

GUJARAT ELECTRICITY REGULATORY COMMISSION



Tariff Order

Truing up for FY 2020-21

and

Determination of ARR and SLDC Fees & Charges for FY 2022-23

For

State Load Despatch Centre

(SLDC)

Case No. 2027 of 2021

30th March, 2022

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(GERC)

GANDHINAGAR

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ABBREVIATIONS

A&G	Administrative and General
ARR	Aggregate Revenue Requirement
ATC	Annual Transmission Charges payable by long-term user or medium-term user of the transmission system
CAPEX	Capital Expenditure
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
ckt. km	Circuit Kilometre
DGVCL	Dakshin Gujarat Vij Company Limited
EA 2003	Electricity Act, 2003
FY	Financial Year
GERC	Gujarat Electricity Regulatory Commission
GETCO	Gujarat Energy Transmission Corporation Limited
GFA	Gross Fixed Assets
GSECL	Gujarat State Electricity Corporation Limited
GUVNL	Gujarat Urja Vikas Nigam Limited
HVDC	High Voltage Direct Current
Ind AS	Indian Accounting Standards
kV	kilo Volt
kVA	kilo Volt Ampere
kVAh	kilo Volt Ampere Hour
kVARh	kilo Volt Ampere Reactive Hour
kWh	kilo Watt Hour
MAT	Minimum Alternate Tax
MCLR	Marginal Cost of Funds based Lending Rate
MGVCL	Madhya Gujarat Vij Company Limited
MUs	Million Units
MVA	Mega Volt Ampere
MW	Mega Watt
MYT	Multi-Year Tariff
O&M	Operations & Maintenance
OPGW	Optical Ground Wire



State Load Despatch Centre
Truing up for FY 2020-21 and Determination of ARR and SLDC Fees & Charges for FY 2022-23

PGCIL	Power Grid Corporation of India Limited
PGVCL	Paschim Gujarat Vij Company Limited
RE	Renewable Energy
R&M	Repairs and Maintenance
ROE	Return on Equity
RoW	Right of Way
SBAR	State Bank Advance Rate
SCC	Sum of Capacities contracted in MW by all long-term users and medium – term users of the transmission system
SLDC	State Load Despatch Centre
STOA	Short-Term Open Access
UGVCL	Uttar Gujarat Vij Company Limited





**Before the Gujarat Electricity Regulatory Commission at
Gandhinagar**

Case No. 2027 of 2021

Date of Order: 30th March, 2022

CORAM

Shri Anil Mukim, Chairman
Shri Mehul M. Gandhi, Member
Shri S.R. Pandey, Member

ORDER



1 Background and Brief History

1.1 State Load Despatch Centre (SLDC)

Government of Gujarat unbundled and restructured the Gujarat Electricity Board with effect from 1st April, 2005. The Generation, Transmission and Distribution businesses of the erstwhile Gujarat Electricity Board were transferred to seven successor companies as listed below:

- Gujarat State Electricity Corporation Limited (GSECL) - A Generation Company
- Gujarat Energy Transmission Corporation Limited (GETCO) - A Transmission Company
- Four Distribution Companies, namely:
 - Dakshin Gujarat Vij Company Limited (DGVCL)
 - Madhya Gujarat Vij Company Limited (MGVCL)
 - Paschim Gujarat Vij Company Limited (PGVCL);
 - Uttar Gujarat Vij Company Limited (UGVCL); and
- Gujarat Urja Vikas Nigam Limited (GUVNL) – A Holding Company of above named six subsidiary companies, responsible for bulk purchase of electricity from various sources and bulk supply to Distribution Companies.

The transmission assets of the erstwhile Gujarat Electricity Board, including the assets related to the State Load Despatch Centre, were transferred to the newly created entity, GETCO. However, Government of India, Ministry of Power, has initiated steps to de-link the National and Regional / State Load Despatch Centre from the Central Transmission Utility (CTU) / State Transmission Utility (STU).

Section 31 (1) of the Electricity Act, 2003, requires the State Government to establish a separate State Load Despatch Centre (SLDC). Section 31 (2) of the Electricity Act provides that the SLDC shall be operated by a Government Company/Authority/Corporation constituted under any State Act and until such Company/Authority/Corporation is notified by the State Government, the State Transmission Utility (STU) would operate the SLDC. Accordingly, in the State of Gujarat, the STU, viz., GETCO, has so far been operating the SLDC.

SLDC Gujarat has participated in Unified Load Despatch and Communication Scheme (hereinafter called as ULDC) approved by Central Electricity Authority (CEA) for the Western



Region. Under this Scheme, SLDC Jambuva has been shifted to SLDC Gotri from 6th July, 2005 and commenced operation of three Sub-SLDCs at Gandhinagar, Jambuva and Jetpur.

1.2 Commission's Order for approval of True up of FY 2018-19 and Determination of tariff for FY 2020-21

The Commission vide its Order dated 26th March, 2020 in Case No. 1838 of 2019 has approved the Truing up for FY 2018-19 and determined the SLDC Fees and Charges for FY 2020-21.

1.3 Commission's Order for approval of True up of FY 2019-20 and Determination of tariff for FY 2021-22

The Commission vide its Order dated 30th March, 2021 in Case No. 1910 of 2020 has approved the Truing up for FY 2019-20 and determined the SLDC Fees and Charges for FY 2021-22.

1.4 Background of the present Petition

State Load Dispatch Centre (hereinafter referred to as "SLDC" or the "Petitioner") has filed the present Petition on 30th November, 2021 for the Truing up for FY 2020-21 under Section 62 of the Electricity Act, 2003, (hereinafter referred to as "EA 2003") read with Gujarat Electricity Regulatory Commission (Multi-Year Tariff) Regulations, 2016 (hereinafter referred to as "GERC (MYT) Regulations, 2016").

Gujarat Electricity Regulatory Commission (hereinafter referred to as 'GERC' or the 'Commission') notified the GERC (MYT) Regulations, 2016 on 29th March, 2016, which is applicable for determination of tariff in all cases covered under the Regulations from 1st April, 2016 until 31st March, 2021. The Commission, vide Suo-Motu Order No. 7 of 2020 dated 22nd December, 2020, extended the time of applicability of the same from 31st March, 2021 to 31st March, 2022 and directed all the concerned Utilities to file the Tariff Petition for FY 2021-22 based on the principles and methodology specified in the GERC (MYT) Regulations, 2016 on or before 8th January, 2021.

Further, the Commission vide its Order dated 24th September, 2021 in Suo Motu Petition No. 1995 of 2021 directed generating companies, licensees and utilities to file their tariff applications for approval of true-up for FY 2020-21 and for determination of ARR and Tariff



for FY 2022-23 on or before 30th November, 2021 based on the principles and methodologies as provided in the GERC (MYT) Regulations, 2016.

Thus, Regulation 17.2 (b) of the GERC (MYT) Regulations, 2016 provides for submission of Petition comprising of Truing up for FY 2020-21, Aggregate Revenue Requirement (ARR) for FY 2022-23, revenue from the SLDC Charges at existing tariffs for FY 2022-23, and Revenue Gap or Revenue Surplus for FY 2022-23.

1.5 Registration of the current Petition and Public Hearing Process

SLDC has filed the Petition for Truing up for FY 2020-21 and Determination of ARR and SLDC Fees and Charges for FY 2022-23 on 30th November, 2021. After Technical Validation of the True-Up Petition for FY 2020-21, ARR and determination of SLDC Charges for FY 2021-22, it was registered on 3rd December, 2021, as Case No. 2027 of 2021. As provided under Regulation 29.1 of the GERC (MYT) Regulations, 2016, the Commission has proceeded with this Tariff Order.

In accordance with Section 64 of the Electricity Act, 2003, SLDC was directed to publish its application in an abridged form in the newspapers to ensure due public participation.

The Public Notice, inviting objections / suggestions from its stakeholders on the Petition filed by SLDC, was published in the following newspapers:

Table 1-1: List of Newspapers in which Public Notice was published by the Petitioner

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Indian Express	English	08/12/2021
2	Gujarat Samachar	Gujarati	08/12/2021

The Petitioner also placed the Public Notice and the Petition on its website (www.sldcguj.com), for inviting objections and suggestions. The interested parties / stakeholders were asked to file their objections / suggestions on the Petition on or before 7th January, 2022.

The Commission also placed the Petition and additional details received subsequently from the Petitioner on its website (www.gercin.org) for information and study by all the stakeholders.



The Commission also issued a notice for Public Hearing in the following newspapers in order to solicit wider participation by the stakeholders:

Table 1-2: List of Newspapers Commission issued a notice for public hearing

Sl. No.	Name of Newspaper	Language	Date of Publication
1	The Times of India	English	06/02/2022
2	Gujarat Samachar	Gujarati	06/02/2022
3	Sandesh	Gujarati	06/02/2022

The Commission received objections / suggestions from consumers / consumer organizations as shown in the Table below. The Commission examined the objections / suggestions received from the stakeholders and fixed the date for e-Public Hearing through video conferencing for the Petition on 16th February, 2022 at 3:00 PM.

The status of stakeholders who submitted their written suggestion / objections, those who participated in the Public Hearings, and those who made oral submissions are given in the Table below:

Table 1-3: List of Stakeholders

Sl. No.	Name of Newspaper	Written Submission	Oral Submission	Present on the day of Public Hearing
1.	Utility User's Welfare Association	Yes	Yes	Yes
2.	Gujarat Krushi Vij Grahak Suraksha Sangha	No	No	Yes
3.	Shri Himanshu Umrajwala	No	No	Yes

A short note on the main issues raised by the Objectors in the submissions in respect of the Petition, along with the response of SLDC and the Commission's views on the response, are briefly given in Chapter 3.

1.6 Contents of this Order

The Order is divided into Seven Chapters as under: -

- (a) The **First Chapter** provides the background of the Petitioner, the Petition and details of the Public Hearing process and the approach adopted for this Order;



- (b) The **Second Chapter** outlines the summary of SLDC's Petition;
- (c) The **Third Chapter** provides a brief account of the Public Hearing process, including the objections raised by various stakeholders, SLDC's response and the Commission's views on the response;
- (d) The **Fourth Chapter** deals with the Truing up for FY 2020-21;
- (e) The **Fifth Chapter** deals with the Aggregate Revenue Requirement (ARR) for FY 2022-23;
- (f) The **Sixth Chapter** deals with the determination of SLDC Fees and Charges for FY 2022-23;
- (g) The **Seventh Chapter** deals with the compliance of directives.

