

ODISHA ELECTRICITY REGULATORY COMMISSION
BIDYUT NIYAMAK BHAWAN
PLOT NO. 4, CHUNOKOLI, SHAILASHREE VIHAR
BHUBANESWAR-751021

Present : **Shri U. N. Behera, Chairperson**
 Shri S. K. Parhi, Member
 Shri G. Mohapatra, Member

CASE NO. 74 OF 2020

DATE OF HEARING : **08.02.2021**

DATE OF ORDER : **26.03.2021**

IN THE MATTER OF: An application for approval of Annual Revenue Requirement and Determination of Fees & Charges of State Load Despatch Center (SLDC) functions for the FY 2021-22.

ORDER

PROCEDURAL HISTORY: (Para 1 to 8)

1. The Odisha Power Transmission Corporation Limited, Bhubaneswar (in 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 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. 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. In this context it is noteworthy that under Section 31(2) of the Act; a government body is supposed to operate SLDC and directions of the State Govt. to such a body are to be confined within the ambit of Section 37 of the Act. The State Govt. has been advised accordingly from time to time the latest reminder having been issued vide DO Letter No. OERC/Tariff/Case No.56/2015/1646 dated 26.11.2015.
3. The Act has also provided for financial independence of SLDC under sub-section 3 of Section 32 by way of levy and collection of fees and charges from generating companies and the distribution Utilities engaged in Intra-State Transmission of electricity. Sub-section 2 under Section 2 of the Electricity (Removal of Difficulty) Sixth Order, 2005 issued by Ministry of Power (MoP) Govt. of India on dated 08.06.2005 provides that the State Load Dispatch Centre may levy and collect such fee and charges from the Licensees using the Intra-State transmission system as may be specified by the State Commission.
4. 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. 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 OPTCL has filed an application on 27.11.2020 for approval of Annual Fees and Charges for SLDC functions for FY 2021-22.

5. 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.

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, SLDC is to submit the full details of its calculations of estimated Annual Revenue Requirement (ARR) and other related information in the prescribed formats for determination of Annual Fees and Charges for the ensuing financial year by 30th November before commencement of the said financial year. Accordingly, SLDC filed this application for approval of ARR & Annual Fees and Charges for its functions in Odisha for FY 2021-22.

6. The said application dated 27.11.2020 was duly scrutinized, registered as Case No. 74 of 2020 and was taken up for hearing. Objections were invited after wide publication of the application in English & Odia daily newspaper and Commission's as well as OPTCL's website. In response to the aforesaid public notice of the applicant, the Commission received only one objection/suggestion from Sri Ananda Kumar Mohapatra, Power Analyst, S/O. Jachindranath Mohapatra, Plot No.639/1021, Lane-2, Laxmi Vihar, P.O: Bankual, Tankapani Road, P.S: Saheed Nagar, Bhubaneswar, Dist.-Khurda-751002.
7. The Commission also issued individual notice to the objector and the Department of Energy, Government of Odisha informing them about the date and time of hearing through virtual mode due to COVID-19 pandemic situation in the State and requesting the applicant, the objectors and the Government's authorized representative to furnish their individual e-mail ID and Whatsapp number in the address oerc.vc@gmail.com on the previous day of hearing to facilitate and for providing links for hearing. Accordingly, the applicant, objectors and the representative of DoE, GoO have furnished their e-mail IDs and have taken part in the proceedings and have offered

their views/suggestion/proposal in the hearing on virtual mode on the date and time fixed by the Commission.

8. After due notice to the Applicant, Government of Odisha and the Objector and in the consultative process, the Commission had decided to hear the applicant, objector, consumer counsel, representative of the State Government on 08.02.2021. The above named Objector along with the representative of Principal Secretary to Government, Department of Energy, Government of Odisha, Bhubaneswar were present during tariff hearing through virtual mode and their submission filed before the Commission were taken on record for consideration by the Commission.

PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2021-22 (Para 9 to 13)

Item-wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2021-22

9. 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:

- (i) Return on Equity
- (ii) Interest on Loan Capital
- (iii) Depreciation
- (iv) Operation & Maintenance Expenses Excluding Human Resource expenses
- (v) Human Resource Expenses
- (vi) Interest on Working Capital

(i) Return on Equity:

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

(ii) Interest on Loan capital:

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

(iii) Depreciation:

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs.71.298 lacs as per CERC Regulation. The major amount of depreciation charges is for recovering the depreciation cost

for the upgraded and enhanced VPS (costing Rs.166.53 lacs) amounting Rs.24.980 lacs. Total depreciation amount is provided in the following table.

