	0.10
(vi) Furniture and fixtures	0.01	0.00	0.01
(vi) Office equipments	2.99	0.76	2.23
Total	103.91	0.84	103.07

18. The petitioner has submitted to consider Rs.103.91 Cr. as R&M expenses against the approved amount of Rs.115.22 Cr. in the ARR application for FY 2020-21 in line with the Regulation 8.16.
19. The Commission after analysis allows Rs 103.70 Cr towards the R&M expenses as per the actual expenses shown in the audited accounts. The surplus of Rs. 12.15 crore (Rs. 115.22 - Rs. 103.91) is now approved in this truing up order for FY 2020-21 under R&M expenses.

Administration & General (A&G) Expenses:

20. The petitioner submitted that the Commission allowed Rs. 28.72 Cr. towards A&G Expenses in the Transmission Tariff Order for FY 2020-21. Further, the Commission in the Transmission Tariff Order for FY 2020-21 has allowed Rs.0.50 Cr towards Grid Coordination Committee (GCC) expenses. The petitioner further submitted that as per the audited accounts for FY 2020-21, the A&G Expenses is Rs. 51.80 Cr. The details are as under:

Table -6

		(Rs. In Crore)		
Sl. No.	Description	Actual	SLDC	Transmission
1	Power and fuel consumed	1.83	0.45	1.38
2	Hire charges on vehicle	9.62	0.17	9.45
3	Legal and professional fees	1.46	0.01	1.45
4	Rent	4.18	-	4.18
5	Watch and ward expenses	2.66	0.25	2.41
6	License and other fees	2.13	-	2.13
7	Rates and taxes	0.17	-	0.17
8	Insurance charges	0.02	0.00	0.02
9	Fees and subscription	0.09	-	0.09
10	Advertisement for tenders	0.45	0.01	0.44
11	Impairment loss recognised on non-financial assets	0.07		0.07
12	Impairment loss recognised on PPE	2.54	-	2.54
13	Loss on theft/Shortage/Obsolete of material and others	0.34	-	0.34
14	Travelling expenses	1.14	0.00	1.14
15	Communication expenses	0.54	0.01	0.53
16	Office maintenance charges	0.86	0.01	0.85
17	Other Losses	4.96		4.96
18	Writing off of old outstanding balances	6.77		6.77
19	PMA/PMC Expenses	10.8		10.80
20	Auditors remuneration and out-of-pocket expenses	0.11	-	0.11
21	Other General expenses	3.63	0.08	3.55
	Sub Total	54.37	0.98	53.39
	Less: Capitalised	-2.57	-	-2.57
	Total	51.80	0.98	50.82

21. The petitioner stated that as seen from the above table, major expenses are on account of Insurance, Rates & Taxes, Hire Charges of vehicle, Telephone & Internet Charges, Printing & Stationery, Security and other Personnel (Watch & Ward Expenses), Postage & Telegram, Rent, Advertisement, Electricity & Water Charges, Legal/Consultancy charges, Travelling expense, Professional Fees, Internal Audit Fees, Disaster Expenses Commission on Sale of Scraps, Office Maintenance etc. which are generally considered as A&G Expenses. Besides, expenditures like impairment loss recognized on non-financial assets, impairment loss recognized on PPE, loss of material, other losses and writing off etc. amounting to Rs. 25.48 Cr. are also accounted for under A&G Expenses.
22. The petitioner has submitted that since there is no separate account head for GCC expenses, all the expenditure made under this head are accounted for in A&G expenses.
23. The petitioner has submitted that as per the approved tariff for SLDC charges, OPTCL has paid SLDC charges on monthly basis to SLDC. On the other hand SLDC has

accounted the same as income under SOC/MOC charges. Therefore, the net impact is zero.