1.7 Approach of this Order

The GERC (MYT) Regulations, 2016 provide for Truing up of the previous year and determination of Tariff for the ensuing year.

The Commission, vide Suo-Motu order dated 22nd December, 2020 in Case No. 7 of 2020 decided to defer the next MYT Control Period by one year. The Commission also directed all Generating Companies, Transmission Licensees and Distribution Companies to file the Tariff Petition based on principles and methodology specified in the GERC (MYT) Regulations, 2016.

Similarly, the Commission vide its Order in Suo-Motu Petition No. 1995 of 2021 dated 24th September, 2021 directed generating companies, licensees and utilities to file their tariff applications for approval of true-up for FY 2020-21 and for determination of ARR and Tariff for FY 2022-23 on or before 30th November, 2021 based on the principles and methodologies as provided in the GERC (MYT) Regulations, 2016.

SLDC has approached the Commission with the present Petition for Truing up for FY 2020-21 and determination of ARR and SLDC Fees and Charges for FY 2022-23.

The Commission has undertaken Truing up for FY 2020-21, based on the submissions of the Petitioner. The Commission has undertaken the computation of Gains and Losses for FY 2020-21, based on the audited annual accounts and prudence check.

While truing up for FY 2020-21, the Commission has been primarily guided by the following principles:



- Controllable parameters have been considered at the level approved as per the MTR Order, unless the Commission considers that there are valid reasons for revision of the same.
- Uncontrollable parameters have been revised based on the actual performance observed.
- The Truing up for FY 2020-21 has been considered, based on the GERC (MYT) Regulations, 2016.

The Commission has undertaken Determination of ARR and SLDC Fees and Charges for FY 2021-22 as per the GERC (MYT) Regulations, 2016 and its amendments thereof as the base. Truing up of FY 2020-21 shall be carried out based on the principles and methodology adopted in GERC (MYT) Regulations, 2016.



2 Summary of SLDC's Petition

2.1. Introduction

This Chapter highlights the summary of the Petition for True-up of FY 2020-21 and Determination of ARR and SLDC Fees and Charges for FY 2022-23.

2.2. Truing up for FY 2020-21

SLDC submitted the Petition on 30th November, 2021 seeking approval of Truing up of ARR for FY 2020-21. SLDC has worked out its Aggregate Revenue Requirement (ARR) for FY 2020-21 as a part of the True-Up of FY 2020-21. SLDC has presented the actual cost components based on audited annual accounts for FY 2020-21. A summary of the proposed ARR for Truing up for FY 2020-21 compared with the ARR approved for FY 2020-21 in the MTR Order dated 26th March, 2020 is presented in the Table below:

Table 2-1: Summary of Truing up for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Operation & Maintenance Expenses	2,692.48	2,348.82	343.66
1.1	Employee Cost	1,924.42	1,658.80	265.62
1.2	Repair & Maintenance	171.23	252.80	(81.57)
1.3	Administration & General Charges	596.83	437.22	159.61
2	Interest on Working Capital	42.55	35.21	7.34
3	Charges for ULDC & Other related Projects	245.00	477.74	(232.74)
4	Less: Non-Tariff Income	705.82	980.16	(274.34)
5	Operating Cost Budget (a)	2,274.21	1,881.61	392.60
6	Depreciation	543.98	342.79	201.19
7	Interest & Finance Charges	71.43	1.62	69.81
8	Return on Equity	192.53	120.25	72.28
9	Total Fixed Costs	807.94	464.66	343.28
10	Less: Expenses Capitalized	-	-	-
11	Add: Provision for Tax	198.53	213.00	(14.47)
12	Capital Cost Budget (b)	1,006.47	677.66	328.81
13	Total Revenue Budget (a)+(b)	3,280.68	2,559.27	721.41

The proposed sharing of Gain and Loss due to controllable and uncontrollable factors claimed by the Petitioner for FY 2020-21 is shown in the Table below:



Table 2-2: Revenue Gap/(Surplus) for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Actual)
1	ARR approved in MYT Order dated 26 th March, 2020 for FY 2020-21	3,280.68
2	Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2020-21	377.75
3	Less: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3 rd of Total Gain / (Loss) for FY 2020-21	114.55
4	Less: (Gap)/ Surplus apportioned for FY 2018-19 by Commission in Order dated 26 th March, 2020 in Case No. 1838 of 2019	(906.36)
5	Less: (Gap)/Surplus apportioned for FY 2020-21 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	632.24
6	Total ARR for FY 2020-21	3,062.50
7	Revenue from SLDC charges	3,554.80
8	Revenue (Gap) / Surplus for FY 2020-21	492.30

2.3. ARR and SLDC Charges for FY 2022-23

In accordance with provisions of the GERC (MYT) Regulations, 2016, the ARR for FY 2021-22 has been computed by SLDC as follows:

Table 2-3: ARR for FY 2022-23 as submitted by SLDC (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 (Projections)
1	Operation & Maintenance Expenses	2,971.00
1.1	Employee Cost	2,223.95
1.2	Administration & General Charges	528.85
1.3	Repairs & Maintenance	218.20
2	Interest on Working Capital	38.33
3	Charges for ULDC & other related projects	477.74
4	Less: Other Income	980.16
5	Operating Cost Budget (a)	2,506.90
6	Depreciation	529.92
7	Interest & Finance Charges	27.26
8	Return on Equity	184.35
9	Total Fixed Costs	741.52
10	Less: Expenses Capitalized	-
11	Add: Provision for Tax	213.00
12	Capital Cost Budget (b)	954.52
13	Total Revenue Requirement (a+b)	3,461.42

SLDC has calculated the SLDC Charges for FY 2022-23 after considering the (Gap)/Surplus of FY 2020-21 as follows:



Table 2-4: SLDC Charges for FY 2022-23 as submitted by SLDC (Rs. Lakhs)

Sr. No.	Particulars	FY 2022-23
1	ARR for 2022-23	3,461.42
2	Less: Revenue (Gap) / Surplus approved in Truing up for FY 2020-21	492.30
3	Total SLDC charges (2 - 1)	2,969.12

2.4. Prayer of SLDC to the Commission

1. To admit this Petition seeking True up of FY 2020-21, Aggregate Revenue Requirement for FY 2022-23 and SLDC Fees and Charges for FY 2022-23;
2. To approve the True-up of FY 2020-21 and allow sharing of Gains/(losses) with the Consumers as per sharing mechanism prescribed in the GERC (MYT) Regulations, 2016;
3. To allow recovery of Revenue (Gap)/Surplus of FY 2020-21 as part of SLDC Fee and Charges for FY 2022-23;
4. To approve Aggregate Revenue Requirement for FY 2022-23 as submitted by the Petitioner;
5. Pass suitable orders for implementation of SLDC Fee and Charges proposal for FY 2022-23 for making it applicable from 1st April, 2022 onwards;



3 Brief Outline of objections raised, response from SLDC and Commission's view

3.1 Public Response to the Petition:

In response to the public notice inviting objections/suggestions on the Petition filed by SLDC for Truing up for FY 2020-21 and determination of ARR and SLDC Fees and Charges for FY 2022-23 under the GERC (MYT) Regulations, 2016 from the stakeholders, 1 stakeholder namely "Utility Users Welfare Association" filed objections/suggestions in written and orally during the Public Hearing.

The Commission has considered the objections/suggestions relevant to the present Petition and the response of SLDC on the same. The objections/suggestions, the response from the Petitioner, and the views of the Commission are dealt with hereunder:

3.2 Issue-wise Submissions and Replies:

Issue No. 1: The Objector submitted that the Petitioner should not allow the power which does not qualify under Merit Order Principle.

Response of SLDC: The Petitioner submitted that it follows Merit Order Dispatch (MoD) principle irrespective of the ownership – State owned, IPP, Central sector. However, case of exigency, accident, unforeseen outages and must run plants are exceptional circumstances.

Commission's View: The Commission notes the reply of SLDC. It is noted that SLDC follows Merit Order Dispatch (MoD) principle for scheduling power and it is also displayed on its website.

Issue No. 2: The Objector submitted that the Petitioner is required to submit the certificates of Plant Availability in context of fuel availability with generators for verification of claim of generators for recovery of fixed cost.

Response of SLDC: The Petitioner submitted that any generator under the jurisdiction of SLDC Gujarat declares its available capacity. SLDC, if required, instructs respective generator to connect 'on bar' and generate power in accordance with the demand and Merit Order Despatch (MOD).



Commission's View: The Commission notes the reply of SLDC. It is noted that SLDC is working and scheduling the despatch of power in accordance with demand and Merit Order Despatch (MOD) criteria.

Issue No. 3: The Objector submitted that the Petitioner is allowing the transmission of energy to the generators whose PPA is not approved nor the generator is approved by Commission to supply energy to D.L in the tariff order. It is also found that SLDC is also allowing such generators to schedule the power whose PPA is not approved by the Commission. On one hand country is facing deficit in the generation, and in Gujarat coal based generating stations are remain closed under the guise of Merit Order Principle and that to on the selective entities like Govt. owned? This is a painful and miserable situation on the part of consumers as this is only possible when the regulators fail to implement the regulations strictly.

Response of SLDC: The Petitioner submits that, for scheduling of Power, all the guidelines/ orders/ regulations issued by the Commission from time to time are duly followed. SLDC also keeps a record of the agreements and/or PPA between buyer/seller, Generator/Beneficiary to ensure the start date, end date and quantum of power to be transacted between the two.

Commission's View: The Commission noted that SLDC keeps a record of the agreements and/or PPA between buyer/seller, Generator/Beneficiary and is scheduling power and its accounting is done accordingly.

Issue No. 4: The Objector submitted that the UI details and other information is not available to the stakeholders from the web site of SLDC.

Response of SLDC: The Petitioner submits that the said point is not related to tariff petition of SLDC. However, SLDC would like to state that the details pertaining to UI/DSM are already available on the website of SLDC and can be assessed by logging through the commercial menu of SLDC website.

