

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

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

CASE No. 73 OF 2019

Date of Hearing : 06.02.2020 (at 12.30 P.M.)

Date of Order : 22.04.2020

IN THE MATTER OF: An application for approval of Annual Revenue Requirement and Determination of Fees & Operating Charges for SLDC functions for FY 2020-21.

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”. GRIDCO Ltd. which was both the Bulk Supply and Transmission Licensee under the Orissa Electricity Reforms Act, 1995 had ceased to be a Distribution Supply License and has become only a Bulk Supply Trader under the new dispensation created by the Act, the supply business having been vested with four Distribution Licensees (now Distribution Utilities after revocation of their licenses vide Order dated 04.03.2015 in Case No.55 of 2013) viz WESCO Utility, NESCO Utility, SOUTHCO Utility & CESCO (now CESU). As such GRIDCO Ltd. could no longer carry on both bulk Supply and transmission business by virtue of 1st proviso to Section 39 of the said Act. The Transfer Scheme entitled “Orissa Electricity Reforms (Transfer of Transmission and Related Activities) Scheme, 2005” of Govt. of Odisha under Sec.131 (4) of the Act, transferred the erstwhile transmission business along with SLDC functions of GRIDCO Ltd. with all the assets and liabilities of such business to OPTCL and vested the same with the said STU with effect from 1.4.2005. By virtue of the 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 u/S. 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. 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. Apart from the aforesaid statutory provisions, the National Electricity Policy (vide Paras

5.3.3 and 5.3.7), OERC (Terms and Conditions for Intra-State Open Access) Regulations, 2005 (vide Reg.7), Orissa Grid Code Regulation, 2006 (vide Regulations 2.2.1.3, 2.2.2, 2.2.4, 2.2.5 and 2.2.6), OERC (Intra-State ABT) Regulations, 2007(vide Regulations 6 and 10), CERC (Open Access in Intra-State Transmission) Regulations, 2008 (vide Regulation 8) also point to independent functionality of SLDC.

4. 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 for approval of Annual Fees and Charges for SLDC functions for FY 2020-21.
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, the Commission directed OPTCL-the Transmission Licensee to file two separate applications as mentioned below before the Commission by 30.11.2019.
 - a. An application for approval of ARR and determination of Transmission Tariff for Intra-State Transmission Network of OPTCL for FY 2020-21.
 - b. An application for approval of ARR & Annual Fees and Charges for SLDC functions of Odisha SLDC for FY 2020-21.
6. The ARR & Annual Fees & Charges for SLDC functions for FY 2020-21 application dated 29.11.2019 was duly scrutinized and was registered as Case No. 73 of 2019 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 02 number of objections / suggestions from the following persons/ associations/ institutions/organizations:-

(1) Shri Ramesh Ch. Satpathy, Secretary, National Institute of Indian Labour & President, Upobhokta Mahasangha, Plot No.302(B), Beherasahi, Nayapalli, Bhubaneswar-751012 and

(2) 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 representatives of Principal Secretary to Govt. Department of Energy, Govt. of Odisha, Bhubaneswar were present during tariff hearing 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 06.02.2020 at 12.30 P.M and orders as follows:-

PROPOSAL FOR ARR & LEVY OF ANNUAL FEES & CHARGES FOR SLDC FUNCTIONS FOR FY 2020-21 (Para 7 to 12)

7. The application for approval of Annual Revenue Requirement and Fees & Charges for SLDC for FY 2020-21 has been submitted 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

Item-wise Annual Revenue Requirement for SLDC operation as proposed by OPTCL for FY 2020-21

8. 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 proposed in the ARR.

B. Interest on Loan capital:

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

C. Depreciation:

Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC has been computed as Rs. 38.388 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. **26.505** lacs and Video Projection Screen (VPS) amounting Rs. 5.6 lacs. Total depreciation proposed is given in the following table.

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

| Financial Year | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---|---------------|---------------|---------------|---------------|
| 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 | 23.850 | 58.528 | 44.645 | 38.388 |
| TOTAL | 23.850 | 58.528 | 44.645 | 38.388 |

D. Operation and Maintenance Expenses:

Operation and maintenance expenses excluding human resources expenses for FY 2020-21 has been computed as Rs.192.368 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 2020-21.

Table - 2
Statement of O&M Expenses Excluding Human Resource Expenses

(Rs. Lakh)

| SL No | ITEMS | Form No | 2018-19 (Actual) | 2019-20 (Approved) | 2019-20 (Actual up to Sept.-19) | 2020-21 (Prop.) |
|-------|--|---------|------------------|--------------------|---------------------------------|-----------------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |
| 1 | Repairs and maintenance expenses | 7-C | 53.377 | 50.750 | 7.788 | 57.020 |
| 2 | Administrative and general expenses, etc | 7-D | 118.010 | 116.740 | 49.161 | 135.348 |
| | Total | | 171.387 | 167.490 | 56.949 | 192.368 |

E. Human Resources Expenses:

Human resources expenses have been computed as Rs. 801.309 lacs. The present staff strength of SLDC is 51 as on 30.09.2019 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. 103.877 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.

Certificate 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 & Certification of LDC personnel has been projected as Rs 9.568 lacs for FY 2020-21.