24. The petitioner has submitted that as per the Regulation 8.14 of Transmission Tariff Regulations, 2014 for OPTCL the Commission shall allow A&G expenses by giving an escalation factor equal to WPI over the amount approved by the Commission in the previous year. Accordingly, the Commission allowed additional Rs.0.59 Cr.(23.29-22.70) over the previous year which is 2.60%. The petitioner submitted that with increase in number of sub-stations and divisions the A&G expenses will increase proportionately therefore, the A&G expenses is always on higher side in comparison of OERC approval.
25. The petitioner, therefore, has submitted that in view of the submission made above and expenses incurred against small items, the total A&G Expenses amounting to Rs.50.82 Cr. may be considered in truing up for the FY 2020-21 against approved amount of Rs. 29.22 Cr.
26. The Commission analysed the A&G cost from the audited Accounts of OPTCL where the total cost is shown as Rs 50.82 Cr against the approval of Rs 29.22 Cr in the ARR under this head. The Commission in this regard has taken a consistent view in the earlier truing up orders that the A&G cost are of controllable nature and cannot be allowed as per the actual expenses by the petitioner. The commission, after prudence check in this truing up, also is not inclined to allow the proposed amount of Rs. 50.82 Cr as the A&G expenses which are of controllable nature as per the 6.3 of Regulations (Terms and Condition for Determination of Transmission Tariff) 2014 and allows the same amount as approved in the ARR of Rs. 29.22 Cr under the head A&G expenses in this truing up order for FY 2020-21.

Depreciation:

27. The petitioner stated that the Commission had allowed an amount of Rs.195.59 Cr. towards depreciation in the Transmission Tariff Order for FY 2020-21. As per the audited accounts for FY 2020-21, the total depreciation and amortization expense is shown at Rs. 284.14 Cr. which is calculated on straight line method of depreciation. The details shown in the audited accounts are as under:

Table -7

(Rs. In Crore)				
Sl. No.	Description	Actual	SLDC	Transmission
1	Amortisation of leasehold assets	1.77	-	1.77
2	Depreciation on Buildings	4.52	-	4.52
3	Depreciation On Electrical Installation	0.62	0.02	0.60
4	Depreciation on Other civil works	2.97	0.00	2.97
5	Depreciation on Plant and Machinery	175.26	0.00	175.26
6	Depreciation on Lines, Cable Network etc.	91.20	0.00	91.20
7	Depreciation on Vehicles	0.10	0.00	0.10
8	Depreciation on Furniture and Fixtures	0.41	0.01	0.40
9	Depreciation on Office Equipment	4.71	0.74	3.97
10	Amortisation of Computer Software	2.57	0.00	2.57
	Total	284.14	0.79	283.35

28. The petitioner has submitted that the depreciation needs to be calculated as per the Regulation 8.38 & 8.34 of OERC Transmission Tariff Regulations, 2014. The petitioner stated that the depreciation on Transmission Activities is Rs.283.35 crore which includes Rs. 69.73 Cr. towards the depreciation made on account of assets created by the beneficiary and Govt. on deposit work basis. The net depreciation against OPTCL own assets is Rs.213.62 Cr. (Rs.283.35 cr. – Rs.69.73 cr.), which includes Rs.1.77 Cr. towards lease rent paid against the land acquired for substation on lease from the State Govt and an amount of Rs.2.57 Cr. towards computer software.
29. The Commission has gone into the details of the submission made by the OPTCL where it has proposed Rs.213.62 Cr towards depreciation for the FY 2020-21 against the approval in the ARR of Rs.195.59 Cr. The Commission in the ARR for FY 2020-21 had calculated depreciation on the basis of deemed cost of assets as shown in the audited accounts of the previous year. In this truing up order also depreciation has been calculated taking into account the deemed cost of the fixed assets shown in the audited accounts after deducting the historical up-valuation cost of assets. The quantum of assets contributed from beneficiaries is not available in the petition therefore no deduction has been made on such account. The petitioner however in the petition has proposed to deduct Rs. 69.73 crore from the depreciation expenses towards the depreciation made on account of assets created by the beneficiary and the Government on deposit work basis. This could not be verified due to lack of relevant information on the quantum of the assets created out of such work. The effect of such non deduction of depreciation expenses is matched by taking into account the deferred income in the other income/ miscellaneous income head.

The following table shows the statement of fixed asset and block wise computation of depreciation allowed for FY 2020-21.

