

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION
5th Floor, Metro Plaza, Bittan Market, E-5 Arera Colony, Bhopal - 462 016



Petition No. 68/2015

PRESENT:

Dr. Dev Raj Birdi, Chairman

A. B. Bajpai, Member

Alok Gupta, Member

IN THE MATTER OF:

Levy and Collection of Fee and Charges by State Load Despatch Centre (SLDC) Jabalpur for FY 2016-17.

State Load Despatch Centre (SLDC), MPPTCL Jabalpur - Petitioner

Versus

- 1. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd, Jabalpur**
 - 2. M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd, Bhopal**
 - 3. M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd, Indore**
 - 4. M.P. Audyogik Kendra Vikas Nigam Ltd. (SEZ), Indore**
 - 5. M.P. Power Management Co. Ltd., Jabalpur**
 - 6. M.P. Power Transmission Company Ltd., Jabalpur**
 - 7. Kalpataru Satpura Transco Pvt Ltd Gandhinagar**
 - 8. M. P. Power Generating Co. Ltd., Jabalpur**
 - 9. Narmada Hydro-Electric Development Corp. Ltd., Bhopal**
 - 10. Narmada Valley Development Authority, Bhopal**
 - 11. Jaiprakash Power Ventures Ltd., Uttar Pradesh**
 - 12. BLA Power Private Limited, Mumbai**
- Respondents**

ORDER

(Passed on this day of 5th April' 2016)

1. This order relates to petition No.68 of 2015 filed by the State Load Despatch Centre, MPPTCL Jabalpur (hereinafter referred to as "SLDC") for "Levy & collection of fee & charges by SLDC for FY 2016-17" before Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as "the Commission"). In exercise of the powers conferred under section 31(1) of the Electricity Act, 2003, vide order No.2489/13/04 dated 17-05-2004, the Government of Madhya Pradesh notified the State Load Despatch Centre, Jabalpur as apex body to ensure integrated operation of the power system in the state, to be operated by the State Transmission Utility (hereinafter referred to as STU).
2. As per section 32(3) of the Electricity Act 2003, SLDC may levy and collect such fee and charges from the Generating Companies and Licensees engaged in intra-state transmission of electricity as may be specified by the State Commission. In exercise of powers conferred under Section 183 of the Electricity Act, 2003, the Ministry of Power, Government of India issued an order for "Removal of Difficulties" on 8th June, 2005 (S.O. 795(E)) in respect of levy and collection of fees and charges for using the transmission systems. As per the order, "*the State Load Despatch 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*". Accordingly, SLDC charges are now payable by Licensees / users.
3. In exercise of powers under Section 181 (2) (g) of the Electricity Act, 2003, the Commission notified MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004 (Revision 1, 2006) as amended from time to time. The subject petition is based on the aforesaid Regulations and its amendments.
4. First amendment to MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations' 2004 provides that SLDC is required to file a petition for SLDC Fee and Charges by 31st October every year.
5. Vide letter dated **28th October' 2015**, SLDC had sought time extension upto **16th November' 2015** for filing the petition for levy and collection of Fee and Charges by SLDC for FY 2016-17 on the ground that compilation of details and certified

accounts of SLDC/ Sub LDC for preparation of the petition were likely to be completed by **16th November' 2015**.

6. Considering the above request of SLDC, it was allowed to file the petition for levy and collection of Fee and Charges for FY 2016-17 by **16th November' 2015**.
7. Vide No. 07-05/E&T/645-XIII/3868 dated **09th November' 2015**, SLDC filed the subject petition for levy and collection of Fee and Charges by it for FY 2016-17.
8. The petitioner broadly submitted the following:
 - (i) *“State Load Despatch Centre (SLDC) is the apex body for scheduling and system operation in the State of MP, incorporated under Section 31 of Electricity Act 2003. In exercise of the Powers conferred under Section 31(1) of Electricity Act-2003, the Government of MP vide order No 2489/13/04 dated 17-05-2004 has notified the State Load Despatch Centre, Jabalpur as apex body to ensure integrated operation of the power system in the state, to be operated by the State Transmission Utility, hereinafter called as STU.*
 - (ii) *Under section 32(3) of Indian Electricity Act 2003, the Commission through its Regulation has directed the SLDC to file a petition in the matter of levy and collection of fee and charges by State Load Despatch Centre (SLDC) Jabalpur.*
 - (iii) *Under section 32(3) of IE Act 2003, the SLDC may levy and collect such fee and charges from the generating companies and licensees engaged in intra-state transmission of electricity as may be specified by the State commission. The Ministry of Power, Govt of India, in exercise of powers conferred under section 183 of the Electricity Act 2003, issued an order for “Removal of Difficulties” on 8th June 2005 (S.O. 795(E)) in respect of levy and collection of fees and charges for using the transmission systems. As per the order, the State Load Despatch 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.*
 - (iv) *This application for approval of SLDC fee and charges for the year 2016-17 is hereby submitted as per Madhya Pradesh Electricity Regulatory Commission (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004 Revision-1, 2006 (Third Amendment) notified on 19th Nov*

2010.

- (v) *The Fee and Charges to be levied and collected by SLDC from the licensees using the intra-state transmission system has been worked out exclusive of statutory taxes, levy, duty, CESS or any other kind of impost by the Government or any statutory authority. Such expenses if any, shall be borne by the licensees using the intra-state transmission system and shall be adjusted in the subsequent years. Some Open Access Customer had paid Application processing Fee after deducting TDS. However the amount of TDS is not claimed by SLDC.”*

9. The petitioner also claimed the actual expenses and income from other fee and charges in FY 2014-15 vis-a vis approved in the ARR of FY 2014-15 for reconciliation / true-up of the same in the ARR for FY 2016-17 as given below:

(Amount in Lakhs of ₹)

Particular	Expenses as allowed in ARR for FY 2014-15	Actual Expenses for FY 2014-15	Differences (Allowed- Actual) to be reconciled
Employee Costs	867.05	858.86	8.19
Administration & general Expenses	72.16	42.13	30.03
Repairs & Maintenance Expenses	274.54	208.66	65.88
Interest & Finance Charges	0.00	0.02	-0.02
Total	1213.75	1109.66	104.08

The petitioner has also filed income from other fee and charges mentioned as below:

(Amount in Lakhs of ₹)

Particular	Income as allowed in ARR for FY 2013-14	Actual income for FY 2013-14	Differences (Allowed- Actual) to be reconciled
50% of Scheduling & Operating Charges.	210.00	181.91	28.09
Connectivity Charges		23.90	-23.90
Application Charges		67.25	-67.25
Sub Total	210.00	185.12	-63.06
Other miscellaneous receipts as mentioned in Form F2	0.00	4.11	-4.11
TOTAL	210.00	189.23	-67.17

Accordingly, the net amount to be reconciled & adjusted (subtracted) in the ARR of FY 2016-17 is worked out to ₹ (104.08– (-67.17)) i.e. ₹ **171.25** Lacs.