F. Interest on working capital:

The interest on working capital (amounting Rs 260.040 lakhs) is computed as Rs. 31.335 lacs as per OERC Regulation considering 12.05% rate of interest (SBI base rate 9.05% 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. Lakh) |
|---|--|----------------|
| | | Amount Lacs |
| Particulars | | |
| O&M expenses for one month excluding human resources expenses | | 16.031 |
| Human resource expenses for one month | | 66.776 |
| Receivables (2 months of SOC & MOC) | | 177.233 |
| Total Working Capital | | 260.040 |
| Rate of Interest | | 12.05% |
| Interest on working capital | | 31.335 |

Total ARR proposed for FY 2020-21 is given in table - 4 below.

Table - 4
ARR Proposed for FY 2020-21

| | | (Rs. Lakh) |
|---------|--|-----------------|
| Sl. No. | Particulars | 2020-21 |
| 1 | Return on Equity | 0.000 |
| 2 | Interest on Loan Capital | 0.000 |
| 3 | Depreciation | 38.388 |
| 4. | O&M Expenses excluding human resource expenses | 192.368 |
| 5. | Human Resource expenses | 801.309 |
| 6. | Interest on Working Capital | 31.335 |
| | Total expenses | 1063.400 |

Determination of Annual Charges for SLDC:

9. 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.

Table - 5
Abstract of Collection of SLDC Charges Proposed for FY 2020-21

| | (Rs. lakh) |
|--|-----------------|
| Annual charges (AFC) | 1063.400 |
| System Operation Charges (SOC) (80% of the AFC) | 850.720 |
| Intra State Transmission Licensee @ 10% of SOC | 85.072 |
| Generating Station & Sellers @ 45% of SOC | 382.824 |
| Distribution Licensees & Buyers @ 45% of SOC | 382.824 |
| Market Operation Charges (MOC) (20% of the AFC) | 212.680 |
| Generating Station & Sellers @ 50% of MOC | 106.340 |
| Distribution Licensees & Buyers @ 50% of MOC | 106.340 |

Registration Fee:

10. 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:

11. 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.
12. Considering the above submissions, Annual Revenue Requirement for FY 2020-21 towards State Load Dispatch Centre (SLDC) function has been projected at Rs. 1063.40 Lacs. The proposed levy and collection of Fee and charges is given in the following table.

Table - 6
Annual Charges

| | (Rs. in Lacs) |
|---|-----------------|
| Annual charges | 1063.400 |
| Total Cost (Annual Fixed Cost) | 1063.400 |
| System Operation Charges (SOC) (80% of the AFC) | 850.720 |
| Market Operation Charges (MOC) (20% of the AFC) | 212.680 |

Table – 7
System Operation Charges (SOC)

| (Rs. in Lacs) | | | | |
|--|------------------------------------|-------------------------|-----------------------|------------------------|
| System Operation Charges (SOC) | | | 850.720 | |
| Intra State Transmission Licensee @ 10% of SOC | | | 85.072 | |
| Generating Station & Sellers @ 45% of SOC | | | 382.824 | |
| Distribution Licensees & Buyers @ 45% of SOC | | | 382.824 | |
| (a) Intra State Transmission Licensee (SOC per month) | | | 7.089 | |
| (b) Generating Station & Sellers @ 45% of SOC | | | 382.824 | |
| Sl. No. | Generating Company / Sellers | Installed Capacity (MW) | Total amount (Annual) | Total amount (Monthly) |
| A | State Generating Station | | | |
| 1 | OHPC | 1700.00 | 106.624 | 8.885 |
| 2 | OPGC Stage-I | 420.00 | 26.342 | 2.195 |
| 3 | OPGC Stage-II | 1320.00 | 82.790 | 6.899 |
| 4 | TTPS | 460.00 | 28.851 | 2.404 |
| B | Small Hydro & Bio-mass | | | |
| 5 | OPCL (Small Hydro) | 20.00 | 1.254 | 0.105 |
| 6 | Meenakshi Power Ltd. (Small Hydro) | 37.00 | 2.321 | 0.193 |
| 7 | Shalivahana Green Energy Ltd | 20.00 | 1.254 | 0.105 |
| C | IPP | | | |
| 8 | GMR, Kamalanga | 350.00 | 21.952 | 1.829 |
| 9 | Vedanta Limited (IPP) | 600.00 | 37.632 | 3.136 |
| 10 | NBVL (IPP) | 60.00 | 3.763 | 0.314 |