Commission's View: The Commission noted that the details pertaining to UI/DSM are already available on the website of SLDC.



Issue No. 5: The Objector submitted that the Petitioner should be directed to act as per the provision of the Electricity Act, 2003 and should be taken to task for violation of provision of Act and rules and regulations made there under.

Response of SLDC: The Petitioner submits that it carries out all the functions as mentioned under section 32 of the Electricity Act 2003.

Commission's View: The Commission notes that SLDC is carrying out its functions as per applicable Regulations. SLDC should work in more transparent manner.



4 Truing up for FY 2020-21

4.1 Introduction

This Chapter deals with the Truing up for FY 2020-21. While doing 'Truing up' of various components of ARR for FY 2020-21, the actuals for FY 2020-21 are compared with the approved ARR as per the MTR Order issued on 26th March, 2020.

The Commission has analysed each of the components of ARR for FY 2020-21 in the following sections.

4.2 Capitalisation and Funding

Petitioner's Submission

SLDC has submitted that the actual capitalisation was Rs. 374.20 Lakh in FY 2020-21 against Rs. 996.00 Lakh approved by the Commission for the year in the MTR Order dated 26th March, 2020, as given in the Table below:

Table 4-1: Capitalisation claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)
1	Land Acquisition cost	-	-
2	Augmentation/ Upgradation of existing systems	682.00	58.59
3	Strengthening of communication channels	-	-
4	Additional system / Software planning	150.00	130.65
5	IT Infrastructure	54.00	88.61
6	SLDC Building development	-	-
7	Office Equipment	-	39.10
8	Staff recreation facilities	-	-
9	Additional Expenditure	80.00	57.24
10	Total	966.00	374.20

Commission's Analysis

The Commission had approved Capitalisation of Rs. 966 Lakh for FY 2020-21 in the MTR Order dated 26th April, 2020. SLDC has achieved Capitalisation of Rs. 316.65 Lakh, as reported in the Audited Accounts of SLDC.

The Commission allowed SLDC to create a fund/reserve by retaining income earned out of Scheduling and System Operation Charges as per the Commission's Orders dated 01.03.2016 and 31.03.2017. The Commission directed SLDC to create a reserve out of this



income and make corresponding investments in the securities as recognised under the Indian Trust Act, 1882. The Commission ruled that the interest earned on such securities shall be passed on to the beneficiaries through the ARR. The Commission also ruled that withdrawal from the reserve will be for capital expenditure only with prior approval of the Commission and such withdrawal from this reserve towards financing capital expenditure will not be held eligible for Return on Equity (RoE).

The Commission sought information from SLDC regarding the capital expenditure incurred in FY 2020-21 by utilising the above Fund.

In its reply, the Petitioner informed that No amount from the above fund is utilised to create assets in FY 2020-21. In accordance with the GERC (MYT) Regulations, 2016, the Commission has considered the funding of the actual net addition of asset as per the normative debt:equity ratio of 70:30, as shown in the Table below:

Table 4-2: Capitalisation and Funding approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	Approved in MTR Order	Claimed for Truing up	FY 2020-21 (Actual)
1	Capitalisation for the Year	966.00	374.20	316.65
2	Debt	676.20	261.94	221.65
3	Equity	289.80	112.26	94.99
4	Grants	-	-	-

4.3 Operations and Maintenance (O&M) Expenses

Petitioner's Submission

The Petitioner has claimed actual O&M expenses of Rs. 2,348.82 Lakh in the Truing up for FY 2020-21 against Rs. 2,692.48 Lakh approved for the year in the MTR Order as detailed in the Table below:

Table 4-3: O&M Expenses claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Employee Cost	1,924.42	1,658.80	265.62
2	Administration & General Charges	596.83	437.22	159.61
3	Repairs & Maintenance	171.23	52.80	(81.57)
4	Operation & Maintenance Expenses	2,692.48	2,348.82	343.66



Employees Expenses

The Petitioner has claimed Rs 1658.80 Lakh towards actual employees' expenses as against Rs. 1,924.42 Lakh approved in the MTR Order dated 26th March, 2020. The Petitioner submitted that the Employees Expenses are broadly categorized into (1) Salaries and Wages, (2) Contribution to Provident Fund & Other Funds, (3) Staff Welfare Expenses, and (4) Other Terminal Benefits. The Petitioner added that the employee cost excludes the provision made towards 7th Pay Commission of Rs. 91.98 Lakhs but include Rs. 29.25 Lakhs of Re-measurement of defined benefit plans. The summary of its Actual Arrears Pay out to employees from cumulative provisions is given in the Table below:

Table 4-4: 7th Pay Commission Provision not considered in approval of Employee Cost by the Commission (Rs. Lakhs)

Sr. No.	Particulars	Amount
1	FY 2015-16	51.77
2	FY 2016-17	205.76
3	FY 2017-18	113.70
4	FY 2018-19	160.60
5	FY 2019-20	124.77
6	FY 2020-21	91.98
A	Total (1 to 6)	748.58
B	7th Pay Commission Provision as on 31st March, 2021	459.27
C	Actual Arrears Pay out to employees from Cumulative Provisions, which has not reflected in Employee Cost (P&L) (A - B)	289.31

Repair and Maintenance (R&M) Expenses

The Petitioner has claimed Rs. 252.80 Lakh towards actual R&M Expenses in the truing up for FY 2020-21 as against Rs. 171.23 Lakh approved for the year in the MTR Order dated 26th March, 2020. The Petitioner submitted that R&M Expenses have been incurred in order to maintain the asset quality given the ageing of equipment. The R&M Expenses as per Note 35 of Audited Accounts is Rs. 730.54 Lakh, which includes ULDC Charges of Rs. 477.74 Lakh. SLDC submitted that it has negated the above ULDC Charges in order to arrive at the R&M Expenses for FY 2020-21, as the expenses related to ULDC have been considered under a separate head. SLDC submitted that the main reason for deviation between the approved and actual R&M expenses is procurement of the R&M expenses have increased for maintaining the asset quality given the ageing of equipment.



Administration & General (A&G) Expenses

The Petitioner has claimed Rs. 437.22 Lakh towards actual A&G Expenses in the truing up for FY 2020-21 against Rs. 596.83 Lakh approved for the year in the MTR Order dated 26th March, 2020. The Petitioner submitted that these expenses mainly comprise conveyance and travel, legal charges, telephone charges, electricity charges, etc.

SLDC has claimed the Gain/Losses against O&M expenses due to controllable and uncontrollable factors, as detailed in the Table below:

Table 4-5: Gain/ (Loss) claimed from O&M Expenses for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	O&M Cost	2,692.48	2,348.82	343.66	-

Commission's Analysis

The O&M expenses comprise Employees Expenses, R&M Expenses and A&G Expenses. The Commission has verified the actual expenses incurred against each head in FY 2020-21 from the Audited Accounts.

As regards Employees Expenses, it is observed that the variation between the approved and actual employee expenses is on account of the actual impact of 7th Pay Commission. As per audited annual accounts, the Employees Expenses are Rs. 1658.80 Lakh. Further, SLDC submitted that the total provisioning pending in the Accounts as on 31st March, 2020 was Rs. 459.27 Lakh, including the provisioning of Rs. 91.98 Lakh made during FY 2020-21. Hence, the provision of Rs. 91.98 Lakh made towards 7th Pay Commission has been excluded.

Hence, the Commission has allowed the controllable gains of Rs. 343.66 Lakh. The Re-measurement of Defined Benefit Plan for FY 2020-21 as reflected in the Audited Accounts of SLDC stands at Rs.29.25 Lakh. The Contribution to Provident Fund, Terminal Benefits and Staff Welfare Expenses have been considered at actuals in the Truing up for FY 2020-21. The Total Employees Expenses approved after truing up for FY 2020-21 works out to Rs. 1658.8 Lakh. As the actual Employees Expenses are lower than the approved Employees Expenses, the efficiency gain on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.



As regards R&M Expenses, the ULDC charges of Rs. 477.74 Lakh have been considered separately, and hence, have been reduced from the R&M Expenses of Rs. 730.54 Lakh reflected in the Audited Accounts. The Total R&M Expenses approved after truing up for FY 2020-21 works out to Rs. 252.80 Lakh, as claimed by the Petitioner. However, as the actual R&M Expenses are higher than the approved R&M Expenses, the efficiency loss on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

As regards A&G Expenses, from the Audited Accounts of SLDC, it is observed that the main contributors are travelling and conveyance, rent, rates and taxes, and electricity charges. The total A&G Expenses approved after truing up for FY 2020-21 works out to Rs. 437.22 Lakh, as claimed by the Petitioner. However, as the actual A&G Expenses are lower than the approved A&G Expenses, the efficiency gain on account of controllable factors has been shared in accordance with the GERC (MYT) Regulations, 2016, as elaborated subsequently in this Chapter.

The Total O&M Expenses approved by the Commission in the truing up for FY 2020-21 is shown in the Table below:

Table 4-6: Operation & Maintenance Expenses approved for FY 2020-21 (Rs. Lakhs)

Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in True-up
Employee Cost	1,924.42	1,658.80	1,658.80
Administration & General Charges	596.83	437.22	437.22
Repairs & Maintenance	171.23	252.80	252.80
Operation & Maintenance Expenses	2,692.48	2,348.82	2,348.82

The Commission approves the O&M Expenses at Rs. 2,348.82 Lakh in the Truing up for FY 2020-21.