10. Based on the above, State Load Despatch Centre filed the following revenue requirement for FY2016-17 :

Sr.No.	<i>Particulars</i>	<i>Amount(₹Lacs)</i>
1	<i>Employee Cost</i>	1127.92
2	<i>Administration and General Charges</i>	188.26
3	<i>Repairs and Maintenance Expenses</i>	131.13
4	<i>Depreciation</i>	0.00
5	<i>Interest and finance charges</i>	17.07
6	<i>Return on equity/Investments</i>	0.00
7	<i>Provision for Income Tax</i>	0.00
Total		1464.39
<i>Less: Revenue from other charges(i.e. Scheduling & Operation charges(50%),connectivity charges & Application processing Fee</i>		256.00
	<i>Less: Other (-)</i>	3.50
Total Revenue Requirement for FY 2016-17		1204.89
True-up amount for 2014-15 (O&S/Connectivity/Application/Misc. Charges)		(-) 67.17
True-up amount for 2014-15 (Emp.cost/A&G exp/R&m exp/Int.&Fin charges)		(-)104.08
Net ARR for FY 2016-17		1033.63

11. Subsequently, vide No. 07-05/E & T/645-XIII/ 818 dated 18th February’ 2016, SLDC submitted revised table under sub heading “Income from other charges” with due corrections made on account of some inadvertent typographic error as given below:

Particular	Income as allowed in ARR for FY 2014-15	Actual Income for FY 2014-15	Differences (Allowed – Actual) to be reconciled
50% Scheduling & Operating charges	210.00	181.91	28.09
Connectivity charges		23.90	-23.90
Application Processing Fee		67.25	-67.25
Sub Total (i)	210.00	273.06	-63.06
Other Miscellaneous receipts	0.00	4.11	-4.11
Total (i+ii)	210.00	277.17	-67.17

12. The petitioner prayed the following:
- (i) *“Accept and pass Fee and Charges of State Load Despatch Centre Jabalpur for FY 2016-17 as ₹1204.89 lacs towards revenue expenditure.*
 - (ii) *Issue suitable order for distribution of the Fee and Charges among the licensees using the intra-state transmission system.*
13. Motion hearing in the matter was held on **15th December’ 2015**. Vide order dated **18th December’ 2015**, the petition was admitted and the petitioner was directed to serve copies of the petition on all the respondents. Vide letter dated **28th December’ 2015**, the information gaps/ discrepancies observed in the petition were communicated to the petitioner and it was asked to file the response by **31st December’ 2015**. The respondents were also asked to file their response on the petition by **11th January’ 2016**. Vide letter dated **14th January’ 2016**, the petitioner confirmed that the copies of the petition have been served on all the respondents in the matter.
14. By affidavit dated **11th January’ 2016**, the petitioner filed its response on the issues raised by the Commission. Issue- wise response filed by petitioner is as given below:
- (i) **Issue:-** The status of compliance with all the conditions mentioned in para 1.13.1 to 1.13.6 of Commission’s order dated 10th April ‘2013 passed in Petition No. 88 of 2012 be submitted.

Response :-“*The details of capital expenditure plan for the period from FY 2015-16 to FY 2019-20 have been submitted as Annexure CPI alongwith the petition (68/2015). Further the point wise compliance to the directives mentioned in the order for SLDC Fee & Charges for FY 2013-14 dated 10.04.2013 is submitted below:-*

- *SLDC is maintaining proper record of Capex fund, year wise details of SLDC Capex fund and Capital expenditure are shown in the enclosed Annexure- 1 & Annexure-2. The interest earned on the Capex funds are not available hence can not be furnished by SLDC.*
- *The works are completed in the best manner and within the approved financial resources.*
- *Depending upon the urgency of work, the schedule of works has been reviewed and submitted along with the petition as Annexure CPI.*
- *The purchase of items, instruments, spares, installation and commissioning*

works etc. are processed through issue of enquiry/open tender or through OEM in case proprietary item. Thus, the work is carried out in good quality and in line with the lowest possible prevailing market price.

- *The updated physical and financial progress of each work has been filed with petition as Annexure-CP1 and also provided in Form F15.*
- *The Capital work are organized & processed timely to ensure that the execution of the schemes is not affected and also to ensure timely utilization of the same.*
- *The capital works of SLDC are funded from internal resources i.e. from 50% of operation & Scheduling charges. The details regarding actual expenditure for FY 14-15 against plan for SLDC has been mentioned in Form-F15.”*

(ii) Issue:- The Commission accorded in-principle approval to the five year rolling capital expenditure plan of SLDC for FY 2012-13 to FY 2016-17 in the order for levy and collection of fee and charges by SLDC for FY 2013-14. While according the aforesaid approval, the Commission had considered the year-wise total requirement and availability of Capex fund in Para 1.6 of the aforementioned order.

With regard to the aforesaid, the following is observed in the subject petition:

- SLDC has submitted a revised chart indicating year-wise availability of Capex, previous year balance, Capex requirement and the cumulative surplus of Capex from FY 2015-16 to FY 2019-20.
- The aforesaid chart has been extended beyond the period of the approved five years Capex Plan and the figures for FY 2015-16 to FY 2016-17 are also at wide variance.
- In Para 7.8(2) of the petition, SLDC has mentioned several reasons for the changes made by it in the approved Capex with regard to some civil works like Construction of shed over roof of SLDC Building and Construction of mazzanine floor above the old reflecting pond etc.
- Based on the above, a revised work schedule (Capex Plan) for FY 2015-16 to FY 2019-20 is given in Annexure CP1 wherein the figures are not tallying with the figures mentioned for Capex in Form No. F-15.