| D | CGPs | Maximum Scheduled (MW) (up to end of October-2019) | | |
|------------|--|---|----------------|---------------|
| 11 | Aarti Steel Ltd | 48.00 | 3.011 | 0.251 |
| 12 | Aditya Aluminium Limited | 2.00 | 0.125 | 0.010 |
| 13 | Aryan Ispat & Power Pvt. Ltd. | 2.61 | 0.164 | 0.014 |
| 14 | Bhubaneswar Power Pvt. Ltd. | 119.00 | 7.464 | 0.622 |
| 15 | Bhusan Power & Steel Ltd.,Jharsuguda | 30.00 | 1.882 | 0.157 |
| 16 | Tata Steel BSL Limited, Meramundali | 79.90 | 5.011 | 0.418 |
| 17 | ESSAR Power (Orissa) Ltd. | 27.50 | 1.725 | 0.144 |
| 18 | FACOR Power Ltd. | 8.34 | 0.523 | 0.044 |
| 19 | HINDALCO | 16.08 | 1.009 | 0.084 |
| 20 | IFFCO | 10.00 | 0.627 | 0.052 |
| 21 | IMFA | 44.54 | 2.794 | 0.233 |
| 22 | Jindal Stainless Limited, Duburi | 57.37 | 3.598 | 0.300 |
| 23 | Jindal Steel & Power Ltd., Angul | 202.18 | 12.681 | 1.057 |
| 24 | Maithan Ispat Limited | 9.91 | 0.622 | 0.052 |
| 25 | MGM Minerals Ltd. | 3.96 | 0.248 | 0.021 |
| 26 | NALCO, Angul | 43.20 | 2.710 | 0.226 |
| 27 | Narbheram Power & Steel (P) Ltd | 3.00 | 0.188 | 0.016 |
| 28 | Nava Bharat Ventures Limited | 52.00 | 3.261 | 0.272 |
| 29 | Nilachal Ispat Nigam Limited | 4.91 | 0.308 | 0.026 |
| 30 | Dalmia Cement (Bharat) Ltd. [OCL] | 12.66 | 0.794 | 0.066 |
| 31 | Pattanaik Steel & Alloys Limited | 2.00 | 0.125 | 0.010 |
| 32 | RSP | 4.00 | 0.251 | 0.021 |
| 33 | Shree Ganesh Metalicks Limited | 1.05 | 0.066 | 0.005 |
| 34 | Shyam Metalicks & Energy Limited | 1.00 | 0.063 | 0.005 |
| 35 | SMC Power generation | 4.00 | 0.251 | 0.021 |
| 36 | Tata Steel Long Product Limited (TSIL) | 23.00 | 1.443 | 0.120 |
| 37 | Vedanta Limited (Jharsuguda) | 215.00 | 13.485 | 1.124 |
| 38 | Vedanta Limited (Lanjigarh) | 5.00 | 0.314 | 0.026 |
| 39 | VISA Steel Limited | 25.00 | 1.568 | 0.131 |
| 40 | Yazdani Steel & Power Limited | 2.00 | 0.125 | 0.010 |
| | Solar Projects | Installed Capacity (MW) | | |
| 41 | ACME, Odisha | 25.00 | 1.568 | 0.131 |
| 42 | AFTAB Solar | 5.00 | 0.314 | 0.026 |
| 43 | BEL SOLAR | 7.50 | 0.470 | 0.039 |
| 44 | GEDCOL | 20.00 | 1.254 | 0.105 |
| | Total | 6103.71 | 382.824 | 31.902 |
| (c) | Distribution Licensees & Buyers @45% of SOC | | 382.824 | |
| | | % share | | |
| 45 | CESU | 34.99 | 133.950 | 11.163 |
| 46 | NESCO | 22.67 | 86.786 | 7.232 |
| 47 | WESCO | 27.84 | 106.578 | 8.882 |
| 48 | SOUTHCO | 14.50 | 55.510 | 4.626 |
| | Total | 100 | 382.824 | 31.902 |

Table – 8
Market Operation Charges (MOC)

| Market Operation Charges (MOC) | | | 212.680 | |
|---|--------------------------------------|---|---------------------|----------------------|
| (a) Generating Company @50% of MOC | | | 106.340 | |
| | | | | <i>(Rs. in Lacs)</i> |
| Sl. No. | Generating Company / Sellers | Installed Capacity (MW) | Total amount | Total amount |
| | | | (Annual) | (Monthly) |
| A | State Generating Station | | | |
| 1 | OHPC | 1700.00 | 29.618 | 2.468 |
| 2 | OPGC Stage-I | 420.00 | 7.317 | 0.610 |
| 3 | OPGC Stage-II | 1320.00 | 22.997 | 1.916 |
| 4 | TTPS | 460.00 | 8.014 | 0.668 |
| B | Small Hydro & Bio-mass | | | |
| 5 | OPCL (Small Hydro) | 20.00 | 0.348 | 0.029 |
| 6 | Meenakshi Power Ltd. (Small Hydro) | 37.00 | 0.645 | 0.054 |
| 7 | Shalivahana Green Energy Ltd | 20.00 | 0.348 | 0.029 |
| C | IPP | | | |
| 8 | GMR, Kamalanga | 350.00 | 6.098 | 0.508 |
| 9 | Vedanta Limited (IPP) | 600.00 | 10.453 | 0.871 |
| 10 | NBVL (IPP) | 60.00 | 1.045 | 0.087 |
| D | CGPs | Maximum Scheduled (MW) (up to end of October-2019) | | |
| 11 | Aarti Steel Ltd | 48.00 | 0.836 | 0.070 |
| 12 | Aditya Aluminium Limited | 2.00 | 0.035 | 0.003 |
| 13 | Aryan Ispat & Power Pvt. Ltd. | 2.61 | 0.045 | 0.004 |
| 14 | Bhubaneswar Power Pvt. Ltd. | 119.00 | 2.073 | 0.173 |
| 15 | Bhusan Power & Steel Ltd.,Jharsuguda | 30.00 | 0.523 | 0.044 |
| 16 | Tata Steel BSL Limited, Meramundali | 79.90 | 1.392 | 0.116 |
| 17 | ESSAR Power (Orissa) Ltd. | 27.50 | 0.479 | 0.040 |
| 18 | FACOR Power Ltd. | 8.34 | 0.145 | 0.012 |
| 19 | HINDALCO | 16.08 | 0.280 | 0.023 |
| 20 | IFFCO | 10.00 | 0.174 | 0.015 |
| 21 | IMFA | 44.54 | 0.776 | 0.065 |
| 22 | Jindal Stainless Limited, Duburi | 57.37 | 1.000 | 0.083 |
| 23 | Jindal Steel & Power Ltd., Angul | 202.18 | 3.522 | 0.294 |
| 24 | Maithan Ispat Limited | 9.91 | 0.173 | 0.014 |
| 25 | MGM Minerals Ltd. | 3.96 | 0.069 | 0.006 |
| 26 | NALCO, Angul | 43.20 | 0.753 | 0.063 |
| 27 | Narbheram Power & Steel (P) Ltd | 3.00 | 0.052 | 0.004 |
| 28 | Nava Bharat Ventures Limited | 52.00 | 0.906 | 0.075 |
| 29 | Nilachal Ispat Nigam Limited | 4.91 | 0.086 | 0.007 |
| 30 | Dalmia Cement (Bharat) Ltd. [OCL] | 12.66 | 0.221 | 0.018 |
| 31 | Pattanaik Steel & Alloys Limited | 2.00 | 0.035 | 0.003 |
| 32 | RSP | 4.00 | 0.070 | 0.006 |
| 33 | Shree Ganesh Metalicks Limited | 1.05 | 0.018 | 0.002 |
| 34 | Shyam Metalicks & Energy Limited | 1.00 | 0.017 | 0.001 |