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

Financial Year	2018-19	2019-20	2020-21	2021-22
1	2	3	4	5
Recovery of Capital Cost (Amount to be recovered during the year)	0.000	0.000	0.000	0.000
Depreciation on existing assets	58.528	44.650	38.388	71.298
Total	58.528	44.650	38.388	71.298

(iv) Operation and Maintenance Expenses:

Operation and maintenance expenses excluding human resources expenses for FY 2021-22 has been computed as Rs.213.760 lacs considering the R&M expenditure proposed to be incurred for Facility Management Services (FMS), Website charges, AMC charges for computers and peripherals, 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 2021-22.

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

Sl. No.	ITEMS	Form No	2019-20 (Actual)	2020-21 (Approved)	2020-21 (Actual up to Sept.-20)	2021-22 (Proposed)
1	2	3	4	5	6	7
1	Repairs and maintenance expenses	7-C	53.912	45.221	10.538	89.520
2	Administrative and general expenses, etc	7-D	120.293	122.893	41.396	124.240
	Total		174.205	168.114	51.934	213.760

(v) Human Resources Expenses:

Human resources expenses has been computed as Rs.997.268 lacs considering the existing employees including 5 nos. of telecommunication personnel working at SLDC control centre. In addition to the above, salary for 1 no of C.G.M(Electrical) and 3 nos. of G.M(Electrical) expected to be posted against the existing vacancy during FY 2021-22 and 6 nos. of contractual/outsourcing

staffs has been considered. The salary of the employees has been computed by considering implementation of 7th Pay Commission Report. Payment of 50% arrear amounting Rs.60.0 lacs due to implementation of 7th Pay Commission's report has also been considered.

Certification of LDC Personnel:

The Committee on “Manpower, Certification and Incentives for System Operation and Ring fencing Load Despatch Centres” recommended compensation structure, innovative incentive schemes for higher learning and monetary incentives based on the ratings of the employees. For imparting training to the executives, the expenditure for Training and Certification of LDC personnel has been projected as Rs 3.0 lakhs for FY 2021-22.

(vi) Interest on working capital:

The interest on working capital (amounting Rs.320.598) is computed as Rs. 35.747 lacs as per OERC Regulation considering 11.15% rate of interest (SBI base rate 8.15% 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-3 below.

Table – 3
Statement of Interest on Working Capital
(Rs. in Lakh)

Particulars	Amount
O&M expenses for one month excluding human resources expenses	17.813
Human resource expenses for one month	83.106
Receivables (2 months of SOC & MOC)	219.679
Total Working Capital	320.598
Rate of Interest	11.15%
Interest on working capital	35.747

Total ARR proposed for FY 2021-22 is given in table - 4 below.

**Table – 4
ARR Proposed for FY 2021-22**

(Rs. in Lakh)

Sl. No.	Particulars	Amount
1	Return on Equity	0.000
2	Interest on Loan Capital	0.000
3	Depreciation	71.298
4.	O&M Expenses excluding human resource expenses	213.760
5.	Human Resource expenses	997.268
6.	Interest on Working Capital	35.747
	Total expenses	1318.073

Determination of Annual Charges for SLDC:

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

Annual charges: Annual charges computed shall comprise of

- a) **System Operation Charges (SOC)** i.e. 80% of Annual charge
- b) **Market Operation Charges (MOC)** i.e. 20% of Annual charge
- **System Operation Charges (SOC)** shall be collected from the users in the following ratio
 - Intra-State Transmission Licensee - 10% on the basis of Ckt-KMs
 - Generating Company & Seller - 45% on the basis of installed capacity
 - Distribution Licensee and Buyers - 45% on the basis of allocation
- **Market Operation Charges (MOC)** shall be collected equally from the DISCOMs and Generating Companies apportioning to the entitlement and installed capacity respectively.

**Table – 5
Abstract of Collection of SLDC Charges Proposed for FY 2021-22**

(Rs. in Lakh)

Annual charges	1318.073
System Operation Charges (SOC) (80% of the Annual Charges)	1054.459
Intra State Transmission Licensee @10% of SOC	105.446
Generating Station & Sellers @45% of SOC	474.506
Distribution Licensees & Buyers@45% of SOC	474.506
Market Operation Charges (MOC) (20% of the Annual Charges)	263.615
Generating Station & Sellers @50% of MOC	131.807
Distribution Licensees & Buyers@50% of MOC	131.807

Registration Fee:

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

Application Fee and Scheduling & System Operation Charges:

12. Application fee and scheduling & System Operation Charges shall be paid by the short term and medium term open access customers as per OERC (Terms and Conditions of Intra-State Open Access) Regulation, 2020.
13. Considering the above submission, Annual Revenue Requirement for FY 2021-22 towards State Load Dispatch Centre (SLDC) function has been projected at Rs. **1318.073** lakhs. The proposed levy and collection of Fee and charges is given in the following table.