In view of the above observations, SLDC is required to submit the following:

- The year-wise detailed break-up for its proposal for revision in Capex Plan already approved by the Commission.
- The changes in figures for the works completed in any financial year of the

Capex Plan, CWIP and spill over works be mentioned under each head.

- The difference in capital expenditure approved for any year and to be revised for the same year be also mentioned.
- The reasons for any addition or reduction in the approved figure in any financial year be explained adequately.
- The year-wise Capex requirement approved by the Commission for FY 2012-13 to FY 2016-17 be considered by SLDC while changing the figures for any year (as shown in table under Para 7.8 of the petition). The basis for availability of fund for Capex and last year's balance be explained.

Response :- *“The five year rolling capex plan of SLDC for the period from 2012-13 to 2016-17 was approved alongwith ARR for FY 2013-14. The capital works included in the plan were envisaged during the FY 2013-14, on the basis tentative scope of work and estimated costs. However, at the time of implementation execution, further technical details, scope of work, priority of work are reviewed. As such, depending upon the requirements, minor changes in the scope of work are required. The variance in approved cost and the proposed requirements for some of the capital works is mainly due to above reason. The details regarding year wise status of capital works and projection are submitted under Para 7.8 of the Petition in compliance to regulation 12.4, MPERC (Levy & Collection of Fee & Charges by SLDC) Regulation 2006.*

Regarding projected schemes wise capex (New Project) & CWIP mentioned in Form F-15 and the capital expenditure plan for future mentioned in Annexure CP-1 of the petition, it is submitted that the year wise breakup is given in form F-15, under column heading “expenditure during the year”. The year wise figures of this column for FY 2015-16 & FY 2016-17 are matching with corresponding figure in CP-1.

The point-wise reply to observation of Hon'ble Commission under the head Details of Capital Works is given below:-

The details of work already approved by Hon'ble Commission and year wise break-up of proposed requirement of capex fund is shown in Annexure- CP-1 of the petition. The details of works, for which the cost is different than the approved cost is given in Annexure-4 alongwith reasons for change in cost .

- *The details of the works executed during FY 12-13, FY 13-14 & FY 14-15 vis a*

vis the capital works approved by the Commission for the respective period are as mentioned in Annexure-3.

- The cost approved by Hon'ble Commission, revised cost, difference and reason for increase/decrease in cost are as mentioned in Annexure-4.
- The reasons for any addition or reduction in the approved figure in any financial year is also mentioned in remark column of Annexure-4.
- The year wise requirement of fund for proposed capital works as well as availability of funds is submitted in para 7.8 of the petition where in availability of fund has been considered on the basis of income from other charges (i.e 50% of Operating & Scheduling Charges) approved by Hon'ble Commission for FY 2015-16. The projected availability of fund for FY 2016-17 is considered on the basis of actual amount received up to October 2015. Further, projected income from Operating & Scheduling charges for FY 2017-18 to 2019-20 has been worked out on the basis of projection for FY 16-17 with 10% escalation for subsequent years. The details of Capex requirement has been made on the basis of capital work in progress and the work proposed to be implemented during the FY 2015-16 to FY 2019-20, as shown in Annexure-CPI.

Further, regarding previous year balance of ₹ 572.44 lacs mentioned in Para 7.8 of the Petition, it is submitted that due to inadvertent typographical error the amount of ₹ 572.44 lacs mentioned instead of ₹ 576.28 lacs. The opening balance of ₹ 576.28 lacs comprises of total amount received towards 50% of Operating Scheduling charges from the period FY 2006-07 to FY 2014-15 of ₹ 833.74 lacs as mentioned in Annexure-1 Less actual Capital Expenditure of ₹ 257.46 lacs as mentioned in Annexure-2, i.e (₹ 833.74 lacs- ₹ 257.46 lacs= ₹ 576.28 lacs). The revised table of Year wise proposed requirement as well as availability of fund in ₹ Lacs is submitted:-.

Year wise proposed requirement as well as availability of fund (in ₹ Lacs)

Sr. No	Particulars	FY	FY	FY	FY	FY	TOTAL
		2015-16	2016-17	2017-18	2018-19	2019-20	
1	Availability of fund for Capex (Projected)	148	160	176	193.6	212.96	890.56
2	Previous year Balance	576.28	560.77	228.27	378.27	571.87	576.28
3	Total Capex Available (1+2)	724.28	720.77	404.27	571.87	784.83	1466.84
4	Capex Requirement	163.51	492.5	26	0	0	682.01
5	Cumulative Surplus (3-4)	560.77	228.27	378.27	571.87	784.83	784.83

In view of above, Hon'ble commission is requested to consider the opening balance of ₹576.28 lacs for the FY 2015-16”.

- (iii) **Issue:-** Details of the Capex show that SLDC has completed works of ₹ 22.73 lac against the Capex works of ₹ 209.00 lacs already approved by the Commission for FY 2014-15. Details regarding how the proposed Capex is mapped on the Capex already approved by the Commission be submitted.

Response :- *“The actual expenditure of ₹22.73 lacs for FY 14-15 indicated in F-15 of the Petition, comprises of Capitalization of Fire Alarm and smoke detection system, Purchase of Computer and Printer, Purchase of office equipment & capital cost of Partitioning and furnishing of Mezzanine slab etc. Further, an amount of ₹0.15 lacs is mentioned in F-15, Sr. No. A2, regarding capital works of FY 2014-15 to be completed in current FY 15-16. The year wise details of works, approved cost, reason for delay and actual expenditure incurred are shown in Annexure-3. Further, the year wise details of the proposed work and year wise requirement of fund for the same, are mentioned in Annexure-CP-1 of the Petition”.*

- (iv) **Issue:-** SLDC has provided the details of revenue received against Fee and Charges from each Generating Company and Licensee whereas, a consolidated amount is shown in Form F-1 against revenue received from other charges. The break-up of the details of revenue received from each Generating Company/Licensee be submitted.

Response:- *“The details of revenue received by SLDC for FY 2014-15 against Application Processing Fee, Scheduling & Operation Charges and Connectivity Charges as mentioned in F-1 are been enclosed herewith as Annxure-5. The projection for revenue from other charges for FY 2016-17 are worked out on the basis of Income received up to Oct-15 from open Access Customers & Generating Companies and mentioned in form F-1”.*

- (v) **Issue:-** An amount of ₹ 3.50 lacs is shown in FY 2016-17 against other income. The actual other income has been ₹ 3.83 lacs in FY 2014-15. The reasons for considering less amount than actual expenditure in FY 2014-15 against this head in Format F-2 be explained.