| | | | | |
|--|--|--------------------------------|----------------|--------------|
| 35 | SMC Power generation | 4.00 | 0.070 | 0.006 |
| 36 | Tata Steel Long Product Limited (TSIL) | 23.00 | 0.401 | 0.033 |
| 37 | Vedanta Limited (Jharsuguda) | 215.00 | 3.746 | 0.312 |
| 38 | Vedanta Limited (Lanjigarh) | 5.00 | 0.087 | 0.007 |
| 39 | VISA Steel Limited | 25.00 | 0.436 | 0.036 |
| 40 | Yazdani Steel & Power Limited | 2.00 | 0.035 | 0.003 |
| E | Solar Projects | Installed Capacity (MW) | | |
| 41 | ACME, Odisha | 25.00 | 0.436 | 0.036 |
| 42 | AFTAB Solar | 5.00 | 0.087 | 0.007 |
| 43 | BEL SOLAR | 7.50 | 0.131 | 0.011 |
| 44 | GEDCOL | 20.00 | 0.348 | 0.029 |
| | Total | 6103.71 | 106.340 | 8.862 |
| (b) Distribution Licensees & Buyers @50% of MOC | | | 106.340 | |
| Sl. | | % share | | |
| 45 | CESU | 34.99 | 37.208 | 3.101 |
| 46 | NESCO | 22.67 | 24.107 | 2.009 |
| 47 | WESCO | 27.84 | 29.605 | 2.467 |
| 48 | SOUTHCO | 14.50 | 15.419 | 1.285 |
| | Total | 100 | 106.340 | 8.862 |

VIEWS OF CONSUMER COUNSEL (Para 13 to 14)

13. 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.1063.400** lakh for FY 2020-21 which is 13.43% high over Rs.937.47 lakh approved by the Commission for FY 2019-20. This would be recovered through Annual Fees and Charges. The Revenue Requirement includes Employee Cost of Rs. 801.309 lakh on account of salary and other cost of 51 nos. of executives and non-executives and 7th Pay arrear salary of FY 20-21. SLDC has proposed Rs.103.877 lakh on account of arrear payment due to consideration of implementation of 7th Pay Commission's Recommendations. As the Commission in its order for FY 2019-20 has allowed 40% of the arrear amount, the remaining 60% amount on account of arrear for 7th Pay Commission can be allowed, after reviewing the actual arrear amount in this regard.
- The O&M expenses of Rs. **192.368** lakh are projected considering the expenditure to be incurred in FY 2020-21 & not as per OERC Regulation (5.72% escalation on

previous year's actual O & M expenses). The proposed O&M expenses of Rs.**192.368** lakh seems to be on higher side and should not be approved.

The SLDC spent Rs. 171.387lakh out of approved O & M cost of Rs. 181.60 lakh for FY 2018-19. SLDC need to make efforts to bring down the electricity charges (40.267 lakh spent in 18-19). The SLDC has spent only 34% of the approved O&M expenses for FY 2019-20 (Up to September 2019). Actual O&M expenses is (actual up to September) Rs 56.949 lakh as against the approval for FY 2019-20 (Rs 167.490 lakhs). SLDC projecting high O&M related expenses during Oct – March 2020 amounting 110.541 lakh, which 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 2019-20.

- SLDC has claimed Rs. 38.388 lakh as depreciation for assets in ULDC and offices in SLDC, out of which an amount of Rs. **5.6** lakh is claimed on account of Video Projection Screen (VPS) and Rs. **26.505** lakh is claimed for IT equipment's at EASSC. Depreciation on VPS and IT equipments at EASSC may be allowed for the FY 2020-21. 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 assets, approved cost by the Commission, rate of depreciation as per Regulations and depreciation claimed till date.
- Proposed working capital of Rs. 260.040 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 have been identified and used exclusively by SLDC personnel. Further SLDC has created many major assets such as Diesel Generating set, computers & peripherals, Air Conditioners, furniture & fixtures, 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 use of SLDC staffs exclusively. In addition to the above, the revised proposal for construction of a new building to be used by SLDC is pending with the Commission. As such, all assets have been acquired by SLDC for its own use. In view of the above, transfer of assets is not

relevant in the present scenario. However, Transfer of assets can only be done through a ‘Transfer Scheme’ by Government of Odisha after due notification.