Under Regulation 22 of the GERC (MYT) Regulations, 2016, the O&M expenses are controllable in nature except the expenses on account of actual pay out towards wage revision. As stated earlier, the Commission has not considered the amount claimed by SLDC against actual pay out of Pay Commission arrears, as the same has already been allowed in earlier years. Accordingly, the Commission has computed the Gain/(Loss), as given in the Table below:



Table 4-7: Operation & Maintenance Expenses and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	Approved in True-up	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	O&M Cost	2,692.48	2,348.82	343.66	343.66	-

4.4 Depreciation

Petitioner's Submission

The Petitioner has claimed Rs. 342.79 Lakh towards depreciation for FY 2020-21, against Rs. 543.98 Lakh approved by the Commission for the year in the MTR Order dated 26th March, 2020, as given in the Table below:

Table 4-8: Depreciation claimed for FY 2020-21 (Rs. Lakhs)

Particulars	Approved in MTR Order	FY 2020-21 Actual
Gross Block in Beginning of the year	4,033.54	2,608.44
Additions during the Year (Net)	966.00	374.20
Closing GFA	4,999.54	2,982.64
Average Asset	4,516.54	2,795.54
Depreciation	543.98	342.79
Wt. avg. rate of depreciation	12.04%	12.26%

SLDC has claimed Rs. 201.19 Lakh as Gain from Depreciation due to uncontrollable factors, as detailed in the Table below:

Table 4-9: Gain/ (Loss) claimed from Depreciation for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Depreciation	543.98	342.79		201.19

Commission's Analysis

The Commission in accordance with the GERC (MYT) Regulations, 2016 has computed the allowable depreciation for FY 2020-21. The opening GFA of FY 2020-21 has been considered same as the closing GFA of FY 2019-20, as approved in the truing-up for FY Gujarat Electricity Regulatory Commission



2019-20 in the Tariff Order dated 30th March, 2021. The addition to GFA has been considered based on capitalisation approved in earlier Section of this Order. The Commission has considered weighted average depreciation rate of 12.26% against claimed weighted average depreciation rate of 12.04% based on the depreciation rate specified in the GERC (MYT) Regulations, 2016 for individual asset class. The Depreciation approved after truing up for FY 2020-21 is shown in the Table below:

Table 4-10: Gross Fixed Assets and Depreciation approved for FY 2020-21 (Rs. Lakhs)

Particulars	MTR Order	Actual	Approved in True-up
Gross Block in Beginning of the year	4,033.54	2,608.44	2,608.44
Additions during the Year (Net)	966.00	374.20	316.65
Closing GFA	4,999.54	2,982.64	2,925.09
Average Asset	4,516.54	2,795.54	2,766.76
Depreciation	543.98	342.79	339.26
Wt. avg. rate of depreciation	12.04%	12.26%	12.26%

The Commission accordingly, approves Depreciation of Rs. 339.26 Lakh for FY 2020-21.

As depreciation is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-11: Depreciation and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Particulars	Approved in MTR Order	Approved in True-up	Deviation	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
Depreciation	543.98	339.26	204.72		204.72

The Commission accordingly approves the Gain of Rs. 204.72 Lakh on account of uncontrollable factors against depreciation.

4.5 Interest and Finance Charges

Petitioner's Submission

The Petitioner has claimed Rs. 1.62 Lakh towards interest and finance charges in the Truing up for FY 2020-21, as against Rs. 71.43 Lakh approved for the year in the MTR Order dated



26th March, 2020. SLDC submitted that it has considered the closing loan balance of FY 2019-20 as approved in the previous True-up Order as opening loan balance for FY 2020-21. SLDC has considered the addition in loans for FY 2020-21 based on the Opening and Closing Balance of Loans as per accounts. Repayment has been considered as equal to depreciation in line with the GERC (MYT) Regulations, 2016 to the extent of available loan balance. The interest rate has been considered same as the weighted average interest rate of GETCO, i.e., 6.95%. The interest and finance charges claimed by SLDC in the truing up for FY 2020-21, is shown in the Table below:

Table 4-12: Interest and Finance Charges Claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Opening Loans	844.99	46.74	798.25
2	Loan Additions during the Year	676.20	261.94	958.24
3	Repayment during the Year	543.98	308.68	
4	Closing Loans	977.21	-	977.21
5	Average Loans	911.10	23.37	887.73
6	Interest on Loan	71.43	1.62	69.81
7	Other Finance Charges	-	-	-
8	Total Interest & Financial Charges	71.43	1.62	69.81
9	Weighted Average Rate of Interest on Loan	7.84%	6.95%	

SLDC has claimed Rs. 69.81 Lakh as Gain from Interest and Finance Charges due to uncontrollable factors, as detailed in the Table below:

Table 4-13: Gain/ (Loss) claimed from Interest & Finance Charges for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest & Finance Charges	71.43	1.62		69.81

Commission's Analysis

The Commission has examined the submission of SLDC. The opening loan of FY 2020-21 has been considered same as the closing loan of FY 2019-20, as approved in the truing up for FY 2019-20 in the Tariff Order dated 30th March, 2021. The funding of capitalisation through debt has been considered as approved earlier in this Chapter.



The repayment of loans during the year has been considered equal to the depreciation approved for FY 2020-21. As per first proviso of Regulation 38.5 of the GERC (MYT) Regulations, 2016, at the time of truing up, the weighted average rate of interest calculated on the basis of the actual loan portfolio during the year applicable to the Transmission Licensee shall be considered as the rate of interest. As per the aforesaid Regulation and the data provided by SLDC, the Commission has considered the weighted average interest rate as 6.95% and applied the same on the normative loan amount. Nil other finance charges claimed by SLDC have been approved in line with the actual expenses as per the Audited Accounts. The Commission has approved the interest on normative loans in the truing up for FY 2020-21, as detailed in the Table below:

Table 4-14: Interest and Finance Charges approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in True-up
1	Opening Loans	844.99	46.74	46.74
2	Loan Additions during the Year	676.20	261.94	261.94
3	Repayment during the Year	543.98	308.68	308.68
4	Closing Loans	977.21	-	-
5	Average Loans	911.10	23.37	23.37
6	Interest on Loan	71.43	1.62	1.62
7	Other Finance Charges	-	-	-
8	Total Interest & Financial Charges	71.43	1.62	1.62
9	Weighted Average Rate of Interest on Loan	7.84%	6.95%	6.95%

The Commission accordingly, approves Interest and Finance Charges of Rs. 1.62 Lakh for FY 2020-21.

As interest is an uncontrollable factor, the Commission approves the sharing of Gain/(Loss) as shown in the Table below:

Table 4-15: Interest and Finance Charges and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation +/-	Gain/ (Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Interest & Finance Charges	71.43	1.62	69.81		69.81



The Commission accordingly approves the Gain of Rs. 69.81 Lakh on account of uncontrollable factors against interest and finance charges.

4.6 Interest on Working Capital

Petitioner's Submission

The Petitioner has submitted that Interest on Working Capital (IoWC) for FY 2020-21 is computed at Rs. 35.21 Lakh, as against Rs 42.55 Lakh approved for the year in the MTR Order dated 26th March, 2020. SLDC has submitted that normative IoWC has been computed in accordance with the GERC (MYT) Regulations, 2016. The IoWC is claimed @10.65%, being weighted average of the 1-year SBI MCLR during FY 2020-21 plus 250 basis points in line with the GERC (MYT) Regulations, 2016. The normative IoWC claimed by SLDC in the truing up of FY 2020-21 is shown in the Table below:

Table 4-16: Interest on Working Capital claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)
1	O & M expenses (1 Month)	224.37	195.74
2	Maintenance Spares (1% of opening GFA)	40.34	26.08
3	Receivables (15 days)	134.82	146.09
4	Total Working Capital	399.52	367.91
5	Rate of Interest on Working Capital	10.65%	9.57%
6	Interest on Working Capital	42.55	35.21

SLDC has submitted the Loss from IoWC due to uncontrollable factors, as detailed in the Table below:

Table 4-17: Gain/(Loss) from IoWC claimed for FY 2020-21 (Rs. Lakh)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest on Working Capital	42.55	35.21		7.34

Commission's Analysis

The Commission has examined the submissions made by the Petitioner. IoWC is to be allowed on normative basis, as per Regulation 40.3 of the GERC (MYT) Regulations, 2016. The working capital requirement comprises one month's O&M expenses, maintenance



spares at 1% of opening GFA, and receivables equivalent to 15 days of expected revenue from SLDC Charges.

The Commission has considered the weighted average of 1-year State Bank of India (SBI) Marginal Cost of Funds Based Lending Rate (MCLR) of 7.07% prevailing during FY 2020-21 plus 250 basis points as the interest rate. Accordingly, the rate of interest is considered as 9.57%.

Based on the O&M Expenses and other expenses now approved in the Truing up, the normative Working Capital requirement and IoWC thereon calculated at 9.57%, are detailed in the Table below:

Table 4-18: Interest on Working Capital approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in Truing up
1	O & M expenses (1 Month)	224.37	195.74	195.74
2	Maintenance Spares (1% of opening GFA)	40.34	26.08	26.08
3	Receivables (15 days)	134.82	146.09	98.50
4	Total Working Capital	399.52	367.91	320.32
5	Rate of Interest on Working Capital	10.65%	9.57%	9.57%
6	Interest on Working Capital	42.55	35.21	30.66

The Commission, accordingly, approves Interest on Working Capital at Rs. 30.66 Lakh in the Truing up for FY 2020-21.

The Commission considers IoWC as uncontrollable, since the components forming part of the Working Capital are mostly uncontrollable. The Commission, accordingly, approves the Gain/(Loss) on account of IoWC in the Truing up for FY 2020-21, as detailed in the Table below:

Table 4-19: Interest on Working Capital and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	Approved in True- up	Deviation +/- (-)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Interest on Working Capital	42.55	30.66	11.89		11.89

The Commission accordingly approves the Gain of Rs. 11.89 Lakh on account of uncontrollable factors against IoWC.