Response :- *“The actual other income of ₹3.83 lacs mentioned in Form F-2 for FY 2014-15, comprises of the income due to interest earned on flexi-fix current Account*

with Bank and other Misc Income (i.e penalty from supplier , house rent from employees, bus charges from employees, Sale of tender fee & Application Fee under RTI). The projection of interest income on flexi-fix current A/c with Bank of ₹ 3.00 lacs has been considered on the basis of interest income for the year FY14-15. However, other misc income which is not a routine income, has been considered as ₹0.50 lacs. It is submitted that actual income will be considered in true-up process for FY 16-17”.

- (vi) **Issue:-** In Para 7.1 of the petition, it is mentioned that the projection for the specialist level and management level training and other courses/seminar etc has been considered in the employees cost for FY 2016-17. However, the aforesaid projection is not seen in the detailed break-up of the employees cost and provisions submitted in Form No. F-4 filed with the petition. The details of the projections if any, considered for training and other courses be submitted.

Response:-“Regarding the breakup and details of projection of ₹ 10.00 Lac mentioned towards apprentice and other training expenses in form F-4, it is submitted that the projection has been made on the basis of training charges @ ₹9864/- per candidate paid to PSTI for specialist level training under four category in “Power System Reliability”, “Regulatory Framework in Power Sector”, Power System Logistics” and “Renewable Energy Sources and Grid”, for 30 engineers of SLDC and Sub-SLDC Bhopal & Indore. The projection also includes training expenses towards other courses/seminars/workshops regarding SCADA/EMS, URTDSM project, renewable integration, ABT, AMR, EMS, and other upcoming emerging fields. The projection also include examination fee approx ₹ 6000/- per candidate plus service tax required for certification exams for specialist training. Thus a consolidated projection of ₹ 10.00 lacs is mentioned in form F4 under item “C”.”

- (vii) **Issue:-** In Para 7.1 of the petition, it is mentioned that the terminal benefit on retirement (pension, gratuity and EL encashment on retirement) have not been considered in the petition and the same shall be adjusted in the true-up, if required to be paid. The terminal benefits on retirement are being claimed by MPPTCL and allowed in the ARR of MPPTCL. Therefore, SLDC is required to clarify its contention in this regard.

Response :-“Regarding terminal benefit on retirement (pension, gratuity and EL

encashment on retirement), it is submitted that such provision are not made in the petition for FY 16-17 as these expenses are claimed by MPPTCL. The contention of submission in the petition is that the expenses shall be adjusted in true-up if required to be paid, is to indicate that if any actual expenses on retirement are booked under employee cost of SLDC & also shown in trial balance of SLDC, it shall be reflected in true-up of SLDC otherwise not”

- (viii) Issue:-** It is observed from the detailed break-up of employee cost in Form F-4 that there is no change in the employee strength shown in FY 2014-15 to FY 2016-17. However, the amount towards salaries, additional pay, DA and other allowances and relief is showing a substantial increase each year. Therefore, the detailed reasons for increase in employee cost on the aforesaid heads for total employees strength of 135 nos. be submitted.

Response :- *“The total employee cost projections of ₹ 1127.92 Lacs for FY 16-17, submitted in the petition (Form-F4) is worked out considering working strength of 104 employees on October 2015 and two executive trainee. No provision for vacant post has been considered in projected employee cost. The main reason for increase in employee cost is due to increase in rate of DA & considering the annual increment. The employee wise detail calculation sheet of employee cost projection for the FY 2016-17 is submitted herewith as Annexure-6”.*

- (ix) Issue:-** The Addl. Pay (Wages) & Compensatory Off Encashment shown for FY 2016-17 are less than the actual amount in FY 2014-15. The reasons for the aforesaid variation in FY 2014-15 be explained.

Response :- *“The projection towards Compensatory Off Encashment has been considered for shift duty officer & employee. The details of calculation has been mentioned in Annexure-6. Also the projection towards Additional Wages for employee has been considered on tentative basis. The details of projection towards Additional Wages are also shown in Annexure-6. Regarding higher actual expenditure of Addl. Pay (Wages) and Compensatory Off Encashment for FY 14-15 as compared to the projection for FY 16-17, it is submitted that the increase in Addl. Wages and C-Off Encashment was mainly due to payment of previous year’s expenses paid in FY 14-15”.*

- (x) Issue:-** The actual contribution towards DLI/NPS (pension schemes) in FY2014-15

has been ₹ 8.59 lacs whereas the projected and proposed contribution for FY 2015-16 and FY 2016-17 is shown as ₹11.54 lacs and ₹12.95 lacs respectively. SLDC is required to inform the following:

- (a) Whether the above provisions towards contribution of SLDC towards DLI/NPS are included in the Financial Accounts of MPPTCL also?
- (b) The reasons for high projections in this regard.

Response :- “ Regarding projection towards NPS for FY 15-16 & FY 16-17, the point wise information is submitted as below:-

- (a) The contribution towards NPS (pension scheme) is shown separately in the trial balance of SLDC under the head company contribution on NPS (new Employee). Further, the employee expenses shown in SLDC trial balance are not considered in employee expenses of MPPTCL.
- (b) The projection towards NPS for the FY15-16 & FY 16-17 has been considered on basis of 10% of (Basic Pay+Grade Pay+DA) the on the company cadre employees. On the same methodology projection towards NPS for FY 2014-15, was projected as the ₹11.00 lacs. The actual expenditure towards contribution to NPS for FY 14-15 for company cadre employee comes out to ₹ 8.59 lacs. The variation in projected and actual amount is due to NPS contribution of Sub-LDC Bhopal & Sub-LDC Indore, which are not showing in trial balance of SLDC for FY 14-15. The details of projected contribution towards NPS are submitted in Annexure-6.”