- 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 8.420 lakh for training and certification of SLDC personnel during FY 2018-19. SLDC has projected to spend Rs. 9.568 lakh for same purpose during the ensuing year 2020-21

Summing Up

14. 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 2020-21.
 - 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 the Commission.
 - The Commission may consider all the above facts before approving the ARR for FY 2020-21.

VIEWS OF OBJECTORS (Para 15 to 27)

Functioning of SLDC.

15. One of the objector submitted that SLDC should be an independent apex body under Sec. 31 & 32 of the EA-2003 and SLDC has been empowered by section 33 of the Electricity

Act, 2003 to give such direction and exercise such supervision and control required for ensuring grid operation to achieve maximum economic efficiency in the operation of power system.

16. One of the objector submitted that OPTCL is now controlling SLDC and has not implemented the directives given by the Commission from time to time since 2007
17. Another objector submitted that SLDC is not functioning as an independent System Operator. CMD of OPTCL is also the CMD of GRIDCO which is a deemed Trader. Thus, there is conflict of interest while permitting open access to consumers as permission to do so is affecting the interest of GRIDCO.
18. One of the objector submitted that SLDC is not functioning as an independent System Operator and is not implementing the provisions of the Electricity Act, 2003 leading to stagnant efficiency of the power sector in the state.
19. One of the objector submitted that the Commission has directed in their ARR from FY 2009-10 to FY 2019-20 for implementation of following directives:
 - ✓ CMD, OPTCL has been directed to ensure the posting of a Director with full delegation of power and authority in SLDC immediately in order to enable SLDC to function effectively and independently as the state nodal agency.
 - ✓ CMD, OPTCL directed 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, weekly U/I 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.

- ✓ The System operation charges and the market operation charges approved in respect of SLDC will become effective from 1st April, 2010 and shall continue until further orders.

20. One of the objector submitted that Additional Executives required for highly specialized and technical nature of the SLDC functioning has not been appointed.

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

21. One of the objectors submitted that it is taking 'Commercial Clearance' from GRIDCO before issuing permission of open access.
22. Another objector submitted that SLDC required the CGPs applying for open access to give an undertaking for not injecting power to the STU and not to bill GRIDCO for inadvertent injection of power.
23. One of the objector submitted that the chief load despatcher of SLDC has been from the general cadre of OPTCL, thus rendering the ring-fencing of SLDC as non-existent.

Operation & Maintenance Expenses (O&M Expenses)

24. One of the objector submitted that transfer of assets to SLDC has also not been implemented as directed by the Commission in para 140 of Order dated 22.03.2018.

SLDC Development Fund

25. One of the objector submitted that SLDC should furnish year wise deposit in SLDC Development Fund and its utilization in each year. Besides fund available as on 31st March, 2016 and fund deposited in the SLDC Development Fund up to 31st December, 2018 should be monitored.
26. One of the objector submitted that OPTCL should produce a status report about the action taken on above directions of the Commission before the hearing of ARR 2020-21.

SLDC ARR and Charges & fees

27. One of the objector submitted that penalty may be levied for continued and willful contravention of the directives of the Commission.

REJOINDER AND REPLY OF SLDC TO QUERIES RAISED DURING HEARING (Para 28 to 50.)

Functioning of SLDC

28. 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 being operated by OPTCL, the STU. SLDC is operating the State grid most efficiently to maintain the electrical parameters within the statutory limit.
29. SLDC has complied with the directions of the Commission.
30. SLDC has filed the compliance of the directives of the Commission at para 143, 144 & 145 of the order dated 22.03.2018 in Case No. 78/2017 during approval of the ARR & determination of Fees & Charges of SLDC functions for FY 2018-19. The contention 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.
31. SLDC 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. Interview for the post of Director, SLDC has already been conducted by Government of Odisha.
32. SLDC development fund has already been created and operative at present.
33. 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 and mock reactive energy charges billing is also being prepared.
34. The monthly report on STOA transactions is being prepared by SLDC and submitted to the Commission as and when required. Action is being taken to display the same on the newly developed website.

Organizational Structure and Staffing of SLDC & Employees Cost

35. Government of Odisha has already approved the SLDC structure for 67 nos. of employees of different category. At present 59 numbers of employees including 5 nos of contractual staffs are deployed at SLDC.
36. SLDC is presenting its performance report before the Commission for review, when required

37. The Executives working at SLDC are highly specialized with strong technical knowledge in respect of SLDC function. All the Executives deployed at SLDC are National Power Training Institute (NPTI) trained / certified System Operator.

Open Access related Issues

38. SLDC is not seeking for commercial clearance from Gridco for issuing approval / consent for sale of power through open access.
39. SLDC has never asked to any CGP for not to inject power to the STU network. However, as a part of grid operation activity, SLDC can direct any seller not to inject power beyond the schedule depending on the grid condition.

Transfer of Assets

40. All the assets pertaining to SLDC are being used for SLDC functions only. SLDC has created many major assets such as computer & peripherals, furniture & fixture, VPS screen by using funds from SLDC development fund with due approval of the Commission. In addition to the above, the revised proposal for construction of new building to be used by SLDC has been submitted to the Commission for approval. As such, all assets have been acquired by SLDC for its own use. In view of the above, transfer of the asset is not relevant in the present scenario. However, a formal 'Transfer Scheme' by Government of Odisha would be required for transfer of assets.