4.7 Return on Equity

Petitioner's Submission

SLDC has claimed Rs. 120.25 Lakh towards RoE in the Truing up for FY 2020-21, as against Rs. 192.53 Lakh approved for the year in the MTR Order. SLDC has submitted that the RoE has been computed @ 14% as specified in the GERC (MYT) Regulations, 2016. The deviation in RoE is considered as uncontrollable factor. SLDC does not have its own equity, and debt and equity of SLDC are considered in proportion of the GETCO debt:equity ratio in FY 2020-21. The RoE claimed by SLDC in the truing up for FY 2020-21 is shown in the Table below:

Table 4-20: Return on Equity claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)
1	Opening Equity Capital	1,230.33	802.80
2	Equity Additions during the Year	289.80	112.26
3	Closing Equity	1,520.13	915.06
4	Average Equity	1,375.23	858.93
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	192.53	120.25
7	Return on Equity	192.53	120.25

SLDC has submitted the Gain from RoE due to uncontrollable factors, as detailed in the Table below:

Table 4-21: Gain/(Loss) from RoE claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	192.53	119.04		73.49

Commission's Analysis

The Commission has examined the submission of SLDC. RoE is allowed on the average equity deployed during the year considering the Opening Equity and Addition to Equity. The Opening Equity of FY 2020-21 has been considered same as the closing equity of FY 2019-20, as approved in the truing up for FY 2019-20 in the Tariff Order dated 30th March, 2021. The funding of capitalisation through equity has been considered as approved earlier in this



Chapter. Accordingly, the Commission has computed the RoE in the truing up for FY 2020-21, as detailed in the Table below:

Table 4-22: Return on Equity approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in Truing up
1	Opening Equity Capital	1,230.33	802.80	802.80
2	Equity Additions during the Year	289.80	112.26	94.99
3	Closing Equity	1,520.13	915.06	897.79
4	Average Equity	1,375.23	858.93	850.30
5	Rate of Return on the Equity	14%	14%	14%
6	Return on Equity	192.53	120.25	119.04

The Commission approves RoE at Rs. 119.04 Lakh in the Truing up for FY 2020-21.

The Commission is of the view that RoE depends on the amount of capitalisation during the financial year and the parameters affecting the capitalisation are uncontrollable in nature. Hence, the factors affecting RoE are uncontrollable. The Commission accordingly approves the Gain and Loss on account of RoE in the Truing up for FY 2020-21, as detailed in the Table below:

Table 4-23: Return on Equity and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Return on Equity	192.53	119.04		73.49

The Commission accordingly approves the Gain of Rs. 73.49 Lakh on account of uncontrollable factors against RoE.

4.8 RLDC Fees and Charges

Petitioner's Submission

SLDC submitted that the actual RLDC Fees and Charges incurred in FY 2020-21 as per Audited Accounts is Nil as shown below:



Table 4-24: RLDC Fees & Charges claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	RLDC Fees	-	-	-

Commission's Analysis

The Commission approves the actual RLDC Fees and Charges as Nil as per Audited Accounts in the truing up for FY 2020-21.

4.9 ULDC and SCADA Upgradation Charges

Petitioner's Submission

The Power Grid Corporation of India Ltd. (PGCIL) conceptualized a Unified Load Despatch and Communication (ULDC) Scheme for strengthening the load despatch infrastructure and augmenting communication system for efficient discharge of load despatch functions. The scheme covered investment in RLDCs at the Central level and SLDCs at the State level.

CERC issued an Order in this regard for approval of charges for ULDC Scheme in the Western Region for the period from 1.2.2006. Accordingly, the Central portion charges shall be shared by beneficiaries/constituents in the Western Region in the ratio of Central Generating capacity allocation, including the allocation from unallocated capacity from the Central Generating stations. Inter-regional export/import of power, whether bilateral or multilateral, would not affect the sharing of ULDC charges. The State portion charges shall be shared by the States in proportion to respective capital cost as on 31.3.2006. Percentage sharing of GETCO is also decided as 17.36% as per the agreement executed with PGCIL.

The ULDC Charges incurred by SLDC for FY 2020-21 as shown below have been accounted as per the actual bills received:

Table 4-25: ULDC & SCADA Upgradation Charges claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	ULDC & SCADA Upgradation Charges	245.00	477.74	(232.74)



The variation between the approved and actual ULDC & SCADA Upgradation Charges is considered uncontrollable as shown in the Table below:

Table 4-26: Gain/(Loss) from ULDC & SCADA Upgradation Charges claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Charges for ULDC & Other related Projects	245.00	477.74		(232.74)

Commission's Analysis

The Commission has examined the submission made by the Petitioner for payment of ULDC Charges. The Commission is of the view that ULDC Charges are required to be paid by SLDC as a member of the Western Regional System as per the directives of WRLDC and WRPC. The Commission has also observed that with the increased complexity of grid and advancement of IT system, it is utmost necessary to adopt the latest available software/hardware for the SCADA system.

The Commission accordingly approves ULDC and SCADA Upgradation Charges at Rs. 477.74 Lakh as per the Audited Accounts in the Truing up for FY 2020-21, as shown in the Table below:

Table 4-27: ULDC & SCADA Upgradation Charges approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in Truing up
1	ULDC & SCADA Upgradation Charges	245.00	477.74	477.74

The Commission approves the Gain and Loss on account of ULDC Charges in the Truing up for FY 2020-21, as detailed in the Table below:

Table 4-28: ULDC & SCADA Upgradation Charges and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Truing up)	Gain/(Loss) due to Controllable Factor	Gain/ (Loss) due to Uncontrollable Factor
1	Charges for ULDC & Other related Projects	245.00	477.74		(232.74)



The Commission accordingly approves the Loss of Rs. 232.74 Lakh on account of uncontrollable factors against ULDC & SCADA Upgradation Charges.

4.10 Income Tax

Petitioner's Submission

The Petitioner has submitted that tax on the income stream is computed as an expense and is to be recovered from the beneficiaries. GETCO makes a consolidated tax payment including SLDC. The Petitioner has claimed Rs. 213 Lakh as income tax in the Truing up for FY 2020-21 as per audited accounts of SLDC, as shown in the Table below:

Table 4-29: Proposed Income Tax for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Provision for Taxation	198.53	213.00	(14.47)

Commission's Analysis

The Commission has verified the Income Tax as claimed by SLDC from the audited annual accounts and found that the Income Tax of Rs. 213.00 Lakh is accounted by SLDC as an expense in their books of account.

The Commission approves the Income Tax of Rs. 213.00 Lakh and deviation of Rs. 14.47 Lakh as loss on account of uncontrollable factors in the truing up for the FY 2020-21, as given in the Table below:

Table 4-30: Approved Income Tax for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Truing up)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Income Tax	198.53	213.00		(14.47)



4.11 Non-Tariff Income

Petitioner's Submission

SLDC submitted that it is earning revenue from sources other than the core business activities and this Non-Tariff Income is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016.

Non-Tariff Income mainly consists of income from STOA Application and Scheduling Charges. The Commission had approved Non-Tariff Income for FY 2020-21 at Rs. 705.82 Lakh in the MTR Order dated 26th March, 2020. However, SLDC has recorded higher Non-Tariff Income of Rs. 980.16 Lakh in FY 2020-21. The head-wise details of actual Non-Tariff Income are shown in the Table below:

Table 4-31: Non-Tariff Income claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Deviation
1	Penalties received from suppliers & contractors	0.15	10.34	
2	Scheduling & System operation charges	675.54	966.10	
3	Miscellaneous Receipts	26.19	1.10	
4	Supervision Income from execution of Deposit work	3.93	2.17	
5	Reversal of Expected Credit Loss	-	0.45	
6	Net Non-Tariff Income	705.82	980.16	(274.34)

The variation between the approved and actual Non-Tariff Income is considered uncontrollable, as shown in the Table below:

Table 4-32: Gain/(Loss) from Non-Tariff Income claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non-Tariff income	705.82	980.16		(274.34)

Commission's Analysis

The Non-Tariff Income earned by SLDC is deducted from the ARR to arrive at the net ARR of the SLDC as per the GERC (MYT) Regulations, 2016. The Commission had approved



Non-Tariff Income of Rs. 705.82 Lakh for FY 2020-21 in the MTR Order for SLDC based on SLDC submissions.

The Commission has verified the actual Non-Tariff Income from the Audited Accounts of SLDC for FY 2020-21.

As stated earlier in this Order, the Petitioner is having unspent balance of SLDC Funds. In line with the approach stated while approving the Fund, the Commission has considered the interest rate equal to weighted average 1-year SBI MCLR and worked out the notional interest on the average unspent balance.

The Commission had considered notional interest income for whole of FY 2020-21, under the Non-Tariff Income of FY 2020-21, The Commission notes that up to 31st March, 2020 balance remaining in SLDC fund is Rs. 2,164.63 Lakh. These Funds have been contributed by the beneficiaries and the full benefit of these Funds should go to the beneficiaries. The Commission has computed the notional interest on the unspent SLDC Funds for FY 2020-21, as shown in the Table below:

Table 4-33: Computation of Notional Interest on Fund for FY 2020-21 arising pursuant to APTTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakhs)

Sr. No.	Period	Amount	Rate of Interest per Annum	Interest
1	01.04.2020 to 31.03.2021	2164.63	7.07%	153.04

Thus, the Commission has computed the notional interest of Rs. 153.04 Lakh to be considered under Non-Tariff Income in the Truing up for FY 2020-21.

The total Non-Tariff Income approved by the Commission in the Truing up of FY 2020-21 is shown in the Table below:

Table 4-34: Non-Tariff Income approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved during Truing up
1	Penalties received from suppliers & contractors	0.15	10.34	10.34
2	Scheduling & System operation charges	675.54	966.10	966.10
3	Miscellaneous Receipts	26.19	1.10	1.10
4	Supervision Income from execution of Deposit work	3.93	2.17	2.17
5	Reversal of Expected Credit Loss	-	0.45	0.45



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Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved during Truing up
6	Notional Interest on SLDC Fund arising pursuant to APTEL Judgments	-	-	153.04
7	Net Non-Tariff Income	705.82	980.16	1,133.20

The Commission approves the Gain and Loss on account of Non-Tariff Income in the Truing up for FY 2020-21, as detailed in the Table below:

Table 4-35: Non-Tariff Income and Gain/(Loss) approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Truing up)	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Non-tariff income	705.82	1133.20		(427.38)

4.12 Claimed and Approved Fixed Costs

The Fixed Charges approved in the MTR Order for FY 2020-21, claimed by SLDC in the truing up, and approved by the Commission after truing up, are summarized in the Table below:

Table 4-36: Fixed Costs Approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in Truing up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
1	Operation & Maintenance Expenses	2,692.48	2,348.82	2,348.82	343.66	
1.1	<i>Employee Cost</i>	1,924.42	1,658.80	1,658.80		
1.2	<i>Repair & Maintenance</i>	171.23	252.80	252.80		
1.3	<i>Administration & General Charges</i>	596.83	437.22	437.22		
2	Interest on Working Capital	42.55	35.21	30.66		11.89
3	Charges for ULDC & Other related Projects	245.00	477.74	477.74		(232.74)
4	Less: Non-Tariff Income	705.82	980.16	1,133.20		(427.38)
5	Operating Cost Budget (a)	2,274.21	1,881.61	1,724.02	343.66	206.54
6	Depreciation	543.98	342.79	339.26		204.72
7	Interest & Finance	71.43	1.62	1.62		69.81



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Sr. No.	Particulars	FY 2020-21 (Approved)	FY 2020-21 (Actual)	Approved in Truing up	Gain/(Loss) due to Controllable Factor	Gain/(Loss) due to Uncontrollable Factor
	Charges					
8	Return on Equity	192.53	120.25	119.04		73.49
9	Total Fixed Costs	807.94	464.66	459.93		
10	Less: Expenses Capitalized	-	-	-		-
11	Add: Provision for Tax	198.53	213.00	213.00		(14.47)
12	Capital Cost Budget (b)	1,006.47	677.66	672.93	-	333.54
13	Total Revenue Budget (a)+(b)	3,280.68	2,559.27	2,396.94	343.66	540.08

4.13 Revenue Surplus for FY 2020-21

Petitioner's Submission

The Petitioner has claimed a Revenue Surplus of Rs. 492.30 Lakh during FY 2020-21 as given in the Table below:

Table 4-37: Revenue (Gap) /Surplus claimed for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Actual)
1	ARR approved in MYT Order dated 26 th March, 2020 for FY 2020-21	3,280.68
2	Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2020-21	377.75
3	Less: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3rd of Total Gain / (Loss) for FY 2020-21	114.55
4	Less: (Gap)/ Surplus apportioned for FY 2018-19 by Commission in Order dated 26 th March, 2020 in Case No. 1838 of 2019	(906.36)
5	Less: (Gap)/Surplus apportioned for FY 2020-21 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017	632.24
6	Total ARR for FY 2020-21	3,062.50
7	Revenue from SLDC charges	3,554.80
8	Revenue (Gap) / Surplus for FY 2020-21	492.30

The Petitioner has requested the Commission to consider the Revenue Surplus of Rs. 492.30 Lakh for FY 2020-21 while deciding the Tariff for FY 2021-22.

Commission's Analysis

Regulation 23 and 24 of the GERC (MYT) Regulations, 2016 provide for sharing of Gain or Loss on account of uncontrollable and controllable factors. Accordingly, the Revenue



Gap/(Surplus) approved by the Commission for FY 2020-21 is summarized in the Table below:

Table 4-38: Revenue (Gap) /Surplus approved for FY 2020-21 (Rs. Lakhs)

Sr. No.	Particulars	FY 2020-21 (Actual)	Approved in Truing up
1	ARR approved in MYT Order dated 26 th March, 2020 for FY 2020-21	3,280.68	3,280.68
2	Less: Gain / (Loss) on account of Uncontrollable factor to be passed on to Beneficiaries for FY 2020-21	377.75	540.08
3	Less: Gain / (Loss) on account of Controllable factor to be passed on to Beneficiaries (1/3rd of Total Gain / (Loss) for FY 2020-21	114.55	114.55
4	Less: (Gap)/ Surplus apportioned for FY 2018-19 by Commission in Order dated 26 th March, 2020 in Case No. 1838 of 2019	(906.36)	(906.36)
5	Less: (Gap)/Surplus apportioned for FY 2020-21 by Commission in Order dated 31 st March, 2018 in Case No. 1691 of 2017 *	632.24	632.24
6	Total ARR for FY 2020-21	3,062.50	2,900.17
7	Revenue from SLDC charges	3,554.80	3,554.80
8	Revenue (Gap) / Surplus for FY 2020-21	492.30	654.63

* (The Commission observed that there is a significant surplus after truing up of FY 2016-17 as final approved ARR for FY 2016-17 vide MYT Order dated 31.03.2017 is quite lower and the provisional ARR for FY 2016-17 based on which the actual revenue for FY 2016-17 was earned by SLDC. Since, the surplus of FY 2016-17 being the surplus due to difference in provisional and the final ARR for FY 2016-17, the Commission decides to address the trued up surplus of Rs. 1896.73 Lakh in three equal parts i.e. each of Rs. 632.24 Lakh while determining the tariff for the financial years i.e. 2018-19, 2019-20 and 2020-21 so as to save both, SLDC and the beneficiaries, from heavy swing in the SLDC Charges.)

Accordingly, the Commission approves the Revenue Surplus of Rs. 654.63 Lakh in the Truing up for FY 2020-21 after adjustment of past period Gap. This Surplus is carried forward to the ARR of FY 2022-23 for determination of SLDC Fees and Charges.



5 Determination of Aggregate Revenue Requirement (ARR) for FY 2022-23

5.1 Introduction

This Chapter deals with the determination of ARR for SLDC for FY 2022-23.

5.2 Capital Expenditure

Petitioner's Submission

SLDC submitted that it plays a vital role as grid operator for the State and is involved in round-the-clock operations. With the increasing scale of operation on year-to-year basis and also to support various new challenges envisaged in the forthcoming years, it is required to strengthen and upgrade the existing system to cater to the system demands. Hence, it is imperative for SLDCs to use State-of-the-art equipment with adequate redundancy provided to safeguard against failures.

SLDC has proposed Capital Expenditure totalling Rs. 2,388 Lakh for FY 2022-23 as detailed in the Table below:

Table 5-1: Proposed Capital Expenditure Plan for The Period FY 2022-23 (Rs. Lakh)

Particulars	FY 2022-23 Projections
Land Acquisition cost	-
Augmentation/ Upgradation of existing customers (systems)	1,400.00
Strengthening of communication channels	12.00
Additional system / Software planning	519.00
IT Infrastructure	385.00
Office Equipment	47.00
Additional Expenditure	25.00
Total	2,388.00

Strengthening of Communication Channels

System improvements represent both functional improvement to existing systems (e.g. Energy Management System) and upgrades to systems/software. Large portions of the existing systems are planned for upgrade or replacement over the planning period. Current applications require up-gradation or replacement to allow for continued functioning with new



hardware and to allow for continued support from vendors. The section mainly includes up-gradation of Energy Reporting System, Outage Management System, Data Pooling System, Commercial & Accounting System, Energy Accounting Software, Strengthening of Commerce and Billing Centre and Website Improvement & Up-gradation.

Additional System / Software Planning

Additional System/Software Planning represents requirement of software for existing system running with old version of software. The large portion of existing software is planned to be upgraded with additional procurement for evolving need of SLDC. The main areas for system / software additions are Centralized database storage system, Simulator for offline study system tools, Remote access system, e-Bidding & electronic Cash Transfer system, Reporting tools, procurement of new application software.

IT Applications & Infrastructure

IT Infrastructure represents capital initiatives directed at maintaining and, as necessary, enhancing the overall technology backbone of SLDC. The most systems within the SLDC, most of the IT infrastructure has been in service for a number of years, in many instances dating back to 2003 or earlier which was shifted from LD Jambuva to SLDC Gotri. Therefore, investment in the SLDCs infrastructure in the area of IT applications & infrastructure is necessary to reasonably ensure the information backbone of SLDC remains effective, reliable, and efficient. In this regard SLDC is looking forward to strengthen its IT Security System, upgrading the current Network System and establishing a Video Conferencing System between SLDC and RLDC.

Augmentation/ Upgradation of existing system

It is essential to ensure that IT and other important infrastructure need to be upgraded at pre-defined interval to ensure the reliable function of equipment at SLDC. In this regard SLDC is looking forward to strengthen its existing infrastructure by upgrading the existing software, hardware and other related accessories.

Office Equipment

Day by day critical infrastructure is increased at SLDC end and it is necessary to protect such devices from sudden power failure and sometimes it is required to add device to enable secure mode of communication and data exchange between control centre.



Additional Expenditure

To monitor the real time data of various RE Generators and important equipment, it is required to establish the communication network and need to install the devices in the field which can capture and send the required data to the control centre.

Commission's Analysis

SLDC has projected a Capital Expenditure of Rs. 2,388 Lakh in FY 2022-23. The Commission notes the justification given by SLDC for the higher CAPEX. The Commission notes SLDC's submission via its reply for scheme-wise preparedness for the projection of Capex and observes that works accounting to Rs. 1,878 Lakh can be spent in FY 2022-23 and works accounting to Rs. 510 Lakh shall be likely to spill over to FY 2023-24. Hence, for the purpose of approving the ARR of SLDC for FY 2022-23, the Commission has not considered the Capex against these projects amounting to Rs. 510 Lakh and approves the projected Capital Expenditure of Rs. 1,878 Lakh for FY 2022-23 as proposed by SLDC via response to data-gaps. However, SLDC is at liberty to undertake all proposed Projects to discharge its function effectively as an independent system operator, and actual capex and capitalisation achieved by SLDC shall be subject to final adjustments as per Regulations/ Prudence check at the time of truing up.

5.3 Capitalisation & Funding of CAPEX

Petitioner's Submission

SLDC has submitted that it would capitalize the projected CAPEX in the same year and accordingly claimed the capitalization and funding thereof as given in the Table below:

Table 5-2: Funding of Capex for FY 2022-22 (Proposed) (Rs. Lakh)

Particulars	FY 2022-23 Projections
Capitalization	1,878.00
Funding through Debt	1,314.60
Funding through Equity	563.40

Commission's Analysis

The Commission notes the submission of SLDC and considers the Capex for the year as approved in earlier section of this Order, as equal to the Capitalisation for the year, as detailed in the table below:



Table 5-3: Funding of Capex for FY 2022-23 (Approved) (Rs. Lakh)

Particulars	FY 2022-23 Projections	Approved
Capitalization	1,878.00	1,878.00
Funding through Debt	1,314.60	1,314.60
Funding through Equity	563.40	563.40

5.4 Fixed Charges for FY 2022-23

Total fixed charges for FY 2022-23 have been categorized into following elements:

- O&M expenses
 - Employee cost
 - Administration and General expenses
 - Repairs and Maintenance expenses
- Depreciation
- Interest and Finance charges
- Interest on Working Capital
- Return on Equity

5.5 Operation and Maintenance (O&M) Expenses for FY 2022-23

Petitioner's Submission

SLDC submitted that O&M expenses have been calculated by escalating the approved O&M of FY 2021-22. The annual escalation factor of 5.72% has been considered for Employee expenses, A&G and R&M expenses on the approved expenses of FY 2021-22 to arrive at O&M expenses for FY 2022-23, as specified by the Commission in the GERC (MYT) Regulations, 2016.