- (xi) **Issue:-** In Form F-4, SLDC has claimed ₹ 95.16 lacs for FY 2016-17 under the head of “**Interim Relief/ Wage Revision Arrears**” whereas, the expenditure for FY2014-15 and FY 2015-16 under this head is nil. Further, Note-10 of the financial statements for FY13-14 shows that the employee benefit expenses include wage revision arrears of ₹26.61 lacs for which provisions are already made in MPPTCL Accounts. Detailed reasons for considering this estimate in the subject petition be explained.

Response:- “Regarding projection of expenses under the head “interim relief/wage revision arrears”, it is submitted that the projection have been made in view of impending pay revision as per recommendation of 7th pay commission. The payment of arrears of 6th pay commission got completed in July-2015. As mentioned in Para 7.1 of Petition, it is expected that recommendation of 7th pay commission is likely to be implemented during the FY 16-17. Therefore, provision towards increase in salary

due to implementation of 7th Pay commission has been considered as 10% of the Basic Pay & Grade Pay of working employees. The provision of ₹ 95.16 lacs has been shown under the head “Interim Relief/Wage Revision Arrears” in Form F-4 and details of projection are mentioned in Annexure-6.

Further, it is submitted that as per approval of GoMP, Energy Department, Bhopal vide no. 10610/2014/XIII, Bhopal dtd 09.11.2015, MPPGCL vide L.No. ED(HR&A)/MPPGCL/DS-IV/5264 dated 23.11.15 & MPPTCL vide L.No. AS/MPPTCL/II/3721 dated 30.12.2015, the policy of grant of benefit of Third Time Scale pay has been formulated with effect from 01.09.2015, for all those employees, who have either been transferred and absorbed from erstwhile MPSEB or appointed by the Company. However, no provision has been made in the employee cost projection for FY 16-17. The actual expenses shall be consider in true-up for FY 16-17. Hon’ble Commission is requested to kindly consider the projection of ₹95.16 lacs towards pay revision as per recommendation of 7th Pay commission.”

- (xii) **Issue:-** The petitioner has considered the expenses for “Apprentice and other training” in employee expenses whereas the training expenses are the part of A&G expenses in its Financial Statements. This needs to be clarified.

Response :-“The training expenses are shown in Employee expenses under head “Apprentice and other training” in compliance to the prescribed format of Form F4 of the regulation for levy & Collection of Fee & Charges”

- (xiii) **Issue:-** In Form F-5 filed with the petition, SLDC has submitted the break-up of Administrative and General (A&G) Expenses. The break-up of MPERC Annual Fees and WRPC Annual Charges be submitted.

Response:- “The submitted projection of ₹ 13.00 Lac towards MPERC Annual Fees and WRPC Annual charges comprises of ₹ 1.00 Lac towards MPERC Fee for filing petition, ₹ 10.70 Lac towards WRPC Annual charges and miscellaneous incidental charges of ₹ 1.30 lacs. The WRPC charges has been workout considering 10% increase on current year FY 15-16 charges of ₹9.72 Lacs i.e approx ₹ 10.70 lacs.”

- (xiv) **Issue:-** The documents in support of the expenditure claimed towards hiring of vehicles and Security/ Service Charges paid to outside agencies be submitted.

Response:- “The order copy of deploying armed security services at SLDC Jabalpur and order copy of hiring of vehicle are enclosed herewith as Annexure-7 & Annexure-8”.

- (xv) **Issue:** -The actual expenditure of ₹ 3.61 lacs is shown under the head of “Hiring of Vehicles” whereas, the projected and proposed expenses on this head are ₹ 10.80 lacs and ₹10.80 lacs for FY2015-16 and FY2016-17 respectively. The reason for high projections under this head be submitted.

Response :- “The projection of ₹ 10.80 lacs for FY 15-16 & FY 16-17 has been made on the basis of current vehicle charges of one vehicle provided for CE (SLDC) and provision for 2 more vehicle for SLDC/Sub-LDC has also been made. The provision has been made amounting to ₹ 30000/- per month per vehicle for 3 No. of Vehicle. In FY 14-15 expenditure is shown ₹ 3.61 lacs for hiring of one vehicle only.”

- (xvi) **Issue:-** As per Financial Statements, telephone/fax etc. expenses for FY 2015-16 are about six times the actual expenses in FY2014-15. The reason for claiming high expenses on this head be submitted.

Response :- “The projection towards Telephone/Fax Charges for FY 2016-17 has been made on the basis of existing communication facility, proposed additional communication facility (Broad Band/FTTH Interne Facility at Back-up SLDC at Bhopal and Communication facility at residence of concerned officers) & postage/Telegram/Fax charges. The details of Communication and postage expenses has been mentioned in Annexure-AG 1 of petition page no. 60”.

- (xvii) **Issue:-** The consultancy charges of ₹10 lacs are claimed for FY2016-17 whereas, the actual consultancy charges were shown as ₹ 0.03 lacs in FY2014-15. The reason for claiming higher consultancy charges in FY 2015-16 be explained.

Response:- “The projection of ₹ 10.00 lacs has been made towards consultancy charges for FY 2016-17. The provision is made to meet out the expenses, if required towards obtaining consultancy services for Renewal of ISO 9001:2008 certification of SLDC, for Energy Audit & preparation of scheme for future project like WAMS/SCADA system/master communication system and for renovation & modernization of SLDC building etc.”

(xviii) **Issue:-** The petitioner has filed ₹ 97 lacs against “Electricity Charges to Offices” whereas, the expenses under this head for FY2014-15 and FY2015-16 are shown as nil in Form F-5. The Financial Statements for FY2014-15 do not indicate any expenditure under this head. The basis for claiming these expenses be submitted.

Response :- “The provision for electricity charges has been made on the basis of actual electricity charges of SLDC Jabalpur for current year, expected consumption of backup SLDC being established at Bhopal. At present the electricity bills of SLDC Jabalpur are adjusted in books of accounts of Discom through MPPTCL, the actual expenses on electricity charges are not shown in trial balance of SLDC. The provision of electricity charges are made to meet the expenses if required to be paid by SLDC.”

(xix) **Issue:-** The actual expenditure in FY2014-15 under the heads of “Miscellaneous Expenses” and “Purchase related advertisement” were ₹0.47 lacs and ₹ 2.63 lacs respectively whereas, the expenses on these heads are projected very high in FY2015-16 and FY2016-17. The reasons for high projections of these expenses be submitted.