Table -8

(Rs. In Crore)

Transmission Assets	OERC Depreciation Rate as per Regulations, 2014	Deemed Cost as on 01.04.2020 (As per Audited Accounts)	Difference (Up valuation effect)	Pre-upvalued value of assets as on 01.04.2020	Depreciation
Free Hold Land		51.97		51.97	-
Lease Hold Land		47.84	5.64	42.2	
Buildings	3.34%	98.82	1.35	97.47	3.26
Electrical Installations	3.34%	7.68		7.68	0.26
Plant and Machinery (other civil works)	3.34%	70.1	1.58	68.52	2.29
Plant and Machinery	5.28%	2829.63	70.87	2758.76	145.66
Plant and Machinery (By Beneficiary)			193.28	-193.28	0.00
Plant and Machinery: (Lines , Cables and Network)	5.28%	1528.52	451.29	1077.23	56.88
Vehicles	9.50%	1.16	0.44	0.72	0.07
Furniture, Fixture	6.33%	6.22	1.20	5.02	0.32
Office Equipment & Others	6.33%	32.18	2.21	29.97	1.90
Grand Total		4674.12	727.86	3894.29	210.62

30. Accordingly, the Commission approves an amount of Rs.210.62 cr towards depreciation for the FY 2020-21 as against the approval of Rs 195.59 Cr in the ARR of FY 2020-21 and allows a deficit of Rs 15.03 cr under depreciation expense head in this truing up for FY 2020-21.

Finance Cost:

31. The petitioner has stated that the Commission allowed Rs.26.28 Cr. towards interest in the Transmission Tariff Order for FY 2020-21. Interest on Govt. Bonds amounting to Rs. crore is not allowed as per the order of the commission due to up valuation effect.

32. The petitioner has stated that as per the audited accounts for FY 2020-21, the net interest is Rs. 58.91 Cr. after capitalisation of Rs.18.07 Cr. This includes interest on Govt. Bond Rs.13.00 crore and loan from financial institutions.
33. The petitioner has stated that the Commission may therefore consider Rs.45.91 Cr. toward Finance Cost in the truing up for FY 2020-21 against approved amount Rs.26.28 Cr.
34. The Commission analysed the head Finance Cost in the books of Accounts and it is observed that the total cost shown is Rs.71.94 crore out of which Rs.13.00 crore is towards Government bond and Rs.13.03 crore is towards rebate to consumers. The Commission while determination of ARR is not allowing the Finance cost on the Government bonds and therefore such cost of Rs. 13 crore is excluded in determination of finance cost in this truing up exercise. Rebate to consumers is also excluded as it is dealt separately. Accordingly the Commission in this truing up exercise allows Rs. 45.91crore as the Finance Cost against Rs. 26.28 crore allowed in the ARR and consequent a deficit of Rs.19.63 crore is allowed under this head for FY 2020-21.

Rebate

35. The petitioner has stated that the Commission had allowed Rs.14.28 Cr towards rebate in the Transmission Tariff Order for FY 2020-21. As per the audited accounts for FY 2020-21, the rebate is Rs. 13.03 Crore of which Rs.0.09 Cr is related to the SLDC.
36. The petitioner therefore submitted that the Commission may consider Rs.12.94 Cr (Rs.13.03 cr. – Rs.0.09 cr) toward Finance Cost in truing up for the FY 2020-21 against approved amount Rs.14.28 Cr.
37. The Commission after analysis approves an amount of Rs.12.94 Cr in this truing up thereby allowing a surplus of Rs.1.34 Cr under the expense head Rebate for FY 2020-21.

Incentive for System Availability

38. The petitioner submitted that the Commission in the Transmission Tariff Order for FY 2020-21 has allowed Rs.5.00 Cr. towards incentive for System Availability. The petitioner therefore submitted that for FY 2020-21 the system availability was 99.98% as verified by SLDC. Considering the above, the system availability is calculated as Rs.10.73 Cr said amount may be considered in truing up for the FY 2020-21.

39. The Commission after analysis now allows Rs.5.00 cr and therefore there is no differential amount under the Head Incentive for System Availability in this truing up for FY 2020-21.