Table - 6
Annual Charges for 2021-22

	(Rs. in Lakh)
Annual Charges	1318.073
Total Cost(Annual Fixed Cost)(AFC)	1318.073
System Operation Charges (SOC) (80% of the AFC)	1054.459
Market Operation Charges (MOC) (20% of the AFC)	263.615

Table -7
System Operation Charges (SOC)

		(Rs. in Lakhs)		
System Operation Charges (SOC)		1054.459		
Intra State Transmission Licensee @10% of SOC		105.446		
Generating Station & Sellers @45% of SOC		474.506		
Distribution Licensees & Buyers@45% of SOC		474.506		
(a) Intra State Transmission Licensee (SOC per month)		8.787		
(b) Generating Station & Sellers @45% of SOC		474.506		
Sr No.	Generating Company/Sellers	Installed Capacity (MW)	Total Amount (Annual)	Total Amount (Monthly)
A	State Generating Station			
1	OHPC	1708.00	135.687	11.307
2	OPGC Stage-I	420.00	33.366	2.780
3	OPGC Stage-II	1320.00	104.864	8.739
4	TTPS	460.00	36.543	3.045
B	Small Hydro & Bio-mass			
5	OPCL (Small Hydro)	20.00	1.589	0.132
6	Meenakshi Power Ltd. (Small Hydro)	37.00	2.939	0.245
7	Shalivahana Green Energy Ltd	20.00	1.589	0.132
8	Baitarani Power Project Pvt. Ltd(Small Hydro)	24.00	1.907	0.159
C	IPP			

9	GMR, Kamalanga	350.00	27.805	2.317
10	Vedanta Limited (IPP)	600.00	47.665	3.972
11	NBVL (IPP)	60.00	4.767	0.397
D	CGPs	Maximum Scheduled (MW)(up to end of October-2020)		
12	Aarti Steel Ltd	21.50	1.708	0.142
13	Aditya Aluminium Limited	25.00	1.986	0.166
14	Aryan Ispat & Power Pvt. Ltd.	1.5	0.119	0.010
15	Bhubaneshwar Power Pvt. Ltd.	117.00	9.295	0.775
16	Bhusan Power & Steel Ltd., Jharsuguda	29.96	2.380	0.198
17	Tata Steel BSL Limited, Meramundali	66.53	5.285	0.440
18	ESSAR Power (Orissa) Ltd.	28.00	2.224	0.185
19	FACOR Power Ltd.	3.16	0.251	0.021
20	HINDALCO	16.08	1.277	0.106
21	IFFCO	10.00	0.794	0.066
22	IMFA	43.30	3.440	0.287
23	Jindal Stainless Limited, Duburi	15.43	1.226	0.102
24	Jindal Steel & Power Ltd., Angul	57.17	4.542	0.378
25	MGM Minerals Ltd.	4.78	0.380	0.032
26	NALCO, Angul	54.00	4.290	0.357
27	Narbheram Power & Steel (P) Ltd	3.00	0.238	0.020
28	Nava Bharat Ventures Limited	24.00	1.907	0.159
29	Nilachal Ispat Nigam Limited	4.91	0.390	0.0336
30	Dalmia Cement (Bharat) Ltd. [OCL]	8.60	0.683	0.057
31	Pattanaik Steel & Alloys Limited	2.00	0.159	0.013
32	RSP	4.00	0.318	0.026
33	Shree Ganesh Metalicks Limited	1.05	0.083	0.007
34	Shyam Metalicks & Energy Limited	1.00	0.079	0.007
35	SMC Power generation	4.00	0.318	0.026
36	Tata Steel Long Product Limited (TSIL)	18.50	1.470	0.122
37	Vedanta Limited (Jharsuguda)	300.00	23.833	1.986
38	Vedanta Limited (Lanjigarh)	5.00	0.397	0.033
39	VISA Steel Limited	25.00	1.986	0.166
40	Yazdani Steel & Power Limited	2.00	0.159	0.013
	Solar Projects	Installed Capacity (MW)		
41	ACME, Odisha	25.00	1.986	0.166
42	AFTAB Solar	5.00	0.397	0.033
43	BEL SOLAR	7.50	0.596	0.050
44	GEDCOL	20.00	1.589	0.132
	Total	5972.97	474.506	39.542
(c)	Distribution Licensees & Buyers@45% of SOC.		474.506	
		% share		
45	TPCODL	33.71	159.956	13.330
46	NESCO Utility	23.39	110.987	9.249
47	TPWODL	28.48	135.139	11.262
48	TPSODL	14.42	68.424	5.702
	Total	100	474.506	39.542

Table -8
Market Operation Charges (MOC)