SLDC Development Fund

41. SLDC submitted the details of SLDC development fund. The development fund is being utilized to meet the Capital Expenditure of SLDC with due approval of the Commission.

OBSERVATIONS OF STATE ADVISORY COMMITTEE (SAC) (Para 42)

42. The Commission convened the State Advisory Committee (SAC) meeting on 26.02.2020. 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 2020-21.

VIEWS OF GOVT. OF ODISHA (Para 43)

43. 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 2020-21.

COMMISSION'S OBSERVATIONS (Para 44 to 80)

44. The Commission, for approval of ARR for SLDC functions and determination of Annual Fees and Charges for FY 2020-21 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)

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

Interest on Loan Capital

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

Depreciation

47. 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.38.388 lakhs for FY 2020-21 for its assets in the following manner.

Table –9

(Rs. in Lakhs)

| Sl. No. | Name of the Assets | Gross Block as on 31.03.2019 | Depreciation Rates as per CERC's Depreciation Rate Schedule | Depreciation Amount for the year 2020-21 |
|---------|---|------------------------------|---|--|
| | 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 | 09.91 | 5.28% | 0.523 |
| 6. | Isolation transformer & ACDB for UPS | 07.56 | 5.28% | 0.399 |
| 7. | Underground Cables | 00.58 | 5.28% | 0.031 |
| 8. | Over Head LT lines | 00.00 | 5.28% | 0.000 |
| 9. | Voice Recording System | 04.68 | 5.28% | 0.247 |
| 10. | Split type Air Conditioner | | | |
| (i) | Procured during 2012-13 (10) | 03.03 | 5.28% | 0.160 |
| (ii) | Procured during 2014-15 (14) | 05.82 | 5.28% | 0.307 |
| (iii) | Procured during 2016-17 (18) | 07.52 | 5.28% | 0.397 |

| | | | | |
|-----|--|---------------|--------|---------------|
| 11. | DG Set (ULDC project) | 00.00 | 5.28% | 0.000 |
| 12. | DG Set for disaster management | 07.49 | 5.28% | 0.396 |
| 13. | 3 HP water pump | 00.29 | 6.33% | 0.019 |
| 14. | Office Furnitures including new | 05.93 | 6.33% | 0.375 |
| 15. | Office equipment | 00.05 | 6.33% | 0.003 |
| 16. | Electrical Installation for SLDC building (new) | 13.15 | 6.33% | 0.832 |
| 17. | Street Light including UG cable (new) | 07.63 | 5.28% | 0.403 |
| 18. | Communication Equipment (intercom system) | 00.00 | 6.33% | 0.000 |
| 19. | Computer tables for EASSC | 00.84 | 6.33% | 0.053 |
| 20. | Software for EASS | 00.23 | 30.00% | 0.068 |
| 21. | Video Projection System (VPS) | 37.33 | 15.00% | 5.600 |
| 22. | Photo copier | 02.79 | 6.33% | 0.177 |
| 23. | UPS for desktops | 01.08 | 5.28% | 0.057 |
| 24. | End User's equipments such as router etc. to receive the metering data | 01.30 | 15.00% | 0.195 |
| 25. | Computers & peripherals for data centre | 176.70 | 15.00% | 26.505 |
| 26. | RVDU at Jaynagar sub-station | 09.65 | 15.00% | 1.448 |
| 27. | Vehicle | 03.66 | 5.28% | 0.193 |
| | TOTAL | 307.23 | | 38.388 |
| | Weighted Average Rate of Depreciation(%) | 12.49 | | |

*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

48. SLDC has claimed Depreciation for the assets in the Unified Load Despatch Center and offices in SLDC which has been computed at Rs. 38.388 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 VPS screen. The Commission after prudence check approves Rs.38.38 lakhs towards depreciation for the FY 2020-21 as proposed by the SLDC .

Employee Cost (Human Resource Expenses)

49. SLDC projected the total Employee Cost at Rs.801.309 lakhs for the ensuing FY 2020-21 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 / outsourced staff, engaged at SLDC as on date has been considered. The salary of staff for FY 2020-21 has been computed considering the payment of ABT allowance to all the employees working at SLDC.

50. Pay for 2020-21 has been calculated based on 7th Pay Commission's Recommendations. DA has been calculated @ 27% of Pay. HRA is approved as proposed by SLDC. Medical allowances have been approved as 5% of Basic and GP. An amount of Rs. 3.35 Lakh has been added for contractual employees. The Commission has considered arrear salary payment on account of 7th Pay with effect from 01.01.2016 for the FY 2020-21 to the tune of 10% of the projected total arrear. Other allowances have been approved as proposed by SLDC. A sum of Rupees Rs.724.387 lakhs has been approved by the Commission towards Human Resources Expenses for 2020-21.
51. The details of proposed and approved human resource expenses is shown in the table below:

Table - 10
Details of Human Resource Expenses

| | | (Rs. lakhs) | |
|-----|---|--------------------|-----------------|
| | Particulars of Human Resource Expenses | Proposed | Approved |
| 1. | Basic and GP | 482.112 | 482.112 |
| 2. | Over-time | 0.000 | 0.000 |
| 3. | Dearness Allowance | 120.528 | 130.178 |
| 4. | Other Allowance such as shift, Conveyance, ABT, green card washing etc. | 19.283 | 19.283 |
| 5. | Contractual Staff Payment | 3.350 | 3.350 |
| 6. | Compensation for LDC Personnel | 0.000 | 0.000 |
| 7. | Sub Total (1 to 6) | 625.273 | 634.923 |
| | OTHER STAFF COST | | |
| 8. | Reimbursement of Medical Expenses | 9.840 | 9.840 |
| 9. | Leave Travel Concession | 5.000 | 5.000 |
| 10. | Reimbursement of House Rent | 26.654 | 26.654 |
| 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 | 9.590 | 9.590 |
| 16. | Expenditure on VRS | 0.000 | 0.000 |
| 17. | Sub Total (8 to 16) | 51.084 | 51.084 |
| 18. | Staff Welfare Expenses | 1.000 | 1.000 |
| 19. | Terminal Benefits (Employer's Share) | 14.389 | 14.389 |
| 20. | Provisions - RPP for 5 executives | 5.000 | 5.000 |
| 21. | Arrear Salary (7th Pay) | 103.877 | 17.301 |
| 22. | Others (Specify) (Uniform & Liveries) | 0.686 | 0.686 |
| 23. | Total (7+17+18+19+20+21+22) | 801.309 | 724.387 |
| 24. | Revenue recovered, if any | 0.000 | 0.000 |
| 25. | Net Total (22-23) | 801.309 | 724.387 |

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

52. 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 2018-19, approved figure for 2019-20 and proposed expenditure on A&G and R&M head for 2020-21 are presented in the table below:

Table - 11
Operation and Maintenance (O&M) Expenses excluding human Resources Expenses
(Rs. in Lakhs)

| Items | Actual for 2018-19 | Approved for 2019-20 | Proposed for 2020-21 |
|----------------------|--------------------|----------------------|----------------------|
| R&M | 53.377 | 50.750 | 57.020 |
| A&G | 118.010 | 116.740 | 135.348 |
| Total O&M | 171.387 | 167.490 | 192.368 |

53. The Commission scrutinized the actual expenditure made by DLDC 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 2020-21 is shown in the table below.

Table – 12
Approved O&M excluding human Resources expenses for 2020-21

| R&M for 2020-21 | Rs. in Lakhs |
|---|---------------------|
| Actual R&M Expenditure estimated for FY 2019-20 up to January 2020 as per submission of SLDC on dt.07.03.20 | 35.645 |
| Pro-rated for whole year (2019-20) | 42.774 |
| R&M for 2020-21 (with 5.72% escalation) | 45.221 |
| A&G for 2020-21 | |
| Actual A&G Expenditure up to December 2020 up to January 2020 as per submission of SLDC on dt.07.03.20 | 96.869 |
| Pro-rated for whole year (2019-20) | 116.243 |
| A&G for 2020-21 (with 5.72% escalation) | 122.893 |
| Approved O&M (R&M+A&G) for 2020-21 | 168.114 |

54. The O&M expenses excluding human Resources expenses of SLDC for FY 2020-21 is approved at Rs.168.114 lakhs which consisting R&M of Rs.45.221 lakhs and A&G of Rs.122.893 lakhs.

Interest on Working Capital

55. SLDC has proposed interest on working capital as Rs.31.33 lakhs on the total working capital amounting to Rs.260.04 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.
56. 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 2020-21 is allowed.

Summary of ARR for FY 2020-21

57. The details of Expenses proposed by SLDC in its ARR and approved by the Commission for FY 2020-21 are depicted in the table below:

Table – 13
Summary of ARR of SLDC for FY 2020-21

| (Rs. in Lakhs) | | | | |
|----------------|--|--|----------------------------------|-----------------------------|
| SL No. | Items | Commission Approval for 2019-20 | SLDC Proposal for 2020-21 | Approved for 2020-21 |
| 1 | Human Resource Expenses | 725.33 | 801.309 | 724.387 |
| 2 | O & M (Excluding Human Resources Expenses) | 167.49 | 192.368 | 168.114 |
| 3 | Depreciation | 44.65 | 38.388 | 38.388 |
| 5 | Interest on Working Capital | 0.00 | 31.335 | 0.00 |
| | Total | 937.47 | 1063.40 | 930.889 |

Determination of Annual Charges of SLDC

58. The Annual Charges for SLDC Operations during FY 2020-21 have been approved by the Commission at Rs.930.889 lakhs or Rs.77.575 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.

59. In line with the OERC Regulations, 2010 which defines the System Operation Function & Market Operation Function of SLDC the Commission has, therefore, considered Annual Charges (AFC) of SLDC Operations for FY 2020-21 given in the following table to be recovered through SOC & MOC as under:

Table - 14
SLDC Charges for FY 2020-21

(Rs. in Lakhs)

| SLDC Charges approved for FY 2020-21 | Rs. in Lakhs | Monthly Charges |
|---|---------------------|------------------------|
| Annual charges (AFC) | 930.889 | 77.575 |
| System Operation Charges (SOC) (80% of the AFC) | 744.711 | 62.059 |
| Intra State Transmission Licensee @10% of SOC | 74.471 | 6.206 |
| Generating Station & Sellers @45% of SOC | 335.120 | 27.927 |
| Distribution Licensees & Buyers@45% of SOC | 335.120 | 27.927 |
| Market Operation Charges (MOC) (20% of the AFC) | 186.181 | 15.515 |
| Generating Station & Sellers @50% of MOC | 93.09 | 7.757 |
| Distribution Licensees & Buyers@50% of MOC | 93.09 | 7.757 |