Return on Equity (RoE)

40. The petitioner submitted that the Commission approved RoE of Rs.123.95 Cr. @ 15.5% on equity value of Rs.799.70 Cr in the Transmission Tariff order for FY 2020-21.
41. The petitioner submitted that as per the Audited Accounts for the FY 2020-21 the total Equity Capital is Rs.1571.06 crore. This includes equity of Rs.60.07 Cr. inherited by OPTCL at the time of demerger of GRIDCO into GRIDCO & OPTCL and Rs.647 Cr toward conversion of Bond along with interest into Equity. The following table shows the details of Equity Capital infused by the State Govt. in OPTCL upto FY 2020-21.

Table - 9

Sl. No.	Sanction Order No. and Date	Amount (Rs. Cr.)
1	1.R&R-I-01/2009-3560 dt.25.03.09	23.04
2	2.R&R-I-01/2009-2003 dt.24.02.09	0.01
3	3.R&R-I-01/2009-9464 dt.11.09.09	5
4	4.R&R-I-01/2009-4826 dt.01.06.10	20
5	5.R&R-I/73/2010-2438 dt.23.03.2011	51.95
6	6.R&R-6/12-685 dt.31.01.2012	1
7	7.R&R-6/12-690 dt.31.01.2012	39
8	8.R&R-6/12-695 dt.31.01.2012	3
9	9.R&R-6/12-629 dt.22.01.2013	25.76
10	10.R&R-6/12-634 dt.22.01.2013	16.6
11	11.R&R-6/12-624 dt.22.01.2013	7.64
12	12.R&R-6/12-5693 dt.18.07.2013	29.19
13	R&R-6/12-5698 dt.18.07.2013	11.97
14	R&R-6/12-5703 dt.18.07.2013	8.84
15	R&R-69/14-10445 dt.29.12.2014	10.5
16	R&R-69/14-10450 dt.29.12.2014	27.5
17	R&R-69/14-10455 dt.29.12.2014	12
18	R&R-69/14-6823 dt.06.08.2015	19.68
19	R&R-69/14-6818 dt.06.08.2015	17.22
20	R&R-69/14-6813 dt.06.08.2015	20.03
21	BT(P)-15/15-10291 dt.21.12.2015	0.07
22	R&R-69/14-5364 dt.18.7.2016	10
23	R&R-69/14-5369 dt.18.7.2016	20
24	R&R-69/14-5374 dt.18.7.2016	20
25	BT(P)-04/2018/En-1786 dt. 26.02.18	15
26	BT(P)-04/2018/En-1791 dt. 26.02.18	20
27	BT(P)-04/2018/En-1796 dt. 26.02.18	15
28	R&R -54/2015/En-5458 dt. 23.06.15	20

Sl. No.	Sanction Order No. and Date	Amount (Rs. Cr.)
29	R&R -54/2015/En-737 dt. 28.01.16	10
30	R&R -54/2015/En-4348 dt. 07.06.16	20
31	R&R -54/2015/En-466 dt. 17.01.17	60
32	R&R -17/2017/En-2895 dt. 22.04.17	20
33	R&R -17/2017/En-10216 dt. 27.12.17	50
34	R&R -40/2018/En-3902 dt.28.04.2018	15
35	R&R -40/2018/En-4632 dt.24.05.2018	40
36	BT(P)-04/2018(pt)-10432/En dt. 19.12.2018	15
37	BT(P)-04/2018(pt)-10439/En dt. 19.12.2018	15
38	BT(P)-04/2018(pt)-10446/Endt. 19.12.2018	15
39	R&R-40/2019-5100/En TD.27.06.2019	3.67
40	R&R-40/2019-6530/En Dt06.08.2019	11.03
41	201915819273 DTD.27.02.2020	55
42	202018025467 DTD.13.10.2020	50
43	202019752418 Dtd.26.03.2021	5.29
44	202019704714 dtd.23.03.2021	9
	Total	863.99