Market Operation Charges (MOC)			263.615	
(a) Generating Company @50% of MOC			131.807	
				<i>(Rs. in Lakhs)</i>
Sl. No.	Generating Company / Sellers	Installed Capacity (MW)	Total amount	Total amount
			(Annual)	(Monthly)
A	State Generating Station			
1	OHPC	1708.00	37.691	3.141
2	OPGC Stage-I	420.00	9.268	0.772
3	OPGC Stage-II	1320.00	29.129	2.427
4	TTPS	460.00	10.151	0.846
B	Small Hydro & Bio-mass			
5	OPCL (Small Hydro)	20.00	0.441	0.037
6	Meenakshi Power Ltd. (Small Hydro)	37.00	0.816	0.068
7	Shalivahana Green Energy Ltd	20.00	0.441	0.037
8	Baitarani Power Project Pvt. Ltd.(Small Hydro)	24.00	0.530	0.044
C	IPP			
9	GMR, Kamalanga	350.00	7.724	0.644
10	Vedanta Limited (IPP)	600.00	13.240	1.103
11	NBVL (IPP)	60.00	1.324	0.110
D	CGPs	Maximum Scheduled (MW) (up to end of October-2020)		
12	Aarti Steel Ltd	21.50	0.474	0.040
13	Aditya Aluminium Limited	25.00	0.552	0.046
14	Aryan Ispat & Power Pvt. Ltd.	1.5	0.033	0.003
15	Bhubaneshwar Power Pvt. Ltd.	117.00	2.582	0.215
16	Bhusan Power & Steel Ltd., Jharsuguda	29.96	0.661	0.055
17	Tata Steel BSL Limited, Meramundali	66.53	1.468	0.122
18	ESSAR Power (Orissa) Ltd.	28.00	0.618	0.051
19	FACOR Power Ltd.	3.16	0.070	0.006
20	HINDALCO	16.08	0.355	0.030
21	IFFCO	10.00	0.221	0.018
22	IMFA	43.30	0.956	0.080
23	Jindal Stainless Limited, Duburi	15.43	0.340	0.028
24	Jindal Steel & Power Ltd.,	57.17	1.262	0.105

	Angul			
25	MGM Minerals Ltd.	4.78	0.105	0.009
26	NALCO, Angul	54.00	1.192	0.099
27	Narbheram Power & Steel (P) Ltd.	3.00	0.066	0.006
28	Nava Bharat Ventures Ltd.	24.00	0.530	0.044
29	Nilachal Ispat Nigam Limited	4.91	0.108	0.009
30	Dalmia Cement (Bharat) Ltd. [OCL]	8.60	0.190	0.016
31	Pattanaik Steel & Alloys Ltd.	2.00	0.044	0.004
32	RSP	4.00	0.088	0.007
33	Shree Ganesh Metalicks Ltd.	1.05	0.023	0.002
34	Shyam Metalicks & Energy Limited	1.00	0.022	0.002
35	SMC Power generation	4.00	0.088	0.007
36	Tata Steel Long Product Limited (TSIL)	18.50	0.408	0.034
37	Vedanta Limited (Jharsuguda)	300.00	6.620	0.552
38	Vedanta Limited (Lanjigarh)	5.00	0.110	0.009
39	VISA Steel Limited	25.00	0.552	0.046
40	Yazdani Steel & Power Limited	2.00	0.044	0.004
	Solar Projects	Installed Capacity (MW)		
41	ACME, Odisha	25.00	0.552	0.046
42	AFTAB Solar	5.00	0.110	0.009
43	BEL SOLAR	7.50	0.166	0.014
44	GEDCOL	20.00	0.441	0.037
	Total	5972.97	131.807	10.984

(c) Distribution Licensees & Buyers @50% of MOC 131.807

Sl.No.		% share		
45	TPCODL	33.71	44.432	3.703
46	NESCO Utility	23.39	30.830	2.569
47	TPWODL	28.48	37.539	3.128
48	TPSODL	14.42	19.007	1.584
	Total	100	131.807	10.984

VIEWS OF CONSUMER COUNSEL (Para 14)

14. 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 which were presented during the hearing:-

Observations on Annual Revenue Requirement

- SLDC has given the proposal for revenue requirement of **Rs.1318.073** lakh for FY 2021-22 which is 41.59% higher than Rs.930.889 lakh approved by the

Commission for FY 2020-21. This would be recovered through Annual Fees and Charges. The Revenue Requirement includes Employee Cost of Rs. 997.268 lakh on account of salary and other cost of projected for 61 nos. of executives and non-executives and 50% arrear payment due to implementation of 7th Pay Commission arrear. SLDC has proposed Rs.60.00 lakh on account of arrear payment due to consideration of implementation of 7th Pay Commission's Recommendations. As the Commission has already allowed 50% of the arrear amount, the remaining 50% amount on account of arrear for 7th Pay Commission can be reviewed based on Government notification.