Response :- “The projection of ₹6.00 Lacs under Miscellaneous expenses has been made to meet out any contingent, petty expenses related to Administrative & General category of expenses. Similarly, a projection of ₹5.00 lacs has been made to meet out advertising expenses on publication NIT etc. under the category “purchase related advertisement”. The projection has been made on the lump sum basis”.

(xx) **Issue:-** During FY 2014-15 Repair and Maintenance expenditure on building and civil works has been ₹ 9.99 lacs. However, the petitioner has estimated/ projected ₹39.90 lacs and ₹43.60 lacs on these expenses for FY 2015-16 and FY 2016-17, respectively. The reasons for high projection be submitted.

Response:- “The actual expenditure of ₹ 9.99 Lac shown under civil maintenance head, during the FY 2014-15, comprises of routine maintenance works such as General upkeep of SLDC Building, vitrified tiles on floor, misc. civil works and routine maintenance works.

The projections of ₹ 39.90 Lacs has been made towards building and civil works under the Repair and maintenance expenses for the FY 2015-16. The projection has been made towards housekeeping charges of SLDC building and various civil work

proposed by civil department for every year. The work of replacement of MS window frames by Aluminium frames has been completed and the work related to repair of stairs, cable trench for LT supply is in progress. The booking of actual expenditure shall appear in FY 15-16 & FY 16-17.

Regarding the projection for FY 16-17, It is submitted that the projected amount ₹43.60 lacs include routine maintenance works of building and also housekeeping charges is for SLDC, backup SLDC building at Bhopal and New Sub-LDC building at Indore. The details of misc civil maintenance works proposed during FY 16-17 are as given below:-

Proposed Civil Maintenance Work 2016-17		(in ₹lacs)
Sr.No.	Description of work	Amount
1	<i>General upkeep of SLDC/Sub-LDC Building & Garden.</i>	14.70
2	<i>Construction of retaining wall.</i>	6.00
3	<i>Replacement of doors & doors frames in SLDC Building.</i>	4.00
4	<i>Providing and fixing marble/tiles on step of stairs i/c other related works SLDC</i>	3.00
5	<i>Internal/external white washing, distempering, painting etc. of SLDC building.</i>	6.40
6	<i>Maintenance of Office Chambers</i>	2.00
7	<i>Miscellaneous repairing and day to day maintenance works</i>	3.00
8	<i>Maintenance, Improvement of sanitation system/ water supply system</i>	2.00
9	<i>Development of garden and land scaping</i>	2.50
SUB TOTAL		43.60

The projections ₹ 43.60 Lacs for FY 2016-17 for Civil and building maintenance work are on the basis of proposed O&M work during the year. In view of above, Hon'ble commission is requested to approve total R&M projections of ₹ 131.13 Lacs for FY 16-17.

(xxi) Issue:- The “Adjustment and Deduction” of a much higher amount of ₹ 78.84 lacs in GFA is shown in Form No. F7 filed with the petition. The details and the reasons for the aforesaid amount be submitted.

Response :- “The total addition of ₹ 74.84 lacs and total deduction of ₹ 74.83 lacs under the head “Adjustment and Deduction” have been shown which is net effect of addition of amount of ₹ 0.01 Lacs which is shown due to identification and compilation of Fixed Assets of SLDC received through final OBS as on 01.06.2005”.

- (xxii) **Issue:-** The actual expenses on interest and finance charges for FY2014-15 is observed as nil. SLDC has not taken any working capital loan and has consequently not incurred any expenses for interest on working capital. The cumulative available balance of Capex fund is shown as ₹ 587.44 lacs as on 31/03/2015. SLDC is required to submit its projected revenue gap if any, and also to inform that any working capital is projected to be raised during FY 2015-16.

Response :- “MPERC (Levy & Collection of SLDC fee & charges) Regulation-2004, 9.9 (ii) provides that IWC shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or exceeded the working capital loan based on normative figures. The IWC amount of ₹ 17.07 Lacs has been projected in ARR in accordance with above regulation.

As regard to revenue gap, five year’s year wise projections for availability of fund from 50% of Operation & Scheduling charges, requirement of fund for the proposed Capital works and cumulative surplus by end of year is mentioned in para 3.1 of this letter. Looking to the availability of capex fund and proposed capital works at SLDC, there is no shortage of fund. Accordingly, no working capital is proposed to be raised during FY 2015-16.”

15. Apart from its response to each issue raised by the Commission, SLDC has also mentioned the following in its additional submission:

“SLDC would make this submission that as per MoP, GOI Letter dated 06.05.2014 and CERC Order dated 05.11.2015 in Petition No. 197/MP/2015, Railway is a deemed licensee under third proviso to section 14 of the Electricity Act 2003. Further, Hon’ble MPERC vide L.No. MPERC/D(L&R)/02 dated 01.01.2016, has issued directives to Railway for necessary compliance of MPERC Regulation “The condition of distribution licensee for distribution licensee (including deemed licensee), 2004”.

Further, it is submitted that details of Distribution licensee have been submitted in Form F-1, F-3, T1a, T1b & T1c of the petition. However, the details of Railway as licensee, has not been mentioned in the above formats of the petition. As per Regulation 11.2 of MPERC ((Levy & Collection of Fee & Charges by SLDC) Regulation 2004, the allocation of charges to the individual licensees and open access customers having the long-term agreements shall be in proportion of share allocation to the total transmission capacity determined by the Commission. If

required, the Form F-1, F-3, T1a, T1b & T1c of the petition shall be revised as per directives of Hon'ble Commission”.

16. Vide letter dated **12th January’ 2016**, SLDC submitted the draft public notice on the gist of petition in English and Hindi version to invite the comments /suggestions from various stakeholders.
17. Vide Commissions letter No. 151 dated **23rd January’ 2016**, SLDC was directed to publish the public notice as approved by the Commission in English and Hind newspapers within three days. The public hearing in the subject matter was fixed on **08th March’ 2016**.
18. Vide letter No. 07-05/E&T/645-XIII/790 dated **08th February’ 2016**, it was confirmed by SLDC that it has published the public notice in the following English and Hindi newspapers on 30th January’2016:
 - (i) Indore – Indore Samachar (Hindi)
 - (ii) Bhopal – Hindustan Times (English)
 - (iii) Jabalpur – Nav Bharat (Hindi)

The last date for offering comments/suggestions/objections on the petition was **29th February’ 2016**.