42. The petitioner therefore submitted that the Commission may allow Return on Equity amounting of Rs.133.92 Cr. (i.e. @ 15.5% on Rs. 863.99 Cr.) as per the Regulation 8.28 of the Transmission Tariff Regulations, 2014.
43. The Commission allows Return on equity at the rate of 15.5% on the Equity capital as per the Regulation. The Commission allowed ROE of Rs. 123.95 crore on the Equity base of Rs. 799.70 crore as claimed in the ARR for FY 2020-21. However OPTCL has now claimed an equity base of Rs. 863.99 crore as per the above table detailing Equity Capital infused by the State Govt. in OPTCL upto FY 2020-21. Accordingly an amount of Rs. 133.92 crore is allowed by the Commission as claimed by the petitioner against the RoE of Rs. 123.95 crore allowed in the ARR thereby approving a deficit of Rs. 9.97 crore in this truing up exercise for FY 2020-21.

Income Tax

44. The petitioner submitted that as per the Regulation 8.43 of OERC Regulations, 2014, Income tax of the Transmission Licensee shall be recovered from the beneficiaries. In this regard OPTCL proposed Rs.2.16 Cr (As per the audited accounts the Current Year Tax under MAT) towards income tax for the FY 2020-21.
45. The petitioner submitted that the Commission in the Transmission Tariff Order for FY 2020-21 allowed the actual income tax expenses of Rs.0.13 crore booked in the audited accounts by OPTCL for FY 2018-19 as a pass through in the ARR of 2020-21.

46. The petitioner stated that as per the audited accounts the Current Year Tax under MAT is Rs.2.16 Cr. which may be considered in truing up for the FY 2020-21.

47. The Commission after analysis now allows Rs.2.16 crore under the head Income tax in this truing up exercise as per the audited accounts for FY 2020-21.

Other Income

48. The petitioner has submitted that the Commission may consider Rs.147.09 cr. as Misc. receipts against the approved amount of Rs.211.70 cr. in truing up for FY 2020-21. The following table shows the proposed Misc. income via-a-vis approved by the Commission.

Table -10

(Rs. In Crore)

SL. NO	Other Income	Allowed in ARR	Proposal OPTCL
1	Short-term open access charges	114.44	60
2	Transmission charges interstate		10.07
3	Interest Income from		
4	Bank deposits		13.04
5	Loans to employees and suppliers		2.22
6	Advance to suppliers		0.18
7	Interest on Income tax refund		4.18
8	Deferred income		
9	Sale of scrap		14.85
10	Written back of old outstanding balances		
11	Excess provision written back		
12	Supervision charges of ODSSP Work		30.9
13	Other miscellaneous income		11.65
14	Average receipts excluding STOA charges	97.26	
	Total other Income	211.70	147.09

49. As per the audited accounts OPTCL has earned Rs.64.43 cr towards short term open access charges. The petitioner submitted that the Deferred Income Rs.83.62 Cr. has been adjusted against Depreciation. Besides, there are other non-tariff incomes such as Provision Written Back of old outstanding balances (Rs. 10.99 Cr.) and writing back of old outstanding balances (Rs.21.46 Cr), which are not to be considered for true-up. Similarly, SLDC operating charges booked under the head Other Operating Income amount to Rs.13.94 Cr. not to be considered for true-up.

50. The Petitioner submitted that as per the Regulation 4 (1) (XI) of the OERC (Determination of Open Access Charges) Regulation 2006, 25% of the charges collected from the short term customers shall be retained by the transmission licensee and the balance 75% shall be adjusted towards reduction in the transmission charges payable by the long-term customers.

51. The Petitioner stated that the Commission has notified the new OERC (Terms and Conditions of Intra State Open Access) Regulation, 2020 w.e.f 18.11.2020. Further, by the enactment of clause 44(1) the previous regulation such as OERC (Terms and conditions of open access) Regulations, 2005 and OERC (Determination of open access charges) Regulations, 2006, shall stand repealed from the date of commencement of these regulations. The old Regulations OERC (Determination of Open Access Charges) Regulations, 2006 was effective upto 18.11.2020 and OPTCL is entitled to retain 25% of the charges collected from the short-term customers upto 18.11.2020.
52. The Petitioner stated that as per the accounts total revenue towards STOA was Rs. 64.43 crore out of which Rs. 17.73 Cr. is related to the period prior to 18.11.2020. The detail of STOA revenue are as under-