- The O&M expenses of Rs. **213.760** lakh are projected considering the expenditure to be incurred in FY 2021-22 & not as per OERC Regulation (5.72% escalation on previous years actual O&M expenses) but submitted with 27.15% escalation on previous year's approved O & M expenses. The proposed O&M expenses of Rs **213.760** lakh seems to be on higher side and should not be approved.

The SLDC spent Rs. 174.205 lakh out of approved O & M cost of Rs. 167.49 lakh for FY 2019-20. SLDC need to make efforts to bring down the projected electricity charges and watch & ward charges (around 60% of projected A&G charges). The SLDC has spent only 30.89% of the approved O&M expenses for FY 2020-21 (Upto September 2020). Actual O&M expenses is Rs 51.934 lakh upto September 2020 as against the approval for Rs 168.114 lakhs for FY 2020-21. SLDC projecting high O&M related expenses during October 2020 to March 2021 amounting 116.18 lakh is on higher side.

The O&M, therefore, should be computed as per OERC Regulation, 5.72% escalation over actual prorated O&M expenditure of FY 2020-21.

- SLDC has claimed Rs.71.298 lakh as depreciation for assets in ULDC and offices in SLDC, out of which an amount of Rs.**24.980** lakh is claimed on account of Video Projection Screen (VPS) and Rs.**36.686** lakh is claimed for computer & peripherals for SLDC data centre. Depreciation on enhanced VPS and IT equipment may be reviewed for the FY 2021-22 on the basis of capital cost approval given by the Commission. The counsel is of the view that depreciation on new assets such as AC, furniture, UPS, photocopier, battery etc. should be

scrutinized. The depreciation should be reviewed on the basis of approved cost of assets, rate of depreciation as per Regulations, and depreciation claimed till date.

- Proposed working capital of Rs.320.598 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.
- 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. Further SLDC has created many major assets such as Diesel Generating set, computers and peripherals, Air conditioners, furniture & fixture, VPS screen by using funds from "SLDC Development Fund" with due approval of the Commission. The Commission has approved for construction of new building adjacent to the existing building for the use of SLDC exclusively. In the view of above, transfer of assets can only 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 Director (Chief Load Despatcher), under the direct administrative control of the Managing Director of OPTCL. However, SLDC is yet to operate independently in true sense.
- SLDC has spent Rs 8.86 lakh for training and certification of SLDC personnel during FY 2019-20. SLDC has estimated to spend Rs 0.798 Lakh during FY 2020-21 and projected to spend Rs 3.00 lakh for the same purpose during the ensuing year 2021-22 (considering the prevailing condition of pandemic which may rise further after return of normalcy). SLDC may submit the details regarding the staff trained and benefits from training.

VIEWS OF OBJECTORS (Para 15 to 17)

Separation of Balance sheet and P&L account.

15. Sri Mohapatra, the objector has submitted that wrong & unlawful practice is being followed by the petitioner in corporate affair management without any separation of Balance Sheet and Profit & Loss account for each of the services given. Objector therefore requested the Commission to consider for separation of Balance Sheet and Profit & Loss account in between the SLDC function and Transmission Licensee function.

Other issues

16. The objector submitted that many previous objections are still pending.
17. The objector praised the initiative taken by Govt. of Odisha to appoint the full-time director for the proper operation of integrated load management function of the state grid of OPTCL.

REJOINDER AND REPLY OF SLDC TO QUERIES RAISED DURING HEARING (Para 18 to 21)

Separation of Balance sheet and P&L account

18. SLDC submitted that, SLDC has been financially unbundled and is maintaining separate books of account and is meeting its expenses out of the revenue generated as per OERC order. Hence, SLDC is financially & functionally independent from OPTCL. 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.
19. Further it is submitted that statutory / internal audit of SLDC account is being conducted annually by independent Chartered / CA firms. The function of SLDC is to ensure reliable and quality of power to all the Users of the State Grid. As such, question of loss / profit does not arise. 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 Commission as per the provision of Regulation.

20. SLDC further submitted that they are now functioning autonomously as an independent system operator headed by the Director (Chief Load Despatcher) under the direct administrative control of the Managing Director of OPTCL.

Other issues

21. SLDC submitted that it has complied with the directions of the Commission.

OBSERVATIONS OF STATE ADVISORY COMMITTEE (SAC) (Para 22)

22. The Commission convened the State Advisory Committee (SAC) meeting on 22.02.2021. 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 2021-22.

VIEWS OF GOVT. OF ODISHA (Para 23)

23. Representatives of Govt. of Odisha were present during the tariff hearing. However, no specific suggestion was given by the State Government with regard to determination of fees and charges for SLDC for the FY 2021-22.