19. Vide letter dated **02nd March’2016**, SLDC informed that it has received no comment in the subject matter. This office also has not received any comment in the matter.
20. Public hearing in the matter was held on **08th March’ 2016** in the court room of the Commission. Only the representatives of SLDC appeared in the public hearing.
21. Vide letter No. 5396 dated **05th March’ 2016**, received in the office of the Commission on **08th March’ 2016**, after holding the public hearing in the subject petition, SLDC filed an additional submission mentioning the following:

“The form no. F1, F3, T1a, T1b & T1c has been revised to include West Central Railway as deemed licensee in the state of MP.”

On perusal of the above letter filed without any affidavit, the following has been observed:

The contents in the aforesaid additional submission were neither filed in the petition nor submitted with any additional submission before publication of the public notice in newspapers seeking comments/objections from stakeholders. Therefore, the aforesaid contention of the petitioner has not been placed in the public domain through public notice on the petition. Further, the above additional submission was received in the office of the Commission after the public hearing. Therefore, the request made by SLDC through this additional submission is not considerable in this order.

Fee and Charges for FY 2016-17

Capital Cost

22. Petitioner's Submission:

The petitioner broadly submitted the following:

“The 5 years rolling capital expenditure plan of SLDC for the period from FY 2012-13 to FY 2016-17 has already been approved by the Commission vide order dated 10th April 2013.

The capital works in progress and proposed to be implemented during FY 15-16 to FY 19-20 have been summarized in Annexure-CPI.

The year wise summary of fund requirement for capital expenditure as well as availability of capex fund is given below:-

Year wise proposed requirement as well as availability of fund in ₹ Lakhs							
Sr.No	Particulars	2015-16	2016-17	2017-18	2018-19	2019-20	TOTAL
1	Availability of fund for Capex (Projected)	148.00	160.00	176.00	193.60	212.96	890.56
2	Previous year Balance	572.44	346.93	224.43	374.43	568.03	572.44
3	Total Capex Available (1+2)	720.44	506.93	400.43	568.03	780.99	1463.00
4	Capex Requirement	163.51	492.50	26.00	0.00	0.00	682.01
5	Cumulative Surplus (3-4)	556.93	224.43	374.43	568.03	780.99	780.99

As the Capital works related to development of infrastructure, augmentation/ replacement of existing ABT system and major civil work at SLDC & Sub-LDCs are to be taken up in the near future and it is continuous process for development of infrastructure. Accordingly, the capex plan was reviewed and following is submitted:

- (1) *It is to mention that in the capax plan of SLDC the work regarding “Supply, Installation, Testing & Commissioning of Availability Based tariff, Open Access & MIS System” was proposed in FY 13-14 and FY 14-15. However, the proposed ABT & EA system is required to be integrated with AMR system and SCADA/EMS system which was required to be integrated with AMR system which was under commissioning stage. Accordingly, the work of “Supply, Installation, Testing & Commissioning of Availability Based tariff, Open Access & MIS System” was got deferred. As the AMR system has already been implemented, the tenders for “Supply, Installation, Testing & Commissioning of Availability Based Tariff, Open Access & MIS system ” have been issued. It is expected that the new ABT & EA system shall be implemented during FY 2015-16 and 2016-17. Accordingly, provision of ₹ 50.00 Lakh in FY 15-16 and ₹ 350.00 Lakh in FY 16-17 is proposed in capex plan for this work.*
- (2) *The capex plan was submitted to honorable Commission along with the petition of FY13-14 i.e. submitted by around three years back. The requirement mentioned in capex plan were tentative. At the stage of execution of civil works, the detailed estimates are prepared and the scope of work is reviewed. The details of civil works were submitted to Hon’ble Commission in the previous year petition for Levy & Collection of Fee & charges by SLDC for FY 2015-16. A summery of the same with updated status is resubmitted below:-*
- (a) *The provision for renovation of toilets at SLDC was made in capex plan for FY 13-14 considering thee number of toilets to be renovated. However, at present renovation of all five toilets is required . The estimated cost for renovation of five no. toilets works out to ₹ 15.00 Lakh. Further, the work is proposed to be initiated in FY 15-16 and shall be completed in FY16-17, accordingly a provision of expenditure amounting ₹ 1.00 Lakh in FY 15-16 and ₹ 14.00 Lakh in FY 16-17 is submitted in capex plan for this work.*
- (b) *The provision of ₹ 30.00 Lakh for “construction of shed over roof of SLDC building “ was made in capex plan for FY 14-15. However, on the basis of PWD SOR and estimated cost of the work got increased to ₹. 36.00 Lakhs. Further, the work is now proposed to be initiated in FY 15-16 and shall be completed FY 2016-17. Accordingly a provision of expenditure amounting ₹20.00 Lakh in FY 15-16 and ₹ 16.00 Lakh in FY 16-17 is submitted in capex plan for this work.*

(c.) Regarding, “ Construction of mazzenine floor above the old reflecting pond and its furnishing, installation and commissioning of lift & other related works in existing building of SLDC Nayagaon, Jabalpur ,“ a provision of ₹40.00 lakh was made during FY 14-15 in the capex plan. The revised estimated cost of ₹ 66.5 lakh, due to availing services of an architect, was submitted in previous year Petition for FY 2015-16. Further, on the basis of PWD SOR, the estimated cost of ₹ 66.5 lakh got revised to ₹ 75.50 lakh. Accordingly provision of ₹ 15.00 lakh in FY 15-16 and ₹ 60.50 lakh in FY 16-17 for “ Construction of mazzenine floor above the old reflecting pond and its furnishing, installation and commissioning of lift & other related works in existing of SLDC building Nayagaon, Jabalpur “ is submitted in capex plan for SLDC.

The capex plan to accommodate above mentioned requirement and revised work schedule is detailed in annexure CP-1 enclosed herewith.