SLDC has projected the O&M expenses at Rs. 2,971.00 Lakh for FY 2022-23, as shown in the Table below:



Table 5-4: O&M Expenses projected for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	FY 2022-23 Projection
1	Employee Cost	2,223.95
2	Administration & General Charges	528.85
3	Repairs & Maintenance Charges	218.20
4	Operation & Maintenance Expenses	2,971.00

Commission's Analysis

The Commission observes that actual O&M expenses have been lower than approved normative O&M expenses in recent years. Under normal circumstances, the Commission would have revised the O&M norms based on analysis of actual O&M expenses, while framing the GERC (MYT) Regulations for the next Control Period, including FY 2021-22. However, as stated earlier, due to unavoidable circumstances, there is a delay in framing the GERC (MYT) Regulations for the next Control Period, and hence, the applicability of the GERC (MYT) Regulations, 2016 has been extended by one year, to include FY 2022-23 also. Hence, the Commission has derived the O&M norms for FY 2022-23 based on approved O&M Expenses in the previous year, by considering the annual escalation factor of 5.72% over the actual O&M expenses of previous years.

The O&M expense thus computed for FY 2021-22 has been escalated by escalation factor of 5.72% yearly as specified in the GERC (MYT) Regulations, 2016, for computing the normative O&M expenses of FY 2022-23.

Thus, the Commission approves the O&M Expenses for FY 2021-22 as detailed in the table below:

Table 5-5: O&M Expenses approved for FY 2021-22 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projection	Approved
1	Employee Cost	2,223.95	2,223.95
2	Administration & General Charges	528.85	528.85
3	Repairs & Maintenance Charges	218.20	218.20
4	Operation & Maintenance Expenses	2,971.00	2,971.00

The Commission accordingly approves the O&M expenses for FY 2022-23 as Rs. 2,971.00 Lakh.



5.6 Depreciation

Petitioner's Submission

SLDC has submitted that the Depreciation for FY 2022-23 has been computed on the basis of average depreciation rate for FY 2020-21 as per the audited accounts and the addition to the GFA is considered as per the projected capitalization. The Depreciation projected by SLDC for FY 2022-23 is detailed in the Table below:

Table 5-6: Proposed Depreciation for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections
1	Gross Block in Beginning of the year	3,382.64
2	Additions during the Year (Net)	1,878.00
3	Closing GFA	5,260.64
4	Average Asset	4,321.64
5	Depreciation	529.92
6	Wt. avg. rate of depreciation	12.26%

Commission's Analysis

The Commission has considered the Closing Block of Fixed Assets of FY 2020-21 as approved in the truing up for FY 2020-21, as the Opening Block of Fixed Assets for FY 2020-21. The additions during FY 2021-22 are considered as approved for the year in the MTR Order dated 30th March, 2021, while the asset addition during FY 2022-23 is considered as approved in Table 5-3 of this Order. The rate of depreciation is considered at the actual rate of depreciation for FY 2020-21 approved in this Order. Accordingly, the Commission has computed the depreciation for FY 2022-23 as given in the Table below:

Table 5-7: Approved Depreciation for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections	Approved
1	Gross Block in Beginning of the year	3,382.64	3,325.09
2	Additions during the Year (Net)	1,878.00	1,878.00
3	Closing GFA	5,260.64	5,203.09
4	Average Asset	4,321.64	4,264.09
5	Depreciation	529.92	522.86
6	Wt. avg. rate of depreciation	12.26%	12.26%



The Commission accordingly approves the depreciation of Rs 522.86 Lakh for FY 2022-23.

5.7 Interest and Finance Charges

Petitioner's Submission

The Petitioner submitted that the funding for new capital expenditure has been assumed to be undertaken at a normative debt:equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016 and accordingly the new loan additions during the year have been estimated. Weighted average rate of interest on the actual loan portfolio as on 1st April, 2020 considered for GETCO, i.e., 6.95%, is also considered for SLDC. As specified in the GERC (MYT) Regulations, 2016, repayment is considered equivalent to depreciation for the year.

SLDC has projected the Interest and Finance Charges at Rs. 27.26 Lakh for FY 2022-23 in the ARR Petition. The details of Interest and Finance Charges submitted by SLDC for FY 2022-23 are given in the Table below:

Table 5-8: Proposed Interest and Finance Charges for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections
1	Opening Loans	-
2	Loan Additions	1,314.60
3	Repayment during the Year	529.92
4	Closing Loans	784.68
5	Average Loans	392.34
6	Interest on Loan	27.26
7	Other Financial Charges	-
8	Total Interest & Financial Charges	27.26
9	Weighted Average Rate of Loan	6.95%

Commission's Analysis

The Commission has examined the interest and finance charges projected by SLDC for FY 2022-23. The Commission has approved the capitalisation and the funding of the Capitalisation at Table 5-3 of this Order. The loan for SLDC is being considered from the loan portfolio of GETCO and hence, the weighted average rate of interest of 6.95% applicable for GETCO loan portfolio is considered as interest rate for SLDC. The addition of



loans is approved at Table 5-3 of this Order. Repayment is considered equivalent to approved depreciation in accordance with the GERC (MYT) Regulations, 2016. However, in line with the approach adopted in the truing up for FY 2020-21, depreciation to be considered as repayment has been limited to the extent of loan balance available. The details of Interest and Finance Charges approved for FY 2022-23 are given in the Table below:

Table 5-9: Approved Interest and Finance Charges for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections	Approved
1	Opening Loans	-	-
2	Loan Additions	1,314.60	1,314.60
3	Repayment during the Year	529.92	522.86
4	Closing Loans	784.68	791.74
5	Average Loans	392.34	395.87
6	Interest on Loan	27.26	27.50
7	Other Financial Charges	-	-
8	Total Interest & Financial Charges	27.26	27.50
9	Weighted Average Rate of Loan	6.95%	6.95%

The Commission approves the Interest and Finance Charges at Rs. 27.50 Lakh for FY 2022-23.

5.8 Return on Equity

Petitioner's Submission

SLDC has submitted that the funding for new capital expenditure in FY 2022-23 has been assumed to be undertaken at a normative debt:equity ratio of 70:30 in accordance with the GERC (MYT) Regulations, 2016 and accordingly the new equity addition during the year has been estimated. The Return on Equity submitted by SLDC for FY 2022-23 are given in the Table below:

Table 5-10: Proposed Return on Equity for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections
1	Opening Equity Capital	1,035.06
2	Equity Additions during the Year	563.40
3	Closing Equity	1,598.46



Sr. No.	Particulars	FY 2022-23 Projections
4	Average Equity	1,316.76
5	Rate of Return on the Equity	14%
6	Return on Equity	184.35

Commission's Analysis

The RoE has been computed on the opening balance of equity and approved equity addition during FY 2022-23. The rate of RoE as per the GERC (MYT) Regulations, 2016 is 14%. The Commission has approved the debt and equity funding of Capitalisation for FY 2022-23 earlier in this Chapter. The closing equity for FY 2020-21 has been considered as the opening equity for FY 2021-22. The equity addition in FY 2021-22 has been considered as approved in the MTR Order, and the closing equity for FY 2021-22 has been considered as the opening equity for FY 2022-23. Further, in line with the approach adopted in the truing up for FY 2020-21, the Commission has considered balance depreciation after adjusting against loan repayment, towards equity reduction. The Commission has computed the RoE as detailed in the Table below:

Table 5-11: Approved Return on Equity for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections	Approved
1	Opening Equity Capital	1,035.06	1,017.79
2	Equity Additions during the Year	563.40	563.40
3	Closing Equity	1,598.46	1,581.19
4	Average Equity	1,316.76	1,299.49
5	Rate of Return on the Equity	14%	14%
6	Return on Equity	184.35	181.93

The Commission approves Return on Equity at Rs. 181.93 Lakh for FY 2022-23.

5.9 Interest on Working Capital

Petitioner's Submission

SLDC has submitted that IoWC has been computed based on the norms specified in the GERC (MYT) Regulations, 2016.



Interest rate for computation of working capital has been considered in line with Regulation 40.3 (b) of the GERC (MYT) Regulations, 2016, i.e., the 1-year SBI MCLR as on 1st April of the financial year in which the Petition is filed plus 250 basis points, which works out to 9.50%.

SLDC has projected the interest on working capital at Rs. 38.33 Lakh for FY 2022-23, as given in the Table below:

Table 5-12: Proposed interest on working capital for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections
1	O&M expenses	247.58
2	Maintenance Spares	33.83
3	Receivables	122.02
4	Total Working Capital	403.43
5	Rate of Interest on Working Capital	9.50%
6	Interest on Working Capital	38.33

Commission's Analysis

The IoWC has been computed based on norms specified in the GERC (MYT) Regulations, 2016, as detailed in the Table below.

Table 5-13: Approved interest on working capital for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projections	Approved
1	O&M expenses	247.58	247.58
2	Maintenance Spares	33.83	33.25
3	Receivables	122.02	108.62
4	Total Working Capital	403.43	389.46
5	Rate of Interest on Working Capital	9.50%	9.50%
6	Interest on Working Capital	38.33	37.00

The Commission approves the Interest on Working Capital as Rs. 37.00 Lakh for FY 2022-23.



5.10 Income Tax

Petitioner's Submission

The actual Tax paid for FY 2020-21 is considered as the Income Tax for FY 2022-23 as per Regulation 41.3 of the GERC (MYT) Regulations, 2016. Thus, SLDC has projected Income Tax as Rs. 213.00 Lakh for FY 2022-23, are given in the Table below:

Table 5-14: Proposed Income Tax for FY 2022-23 (Rs. Lakh)

Particulars	FY 2022-23 Projections
Provision for Tax	213.00

Commission's Analysis

Regulation 41.1 of the GERC (MYT) Regulations, 2016, specifies that the Commission in the Tariff Order shall provisionally approve Income Tax payable for ensuing year, based on the actual Income Tax paid as per the latest audited accounts available for the applicant, subject to prudence check. The latest audited accounts available for SLDC is for FY 2020-21 and the Income Tax as per audited accounts for FY 2020-21 is Rs. 213.00 Lakh.