COMMISSION'S OBSERVATIONS (Para 24 to 57)

24. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2021-22 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 hereunder:

Return on Equity (RoE)

25. SLDC has not proposed any RoE in the ARR since no equity has been invested. Hence no RoE is allowed.

Interest on Loan Capital

26. SLDC has not proposed any Interest on Loan Capital as there is no outstanding loan. Hence no Interest on Loan Capital is allowed.

Depreciation

27. 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.71.298 lakhs for FY 2021-22 for its assets in the following manner.

Table –9

(Rs. in Lakhs)

Sl. No.	Name of the Assets	Gross Block as on 31.03.2020	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2021-22
	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	04.93	5.28%	0.260
6.	Isolation transformer & ACDB for UPS	10.46	5.28%	0.553
7.	Underground Cables	00.58	5.28%	0.031
8.	Split type Air Conditioner	00.00		
(i)	Procured during 2012-13 (4)	01.87	5.28%	0.099
(ii)	Procured during 2014-15 (7)	03.69	5.28%	0.195
(iii)	Procured during 2016-17 (18)	08.04	5.28%	0.424
(iv)	Procured during 2019-20 (16)	08.50	5.28%	0.449
9.	DG Set for disaster management	09.31	5.28%	0.491
10.	3 HP water pump	00.38	6.33%	0.024
11.	Office Furnitures including new	05.56	6.33%	0.352
12.	New Furnitures for SLDC Director's office	01.69	6.33%	0.107
13.	Water purifier	00.68	6.33%	0.043
14.	Electrical Installation for SLDC building (new)	17.53	6.33%	1.109
15.	Computer tables for EASSC	01.02	6.33%	0.065
16.	Video Projection System (VPS) including upgradation and enhancement	166.53	15.00%	24.980
17.	Photo copier	04.12	6.33%	0.261
18.	Computer & peripherals for SLDC Control room and office	15.72	15.00%	2.358

Sl. No.	Name of the Assets	Gross Block as on 31.03.2020	Depreciation Rates as per CERC's Depreciation Rate Schedule	Depreciation Amount for the year 2021-22
	1	2	3	4=Col.2 X Col.3
19.	Microphone Video for Video Conferencing	01.78	15.00%	0.267
20.	Computers & peripherals for data centre	244.57	15.00%	36.686
21.	RVDU at Jaynagar sub-station	15.29	15.00%	2.293
22.	Vehicle	04.77	5.28%	0.252
	Total	527.02		71.298
	Weighted Average Rate of Depreciation (%)	13.53		

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

** Old Video Projection System of SLDC is upgraded and enhanced.

28. SLDC has claimed Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC which has been computed at Rs. 71.298 lakhs as per CERC Regulations as stated above. The major amount of depreciation claimed by SLDC is for the assets such as computers and peripherals for SLDC data centre and for the Video Projection System (VPS) including up-gradation and enhancement. The Commission after prudence check approves Rs. 71.298 lakhs towards depreciation for the FY 2021-22 as proposed by the SLDC.

Employee Cost (Human Resource Expenses)

29. SLDC projected the total Employee Cost at Rs. 997.268 lakhs for the ensuing FY 2021-22 considering the existing employees including 5 numbers of Telecommunication personnel working at SLDC control centre. In addition to the above, salary for 6 numbers of contractual / outsourced staff, engaged at SLDC as on date has been considered. The salary of staff for FY 2021-22 has been computed considering the payment of ABT allowance to all the employees working at SLDC.
30. Basic Pay & GP of the employees for 2021-22 has been calculated on the basis of submission of SLDC on the estimated expenses during the last 6 months of 2020-21 which is prorated for whole of FY 2020-21 and escalated at the rate of 3% for annual increment. DA has been calculated @ 29% of basic pay. HRA has been approved as 10% escalation over the expenses on this account for FY 2020-21 which has been found out by prorating expected expenses for the last 6 months of the current year.

The value of reimbursement of medical allowances has also been found out for FY 2021-22 similar to that of HRA. The Commission has not considered arrear salary payment on account of 7th Pay since the same has not yet been allowed by the State Government. The Commission is not inclined to approve any amount towards LTC because of restrictions imposed by the Government of Odisha, Finance Department notification no.20042 dt.07.07.2020. Other allowances i.e. ex-gratia, staff welfare expenses, share of employer in terminal benefit and uniform and liveries etc. have been approved as proposed by SLDC. A sum of Rs.793.630 lakhs has been approved by the Commission towards employees expenses for 2021-22.