60. 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.74.471 lakhs/annum and Rs.6.206 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 6093.84 MW shall be @ Rs.5499.323/MW/annum or @ Rs.458.277/MW/month.
- iii) The recovery of SOC from the Distribution Licensees & Buyers shall be based on the percentage of Energy Consumption for FY 2020-21 & shall be as shown in table below:

Table - 15
Apportionment of Annual & Monthly SOC Charges amongst
Distribution Companies for FY 2020-21

| Name of DISCOM Utilities | Energy Consumption approved by OERC for FY 2020-21 (MU) | % Share of Energy Consumption | Annual Charge (In lakhs) | Monthly Charge (In lakhs) |
|---------------------------------|--|--------------------------------------|---------------------------------|----------------------------------|
| CESU | 9470 | 33.71% | 112.979 | 9.414 |
| NESCO Utility | 6570 | 23.39% | 78.382 | 6.532 |
| WESCO Utility | 8000 | 28.48% | 95.442 | 7.953 |
| SOUTHCO Utility | 4050 | 14.42% | 48.317 | 4.026 |
| Total | 28090 | 100.0% | 335.120 | 27.927 |

Market Operation Charges (MOC)

61. The Market Operation Charges (MOC) of Rs.186.178 lakhs/annum or Rs.15.515 lakhs/month shall be apportioned for collection from the following stakeholders as under:

- Generating Stations & Sellers @ 50% of MOC - Rs.93.089 lakhs/annum or Rs.7.757 lakhs/month
- DISCOM Utilities & Buyers @ 50% of MOC - Rs.93.089 lakhs/annum or Rs.7.757 lakhs/month

62. **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 6093.84 MW shall be @ Rs.1527.59/MW/annum or @ Rs.127.299/MW/month. Subsequently, SLDC in its filing dt.13.03.2020 revised the installed capacity from 6103.71 MW to 6093.84 MW due to closure of M/s Maithan Ispat Ltd. of 9.91 MW.
- The recovery of MOC from the Distribution Licensees is based on the percentage of Energy Consumption for FY 2020-21 as shown in Table below:

Table - 16
Apportionment of Annual & Monthly MOC Charge amongst
Distribution Companies for FY 2020-21

| Name of DISCOM Utilities | Energy Consumption approved by OERC for FY 2020-21 (MU) | % Share of Energy Consumption | Annual MOC Charge (Rs. lakhs) | Monthly MOC Charge (Rs. lakhs) |
|---------------------------------|--|--------------------------------------|--------------------------------------|---------------------------------------|
| CESU | 9470 | 33.71% | 31.383 | 2.615 |
| NESCO Utility | 6570 | 23.39% | 21.773 | 1.814 |
| WESCO Utility | 8000 | 28.48% | 26.512 | 2.209 |
| SOUTHCO Utility | 4050 | 14.42% | 13.421 | 1.118 |
| Total | 28090 | 100.0% | 93.089 | 7.757 |

Registration Fee

63. 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

64. 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

approves the proposed Application Fee and Scheduling Charges for STOA customers payable to SLDC during FY 2020-21.

ARR and Annual & Monthly Charges for FY 2020-21

65. The details of ARR & Annual and Monthly Charges for FY 2020-21 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 2020-21
(Rs. in Lakhs)

| Sl. No. | Particulars | Approved for 2020-21 | |
|---------|--|----------------------|---------------------|
| | | Per annum | Per month |
| 1 | ARR of SLDC | 930.889 | 77.575 |
| 2 | Intra-State transmission licensee to pay SOC to SLDC | 74.471 | 6.206 |
| 3 | Generating Stations & Sellers to pay SOC & MOC to SLDC (Rs. per MW calculated considering generation capacity of 6093.84 MW) | 428.209 | 35.684 |
| | | (Rs.7026.913 per MW) | (Rs.585.576 per MW) |
| 4 | Distribution Licensees & Buyers to pay SOC & MOC to SLDC | 428.209 | 35.684 |
| 5 | (i) CESU | 144.362 | 12.030 |
| | (ii) NESCO Utility | 100.155 | 8.346 |
| | (iii) WESCO Utility | 121.954 | 10.163 |
| | (iv) SOUTHCO Utility | 61.738 | 5.145 |

Payment Mechanism of Annual Charges to SLDC

66. 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.
67. 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 2020-21.

68. 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.
69. SLDC should bill both SOC & MOC per MW/month in terms of total contracted capacity of 6093.84 MW for FY 2020-21 to Generating Stations & Sellers. Similarly, SLDC shall bill to OPTCL & Distribution Licensees every month at the rates approved by the Commission for FY 2020-21.
70. 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.
71. 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.
72. 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

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

76. Further SLDC is directed to submit the revised proposal along with the estimate for construction of a new building under the CAPEX plan. The size of the proposed building should be adequate to provide space for modern equipment, machinery and other facilities that will be required for an efficient functioning of SLDC. Modern SLDCs set up in other States could be used as a benchmark.
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.
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.
79. The System Operation & Market Operation Charges approved in respect of SLDC will become effective from 1st May, 2020 and shall continue until further orders.
80. The application of SLDC in Case No.73 of 2019 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/-

(U. N. BEHERA)
CHAIRPERSON