Table -11

Months	Rs. in Cr.
Old Regulations	
Apr-20	0.75
May-20	1.79
Jun-20	1.96
Jul-20	2.19
Aug-20	2.49
Sep-20	2.91
Oct-20	3.74
01-11-2020 to 18-11-2020	1.90
Sub Total	17.73
New Regulations	
19-11 to 30-11	1.15
Dec-20	10.03
Jan-21	9.80
Feb-21	11.70
Mar-21	14.02
Sub Total	46.70
Grand Total	64.43

53. Accordingly, as shown in the above table Rs 60.00 crore (i.e. 75% of Rs 17.73 crore and 46.70 crore) petitioner submitted that this may be considered for true up
54. .The petitioner submitted that the Commission may consider Rs. 147.09 Cr. as Misc. Receipts against the approved amount of Rs 211.70 Cr. in truing up for the FY 2020-21.
55. The Commission analysed the proposal of OPTCL regarding other income from the audited accounts. The Commission in the ARR for FY 2020-21 calculated the miscellaneous receipts by averaging the misc. income (excluding STOA charges) for FY

2017-18 & FY 2018-19. The average receipts excluding STOA charges thus was arrived at Rs 97.26 cr and after adding STOA charges of Rs 114.44 cr to be received during 2020-21. The Commission allowed the total miscellaneous receipts of Rs 211.70 cr for FY 2020-21 in the ARR.

56. As regards STOA the Commission has notified the new OERC (Terms and Conditions of Intra State Open Access) Regulation, 2020 w.e.f 18.11.2020. In the audited accounts the STOA charges have been shown of Rs 64.43 cr .OPTCL has proposed that it is entitled to retain 25% of the charges collected from the short-term customers upto 18.11.2020. The Commission approves the same and accordingly STOA charges of Rs 60.00 cr is allowed under the head other income .
57. As regards to the other income/misc receipts the same has been shown of Rs. 193.09 cr in the audited accounts. The Commission now allows to deduct Provision Written Back of old outstanding balances (Rs. 10.99 Cr.) and writing back of old outstanding balances (Rs 21.46 Cr) from the audited other income head. As regards to the Deferred Income of Rs.83.62 Cr. the Commission is not inclined to deduct the same as this has been considered as expense in the depreciation head. Therefore, the total other income / misc. receipts including STOA charges allowed in this truing up amounts to Rs 220.64 cr. for FY 2020-21, which is shown in the following table.

Table -12

(Rs. In Crore)

	Other Income	Allowed in ARR	Audited (2020-21)	Allowed
1	Short-term open access charges	114.44	64.43	60.00
2	Interest Income from			
	Bank deposits		13.04	13.04
	Loans to employees and suppliers		2.22	2.22
	Advance to suppliers		0.18	0.18
	Interest on Income tax refund		4.18	4.18
3	Deferred income		83.62	83.62
4	Sale of scrap		14.85	14.85
5	Written back of old outstanding balances		21.46	
6	Excess provision written back		10.99	
7	Supervision charges of ODSSP Work		30.9	30.90
8	Other miscellaneous income		11.65	11.65
9	Average receipts excluding STOA charges	97.26		
	Total other Income	211.70	257.52	220.64

58. As shown in the above table the Commission now approves a surplus miscellaneous revenue of Rs 8.94 (Rs 211.70 cr (approved in the ARR) – Rs 220.64 cr (approved in truing up)) under this head in this truing up exercise for FY 2020-21.