31. The details of proposed and approved human resource expenses (employees expenses) is shown in the table below:

Table - 10
Details of Human Resource Expenses

		(Rs. lakhs)	
Sl. No.	Particulars of Human Resource Expenses	Proposed	Approved
1.	Basic and GP	565.512	526.200
2.	Over-time	0.000	0.000
3.	Dearness Allowance	158.343	152.598
4.	Other Allowance such as shift, Conveyance, ABT, green card washing etc.	19.117	19.117
5.	Contractual Staff Payment	10.500	10.500
6.	Compensation for LDC Personnel	0.000	0.000
7.	Sub Total (1 to 6)	753.472	708.415
	OTHER STAFF COST		
8.	Reimbursement of Medical Expenses	28.276	13.356
9.	Leave Travel Concession	5.000	
10.	Reimbursement of House Rent	113.102	34.441
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)	156.378	57.797
18.	Staff Welfare Expenses	2.000	2.000
19.	Terminal Benefits (Employer's Share)	24.418	24.418
20.	Provisions - RPP for 5 executives	-	-
21.	Arrear Salary (7th Pay)	60.00	
22.	Others (Specify) (Uniform & Liveries)	1.000	1.000
23.	Total (7+17+18+19+20+21+22)	997.268	793.630
24.	Revenue recovered, if any	0.000	0.000
25.	Net Total (22-23)	997.268	793.630

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

32. 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 2019-20, approved figure for 2020-21 and proposed expenditure on A&G and R&M head for 2021-22 are presented in the table below:

Table - 11
Operation and Maintenance (O&M) Expenses excluding human Resources Expenses

Items	(Rs. in Lakhs)		
	Actual for 2019-20	Approved for 2020-21	Proposed for 2021-22
R&M	53.912	45.221	89.520
A&G	120.293	122.893	124.240
Total O&M	174.205	168.114	213.760

33. The Commission scrutinized the actual expenditure made by SLDC under R&M and A&G head. Based on the data submitted by SLDC & above stated Regulation, the details of R&M & A&G approved for FY 2021-22 is shown in the table below.

Table – 12
Approved O&M excluding human Resources expenses for 2021-22

R&M for 2021-22	Rs. in Lakhs
Actual R&M Expenditure during FY 2019-20 as per submission of SLDC on dt.27.11.2020	53.912
Considering the same level of expenditure during FY 2020-21	53.912
R&M for 2021-22 (with 5.72% escalation)	56.996
A&G for 2021-22	
Actual A&G Expenditure during FY 2019-20 as per	120.293

R&M for 2021-22	Rs. in Lakhs
submission of SLDC on dt.27.11.2020	
Considering the same level of expenditure during FY 2020-21	120.293
A&G for 2021-22 (with 5.72% escalation)	127.174
Proposed expenditure by SLDC on A&G for FY 2021-22 as per submission of SLDC on dt.27.11.2020	124.240
Approved A&G for 2021-22	124.240
Approved O&M (R&M+A&G) for 2021-22	181.236

34. The O&M expenses excluding human Resources expenses of SLDC for FY 2021-22 is approved at Rs.181.236 lakhs which consists R&M of Rs.56.996 lakhs and A&G of Rs.124.20 lakhs.

Interest on Working Capital

35. SLDC has proposed interest on working capital as Rs.35.747 lakhs on the total working capital amounting to Rs.320.598 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.
36. The Commission observes that since SLDC has substantial amounts of funds in the SLDC Development Fund and parts of which is being used as deemed loan for working capital purpose, no interest on working capital for FY 2021-22 is allowed.

Summary of ARR for FY 2021-22

37. The details of Expenses proposed by SLDC in its ARR and approved by the Commission for FY 2021-22 are depicted in the table below:

Table – 13
Summary of ARR of SLDC for FY 2021-22

(Rs. in Lakhs)				
SL No.	Items	Commission Approval for 2020-21	SLDC Proposal for 2021-22	Approved for 2021-22
1	Human Resource Expenses	724.387	997.268	793.630
2	O & M (Excluding Human Resources Expenses)	168.114	213.760	181.236
3	Depreciation	38.388	71.298	71.298
5	Interest on Working Capital	0.00	35.747	0.00
	Total	930.889	1318.073	1046.164

Determination of Annual Charges of SLDC

38. The Annual Charges for SLDC Operations during FY 2021-22 have been approved by the Commission at Rs.1046.164 lakhs or Rs.87.18 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.
39. In line with the OERC Regulations, 2010 the Commission has considered Annual Charges (AFC) of SLDC Operations for FY 2021-22 given in the following table to be recovered through SOC & MOC as under:

Table - 14
SLDC Charges for FY 2021-22

	(Rs. in Lakhs)	
SLDC Charges approved for FY 2021-22	Rs. in Lakhs	Monthly Charges
Annual charges (AFC)	1046.164	87.18
System Operation Charges (SOC) (80% of the AFC)	836.931	69.744
Intra State Transmission Licensee @10% of SOC	83.693	6.974
Generating Station & Sellers @45% of SOC	376.619	31.385
Distribution Licensees & Buyers@45% of SOC	376.619	31.385
Market Operation Charges (MOC) (20% of the AFC)	209.233	17.436
Generating Station & Sellers @50% of MOC	104.616	8.718
Distribution Licensees & Buyers@50% of MOC	104.616	8.718