The Commission, accordingly approves the Income Tax as per audited accounts for FY 2020-21 for FY 2022-23 as given in the Table below:

Table 5-15: Approved Income Tax for FY 2022-23 (Rs. Lakh)

Particulars	FY 2022-23 Projections	Approved
Provision for Tax	213.00	213.00

The Commission approves the Income Tax as Rs. 213.00 Lakh for FY 2022-23.

5.11 ULDC & Other Related Charges

Petitioner's Submission

SLDC submitted that the ULDC Charges for FY 2022-23 are considered same as ULDC Charges of FY 2020-21. Thus, SLDC has projected ULDC and Other Related Charges at Rs. 477.74 Lakh for FY 2022-23, as given in the Table below:



Table 5-16: Proposed ULDC & Other Related Charges for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	FY 2022-23 Projection
1	ULDC Charges	477.74

Commission's Analysis

The Commission has observed that SLDC has projected ULDC charges of FY 2022-23 same as FY 2020-21. The Commission approves these charges for FY 2022-23 as given in the Table below:

Table 5-17: Approved ULDC & Other Related Charges for FY 2022-23 (Rs. Lakh)

Sr. No.	Particulars	FY 2022-23 Projection	Approved
1	ULDC Charges	477.74	477.74

The Commission approves the ULDC & Other Related Charges as Rs. 477.74 Lakh for FY 2022-23.

5.12 Non-Tariff Income

SLDC has submitted that it has estimated Non-Tariff Income for FY 2022-23 same as actual Non-Tariff Income in FY 2020-21 as per audited accounts, as shown in the Table below:

Table 5-18: Proposed Non-Tariff Income for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	FY 2022-23 Projection
1	Non-Tariff Income	980.16

Commission's Analysis

The Commission observed that the Non-Tariff Income of Rs. 980.16 Lakh as projected by the Petitioner for FY 2022-23 is actual Non-Tariff Income for FY 2020-21 as per audited accounts.

The Commission notes that SLDC has not considered interest earned from SLDC funds in its projections for FY 2022-23. As stated earlier in this Order, the Petitioner is having unspent balance of SLDC Funds. In line with the approach stated while approving the Fund,



the Commission has considered the interest rate equal to 1-year SBI MCLR as on 1st April of the financial year in which the Petition is filed and computed the notional interest on the average unspent balance.

The Commission had thus, projected notional interest income for FY 2022-23, under the Non-Tariff Income of FY 2022-23. The Commission notes that up to 31.03.2022, balance remaining in SLDC fund is Rs. 2,164.63 Lakh. SLDC has not provided any details on how it is going to use this fund in FY 2022-23. Hence, the Commission has considered the Expenditure from this Fund in FY 2022-23 as Nil. However, SLDC is directed to approach the Commission with proposed utilisation of this Fund in FY 2022-23 against identified schemes.

Thus, Average Balance of SLDC Fund in FY 2022-23 is projected to be Rs. 2,164.63 Lakh. These Funds have been contributed by the beneficiaries and the full benefit of these Funds should go to the beneficiaries. The Commission has computed the notional interest for FY 2022-23, as shown in the Table below:

Table 5-19: Computation of Notional Interest on Fund for FY 2022-23 arising pursuant to APTEL Judgments as regards Scheduling and System Operation Charges (Rs. Lakhs)

Sr. No.	Period	Amount	Rate of Interest per annum	Interest
1	01.04.2022 to 31.03.2023 (Average of Opening & Closing)	2,164.63	7.07%	153.04

Thus, the Commission has computed the notional interest of Rs. 153.04 Lakh to be considered under Non-Tariff Income for FY 2022-23. The Total Non-Tariff Income approved by the Commission for FY 2022-23 is shown in the Table below:

Table 5-20: Approved Non-Tariff Income for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	Petition	Approved
1	Non-Tariff Income	980.16	1,133.20

The Commission accordingly approves Rs. 1,133.20 Lakh as Non-Tariff Income for FY 2022-23.



5.13 Approved ARR for SLDC for FY 2022-23

The Fixed Charges claimed by SLDC in the projection for FY 2022-23 and approved by the Commission are summarized in the Table below:

Table 5-21: Approved ARR for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	FY 2022-23 (Projections)	Approved
1	Operation & Maintenance Expenses	2,971.00	2,971.00
1.1	Employee Cost	2,223.95	2,223.95
1.2	Administration & General Charges	528.85	528.85
1.3	Repairs & Maintenance	218.20	218.20
2	Interest on Working Capital	38.33	37.00
3	Charges for ULDC & other related projects	477.74	477.74
4	Less: Other Income	980.16	1,133.20
5	Operating Cost Budget (a)	2,506.90	2,352.53
6	Depreciation	529.92	522.86
7	Interest & Finance Charges	27.26	27.50
8	Return on Equity	184.35	181.93
9	Total Fixed Costs	741.52	732.30
10	Less: Expenses Capitalized	-	-
11	Add: Provision for Tax	213.00	213.00
12	Capital Cost Budget (b)	954.52	945.30
13	Total Revenue Requirement (a+b)	3,461.42	3,297.83



6 Determination of SLDC Fees and Charges for FY 2021-22

The Table below summarizes the ARR approved by the Commission for FY 2021-22:

Table 6-1: ARR approved for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	Approved for FY 2022-23
1	Operation & Maintenance Expenses	2,971.00
1.1	Employee Cost	2,223.95
1.2	Administration & General Charges	528.85
1.3	Repairs & Maintenance	218.20
2	Interest on Working Capital	37.00
3	Charges for ULDC & other related projects	477.74
4	Less: Other Income	1,133.20
5	Operating Cost Budget (a)	2,352.53
6	Depreciation	522.86
7	Interest & Finance Charges	27.50
8	Return on Equity	181.93
9	Total Fixed Costs	732.30
10	Less: Expenses Capitalized	-
11	Add: Provision for Tax	213.00
12	Capital Cost Budget (b)	945.30
13	Total Revenue Requirement (a+b)	3,297.83

The approved ARR of Rs. 3297.83 Lakh for FY 2022-23 has been adjusted with the Revenue Surplus approved in the truing up for FY 2020-21, as given in the table below:

Table 6-2: SLDC Fees & Charges approved for FY 2022-23 (Rs. Lakhs)

Sr. No.	Particulars	Approved for FY 2022-23
1	ARR for 2022-23	3,297.83
2	Less: Revenue (Gap) / Surplus approved in Truing up for FY 2020-21	654.63
3	Total SLDC charges (1 - 2)	2,643.20

The Commission, accordingly, approves the annual SLDC Charges at Rs 2,643.20 Lakh for FY 2022-23, and the grid connection fees at Rs. 10,000/- (Rupees Ten thousand only). The total annual SLDC Charges as approved above, shall be recoverable as per the formula specified in Regulation 82 of the GERC (MYT) Regulations, 2016.



7 Compliance of Directives and New Directives

7.1 Compliance to Directives issued by the Commission

The Commission has provided certain directives to SLDC. SLDC has submitted a report on compliance of the Directives issued by the Commission. The comments of the Commission on the submission/compliance of SLDC are given below:

Directive 1: The Commission directed SLDC to submit details of Sign change violation Penalties paid at State Periphery on a six-monthly basis.

Compliance by SLDC:

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/EE(EA)/Commerce/1278 dated 23rd November, 2021.

Commission's Comment:

The Commission has noted the submission of SLDC in this regard. SLDC is directed to submit the details of above directions on half yearly basis.

Directive 2: The Commission directed SLDC to submit half-yearly report on status of Capex allowed to it for strengthening the Load Despatch Centre to discharge its functions effectively as an Independent System Operator.

Compliance by SLDC:

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/GERC/Directives/140 dated 22nd April, 2021.

Commission's Comment:

The Commission has noted the submission of SLDC in this regard. SLDC is directed to submit the details of above directions on half yearly basis.

Directive 3: The Commission directed SLDC to directed to submit the records of deviation from Scheduling of RE Generation by all generators above 1 MW.



Compliance by SLDC:

SLDC has submitted compliance to directive vide SLDC Letter No. GETCO/SLDC/EE(EA)/SLDC-Commerce/1159 dated 26th October, 2021.

Commission's Comment:

The Commission has noted the submission of SLDC in this regard. SLDC is directed to submit the details of above directions on half yearly basis.

Directive 4: The Commission directed SLDC to follow the ABT and Forecasting/ scheduling process as per the Commission's Orders and Regulations and any non-compliance or non-adherence of Regulation(s)/Order(s) by any concerned / Generator / licensee shall be dealt with as per rules and reported to the Commission on regular basis.

Compliance by SLDC:

SLDC submits that it follows the ABT and Forecasting/ scheduling process as per the Commission's Orders and Regulations and any non-compliance or non-adherence of Regulation(s)/Order(s) by any concerned / Generator / licensee is dealt with as per rules and reported to the Commission on regular basis.

Commission's Comment:

SLDC is directed to adhere to the applicable Regulations / Orders of the Commissions and necessary reporting / compliance to be done accordingly.

COMMISSION'S ORDER

The Commission approves SLDC Fees and Charges for FY 2022-23 as shown in the Table below:

SLDC Fees & Charges for FY 2022-23

Sr. No.	Particulars	Units	Approved for FY 2022-23
1	ARR for 2022-23	Rs. Lakh	3,297.83
2	Less: Revenue (Gap) / Surplus approved in Truing up for FY 2020-21	Rs. Lakh	654.63
3	Total SLDC charges (1 - 2)	Rs. Lakh	2,643.20
4	Grid Connection Fees	Rs.	10,000

This Order shall come into force with effect from 1st April, 2022.

-Sd-

S.R. PANDEY
Member

-Sd-

MEHUL M. GANDHI
Member

-Sd-

ANIL MUKIM
Chairman

Place: Gandhinagar

Date: 30.03.2022