Transmission Charges

59. The petitioner submitted that the Commission approved total ARR of Rs.713.84 Cr. in the Transmission Tariff Order for FY 2020-21 to be recovered from LTOA customers.
60. The petitioner submitted in the petition that as per the audited accounts for FY 2020-21, the revenue from transmission charges recovered from the LTOA are as under:

Table -13

(Rs. In Crore)

Sl. No.	Narration	Rs. Cr.
1	Transmission Charges from four DISCOMs	607.91
2	Wheeling Charges from CGP/Industries (NALCO & IMFA)	15.05
	TOTAL	622.96

61. The petitioner therefore submitted that the Commission may consider Rs.622.96 Cr. in truing up for the FY 2020.21.
62. The Commission have analysed the audited accounts and found that the Income from the operations as on 31.03.2021 stands at Rs. 711.4 crore as per accounts as provided below;

Table -14

(Rs. In Crore)

Revenue from operation	Audited (2020-21)	Allowed
Long-term open access charges	617.98	617.98
Short-term open access charges	64.43	0.00
Wheeling charges	15.05	15.05
System operation charges	7.54	0.00
Market operation charges	1.89	0.00
Scheduling charges	2.86	0.00
Registration charges	0.06	0.00
Application fees	1.59	0.00
Total revenue from operation	711.4	633.03

63. The Commission in the tariff order for FY 2020-21 allowed Rs. 713.75 crore. The Commission while calculating Revenue from operations has not considered Short Term open access charges as it is considered in the Other Income head as per the proposal of the OPTCL. The Commission accordingly allows Rs 633.03 crore as the revenue from operations in this truing up. Therefore there accrues a deficit of Rs. 80.72 (Rs 713.75 cr (approved in the ARR) – Rs 633.03 cr (approved now)) under the head miscellaneous revenue in this truing up exercise for FY 2020-21.

SLDC Development Fund

64. The petitioner submitted that the Commission while approving of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) for FY 2020-21 vide order dated 29.22.04.2020 in Case No. 73/2019 has observed as under:

Para-73

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.

Para-74

The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.47.327 Crore as on 31.03.2019.

Para-75

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.

Para-77

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.

Para-78

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.

65. The details of SLDC transaction for the FY 2020-21 are as under

Table -15

A	Revenue from SLDC Business	Rs. In Cr.
	i. System operation charges	7.54
	ii. Market operation charges	1.89
	iii. Scheduling charges	2.86
	iv. Registration fees	0.06
	v. Application fees	1.59
	TOTAL-A	13.94
B	Expenditure	
	a-Employee benefits expense	7.16
	b-Finance costs	0.09
	c-Depreciation and amortisation expense	0.79
	d-Other expenses	
	R&M Expenses	0.84

	A&G Expenses	0.98
	TOTAL-B	9.87
C	Surplus transferred to SLDC Development Funds (A-B)	4.08

66. The Petitioner submitted that surplus derived from SLDC Transaction during the FY 2020-21 amounting to Rs. 4.08 Crore has been transferred to SLDC Development Funds

67. The petitioner submitted that since the funds are created from the SLDC operation and being utilized for 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, it is not prudent to adjust the same with transmission charges. The Commission while disposing of the true up application for FY 2017-18 observed as under:-

“49. The Commission on such submission by the OPTCL, observes that since SDLC has not been ring fenced from the OPTCL, it is not maintaining separate books of accounts required for corporatized entity. All the expenditure and revenue of SLDC is being still booked under the books of OPTCL. It is not possible under the Regulation to consider any separate treatment for SLDC expenses in truing up. This prayer of OPTCL is therefore cannot be accommodated now.”

68. The Commission have analysed this submission of the petitioner and observes that the Commission has taken a view regarding SLDC operations which are yet to be separated from the OPTCL with segregated books of account. The SLDC is yet to be ring fenced as per the earlier orders of the Commission. The Commission in this order directs OPTCL to get a certificate from the statutory auditor relating to the income and expenditure booked for SLDC during FY 2020-21 in the OPTCL accounts.

69. The commission having analyzed each component of the expenses approves the expenses in the truing up for FY 2020-21 as summarized in the following table:

Table -16

(Rs in Crore)

SL. No.	Particulars	OERC approval in ARR of FY 2020-21	Actual as per audited accounts of FY 2020-21	True up proposed by OPTCL for FY 2020-21	True up approved by the Commission for FY 2020-21	Surplus/ Deficit
A	Employee Cost	415.87	373.20	382.02	382.03	33.84
B	R&M cost	115.22	103.07	103.70	103.07	12.15
C	A&G cost	29.22	50.82	50.82	29.22	0.00
D	Sub-total (A+B+C)	560.31	527.09	536.54	514.32	45.99
E	Depreciation	195.59	284.57	213.62	210.62	-15.03