40. **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.83.693 lakhs/annum and Rs.6.974 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 5972.97 MW shall be @ Rs.6305.391/MW/annum or @ Rs.525.449/MW/month.
 - iii) The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2021-22 & shall be as shown in table below:

Table - 15
Apportionment of Annual & Monthly SOC Charges amongst
Distribution Companies for FY 2021-22

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2021-22 (MU)	% Share of Energy Consumption	Annual Charge (In lakhs)	Monthly Charge (In lakhs)
TPCODL	9290	33.33	125.540	10.462
NESCO Utility	5880	21.10	79.459	6.622
TPWODL	8600	30.86	116.215	9.685
TPSODL	4100	14.71	55.405	4.617
Total	27870	100.00	376.619	31.385

Market Operation Charges (MOC)

41. The Market Operation Charges (MOC) of Rs.209.233 lakhs/annum or Rs.17.436 lakhs/ month shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC - Rs.104.616 lakhs/annum or Rs.8.718 lakhs/month
- DISCOM Utilities & Buyers @ 50% of MOC - Rs. 104.616 lakhs/annum or Rs. 8.718 lakhs/month

42. **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 5972.97 MW shall be @ Rs.1751.498/MW/annum or @ Rs.145.958/MW/month.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2021-22 as shown in Table below:

Table - 16
Apportionment of Annual & Monthly MOC Charge amongst
Distribution Companies for FY 2021-22

Name of DISCOM Utilities	Energy Consumption approved by OERC for FY 2021-22 (MU)	% Share of Energy Consumption	Annual MOC Charge (Rs. lakhs)	Monthly MOC Charge (Rs. lakhs)
TPCODL	9290	33.33	34.872	2.906
NESCO Utility	5880	21.10	22.072	1.839
TPWODL	8600	30.86	32.282	2.690
TPSODL	4100	14.71	15.390	1.283
Total	27870	100.00	104.616	8.718

Registration Fee

43. SLDC has proposed for collection of one time Registration Fee of Rs.1.00 lakh as per OERC Regulation from all users whose Scheduling, Metering & Energy Accounting are coordinated by SLDC. It has also proposed to collect one time 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 Rs.1.00 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

44. SLDC in its ARR application has proposed that the Application Fee and Scheduling Charges shall be paid by the Open Access Customers as per OERC (Terms and Conditions of Intra-State Open Access) Regulations, 2020. The Commission approves the proposed Application Fee and Scheduling Charges for Open Access Customers payable to SLDC during FY 2021-22.

ARR and Annual & Monthly Charges for FY 2021-22

45. The details of ARR & Annual and Monthly Charges for FY 2021-22 for SLDC for collection from different stakeholders approved by the Commission are summarized in Table below:

Table - 17
ARR & Annual and Monthly Charges for FY 2021-22

(Rs. in Lakhs)

Sl. No.	Particulars	Approved for 2021-22	
		Per annum	Per month
1	ARR of SLDC	1046.164	87.18
2	Intra-State transmission licensee to pay SOC to SLDC	83.693	6.974
3	Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 5972.97 MW)	481.236 (Rs.8056.889 per MW)	40.103 (Rs.671.407 per MW)
4	Distribution Licensees & Buyers to pay SOC & MOC to SLDC	481.236	40.103
5	(i) TPCODL	160.412	13.368
	(ii) NESCO Utility	101.531	8.461
	(iii) TPWODL	148.498	12.375
	(iv) TPSODL	70.795	5.900

Payment Mechanism of Annual Charges to SLDC

46. The LC arrangement has been newly created between SLDC and DISCOMs for securing SLDC charges. 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.
47. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 5972.97 MW for FY 2021-22 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2021-22.
48. 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.
49. 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.
50. 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

51. 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.
52. The accumulated cash balance in SLDC Development Fund has been shown by SLDC at Rs.53.602 Crore as on 31.03.2020.
53. The miscellaneous income of SLDC such as Registration Fee, Application Fee, Short Term Open Access Charges, etc. during FY 2021-22 shall be deposited in the SLDC

Development Fund as per Regulation 8 of OERC (Fees & Charges of SLDC and other related matters) Regulation, 2010.

54. 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.
55. 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.
56. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 4th April, 2021 and shall continue until further orders.
57. The application of SLDC in Case No. 74 of 2020 for approval of Annual Revenue Requirement and Fees and Charges for State Load Dispatch Centre (SLDC) functions is disposed of accordingly.

Sd/-
(G. MOHAPATRA)
MEMBER

Sd/-
(S. K. PARHI)
MEMBER

Sd/-
(U. N. BEHERA)
CHAIRPERSON