SL. No.	Particulars	OERC approval in ARR of FY 2020-21	Actual as per audited accounts of FY 2020-21	True up proposed by OPTCL for FY 2020-21	True up approved by the Commission for FY 2020-21	Surplus/ Deficit
F	Interest on long-term liability	26.28	45.91	45.91	45.91	-19.63
G	Rebate	14.28	12.94	12.94	12.94	1.34
H	Incentive for system availability	5.00		10.73	5.00	0.00
I	Sub-total (D to H)	801.46	870.51	819.74	788.79	12.67
J	Income Tax	0.13	2.16	2.16	2.16	-2.03
K	Return on Equity	123.95		133.92	133.92	-9.97
L	Grand Total (I to K)	925.54	872.67	955.82	924.87	0.67
M	Less: Inter-state wheeling & Misc. Revenue	211.70	193.09	147.09	220.64	8.94
O	Net Transmission Cost	713.84	679.58	808.73	704.24	9.60
P	Revenue from Operation	713.75	711.00	622.96	633.03	-80.72
	Net Total	-0.09	31.42	-185.77	-71.21	-71.12

70. Accordingly the summary of the truing up over the years including this truing up for FY 2020-21 is given as follows:

Table -17

(Rs in Crore)

FY	Cost of Trans. Charges approved in the ARR	Cost of Transmission Charges (audited) considered for true up	Revenue from LTOA charges approved in ARR	Revenue from LTOA Charges (audited)	Revenue from LTOA Charges (True up)	Difference in Transmission Charges (Col 2-3)	Difference in Revenue from LTOA charges (Col 6-4)	Total Difference Considered for True up	Cumulative True up
1	2	3	4	5	6	7	8	9	10
2006-07	333.27	323.01	333.27	355.34	355.34	10.26	22.07	32.33	32.33
2007-08	373.73	334.7	373.73	399.76	399.76	39.03	26.03	65.06	97.39
2008-09	376.57	308.07	376.57	678.93	413.15	68.5	36.58	105.08	202.47
2009-10	394.15	375.68	394.15	305.16	438.06	18.47	43.91	62.38	264.85
2010-11	480.93	431.9	480.93	405.19	538.08	49.03	57.15	106.18	371.03
2011-12	572.5	541.02	572.5	570.54	570.54	31.48	-1.96	29.52	400.55
2012-13	587.02	506.1	587.02	549.73	549.73	80.92	-37.29	43.63	444.18
2013-14	585.87	568.21	585.87	598.89	598.89	17.66	13.02	30.68	474.86
2014-15	624.5	639.73	624.5	634.34	634.34	-15.23	9.84	-5.39	469.47
2015-16	630.93	613.17	630.93	613.48	613.48	17.76	-17.45	0.31	469.78
2016-17	623.25	551.19	623.25	665.31	665.31	72.06	42.06	114.12	583.90
2017-18	639.4	644.99	639.4	625.15	625.15	-5.59	-14.25	-19.84	564.06

FY	Cost of Trans. Charges approved in the ARR	Cost of Transmission Charges (audited) considered for true up	Revenue from LTOA charges approved in ARR	Revenue from LTOA Charges (audited)	Revenue from LTOA Charges (True up)	Difference in Transmission Charges (Col 2-3)	Difference in Revenue from LTOA charges (Col 6-4)	Total Difference Considered for True up	Cumulative True up
1	2	3	4	5	6	7	8	9	10
Adjusted amount as per ARR of FY 2015-16									427.81
Total Truing up as on 2017-18									136.25
2018-19	659.95	688.16	659.95	713.84	713.84	-28.21	53.89	25.68	161.93
2019-20	706.71	737.53	706.71	621.73	621.74	-30.82	-84.98	-115.80	46.14
2020-21	713.84	704.24	713.75	711.00	633.03	9.60	-80.72	-71.12	-24.98

71. The case is accordingly disposed of.

Sd/-
(S. K. Ray Mohapatra)
Member

Sd/-
(G.Mohapatra)
Officiating Chairperson