23. In Annexure-1 of its additional submission dated 12th January’ 2016, the petitioner submitted the year-wise details of fund marked for Capex out of the Operation & Scheduling charges and the details of actual Capital expenditure for FY 2006-07 to 2014-15 as given below:-

Yearwise Details of Fund marked for capex fund out of Operation & Scheduling charges			
<i>Amount in ₹ Lakhs</i>			
<i>Financial Year</i>	<i>Operation & Scheduling Charges.</i>	<i>50% of O&S treated as Income</i>	<i>50% of O&S treated as Capex</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
2006-07	39.18	19.59	19.59
2007-08	67.64	33.82	33.82
2008-09	125.37	62.69	62.69
2009-10	151.57	75.79	75.79
2010-11	202.92	101.46	101.46
2011-12	185.43	92.72	92.72
2012-13	265.63	132.82	132.82
2013-14	265.74	132.87	132.87
2014-15	364.00	182.00	182.00
Total	1667.48	833.74	833.74

<i>The Details of Actual Capital Expenditure for the FY 2006-07 to 2014-15.</i>				
<i>(Amount in Lakhs of ₹)</i>				
<i>Financial Year</i>	<i>Category of Expenditure (A/C Code)</i>			<i>Year wise Total</i>
	<i>Fixed Assets (10)</i>	<i>Capital works in progress (14)</i>	<i>Capital Advance</i>	
2006-07	25.66			25.66
2007-08	14.73			14.73
2008-09	5.96	0.9		6.86
2009-10	0			0
2010-11	28.82			28.82
2011-12	9.43	61.89		71.32
2012-13	1.83	42.92	7.8	52.55
2013-14	92.55	-41.27	0	51.28
2014-15	22.73	-8.69	-7.8	6.24
Total	201.71	55.75	0	257.46

24. Subsequently, vide affidavit dated 11th January' 2016, SLDC slightly modified the figures of Previous year balance amount as ₹576.29 lacs against previously reported figures of ₹ 572.44 lacs in its original petition and accordingly modified table regarding year-wise proposed requirement as well as availability of fund (in ₹ lacs) as below:

<i>Sr.No</i>	<i>Particulars</i>	<i>FY 2015-16</i>	<i>FY 2016-17</i>	<i>FY 2017-18</i>	<i>FY 2018-19</i>	<i>FY 2019-20</i>	<i>TOTAL</i>
1	<i>Availability of fund for Capex (Projected)</i>	148.00	160.00	176.00	193.60	212.96	890.56
2	<i>Previous year Balance</i>	576.28	560.77	228.27	378.27	571.87	576.28
3	<i>Total Capex Available (1+2)</i>	724.28	720.77	404.27	571.87	784.83	1466.84
4	<i>Capex Requirement</i>	163.51	492.50	26.00	0.00	0.00	682.01
5	<i>Cumulative Surplus (3-4)</i>	560.77	228.27	378.27	571.87	784.83	784.83

25. **Provisions in Regulations:**

Regulation 9.3 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulation, 2004, (Revision – 1, 2006) provides as follows:

“Scrutiny of the cost estimates by the Commission shall be with regard to the reasonableness of the capital cost, financing plan, interest during construction, use

of efficient technology, and such other matters which have an impact on the charges and the Commission may obtain expert advice as deemed necessary.

Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the original cost. Before allowing the loss due to sale of the retired assets a detailed examination regarding the justification for each and every asset item retired prior to the completion of useful life shall be carried out.”

26. Commission’s Observations:

The petitioner has claimed the projected capital expenditure of ₹ 492.50 Lacs for FY 2016-17. Detailed break-up of capital works projected during FY 2016-17 as submitted by the petitioner are as given below:-

S.No.	Particulars	Proposed Expenditure during FY 2016-17 (Amount in ₹ lacs)
1	Construction of Additional Floor in Sub-LDC Office building at 400kV S/s Indore with Facility for air conditioning, fire alarm etc.	17.00
2	Construction of shed over roof of SLDC Building	16.00
3	Renovation of remaining toilets in SLDC Building	14
4	Construction of mazzenine floor above the old reflecting pond and its furnishing, lift and other related work in existing of SLDC Nayagaon.	60.5
5	Cutting of rock &levelling near the boundary wall to develop the premises & construction of pathway around SLDC Building	7.00
6	Providing peripheral lighting arrangement around SLDC Building.	5.00
7	Supply, Installation, testing & Commissioning of Availability Based Tariff, Open Access & MIS System	350
8	Fire Hydrant arrangement, drilling of tubewell, Installation of pumps etc.	15.00
9	Construction of Additional parking space	8.00
	Total	492.50

27. Vide tariff order dated 10th April’ 2013 for FY 2013-14, the Commission approved five year Capex plan of SLDC from FY 2012-13 to FY 2016-17. The year-wise

requirement & availability of fund for capex works for the next five years in the aforesaid order is as given below :

Year wise proposed requirement as well as availability of fund in (₹ Lacs)							
Sr. No	Year	2012- 13	2013-14	2014-15	2015-16	2016-17	Total
1	Availability of fund for Capex	100.00	115.00	132.25	152.09	174.90	674.24
2	Previous year Balance	240.41	248.19	70.59	-6.16	140.93	
3	Total Capex Available (1+2)	340.41	363.19	202.84	145.93	315.83	
4	Capex Requirement	92.22	292.60	209.00	5.00	30.00	628.82
5	Cumulative Surplus (3-4)	248.19	70.59	-6.16	140.93	285.83	

- The balance Capex fund at the end of each year is carried forward to meet out the Capex requirement for the subsequent years.
- In its tariff order for FY2013-14, the Commission accorded in-principle approval of the above mentioned Capex plan subject to the certain conditions stipulated in the order.
- In Format F15 of the petition, the petitioner filed the actual capital expenditure for FY2014-15 and FY2015-16. Detailed break-up of the actual capital expenditure filed in the petition is as given below:

SN	Particular	Expenditure during the year (₹ in lacs)
A	Financial Year 2014-15	
A1	Capital works completed during current financial year	
1	Replacement of existing fire Alarm System at SLDC Jabalpur by New one.	0.00
2	Partitioning and furnishing of Mazenine Slab	0.00
3	Office Equipments At SLDC & Sub SLDC	0.00
	(a) Purchase of Spares for office equipment	0.06
	(b) Purchase of verticile venation blinds	0.98
	(c) Purchase of steel & Racks	1.74
	(d)Purchase of Office Personal Computer	2.12
	(e) Purchase of Laser Printer &Scanner	0.26
	Sub-Total (A)-1	5.16

A2	Capital works in progress/proposed in current Financial Year	
4	CWIP Replacement of False ceiling and electrification system at SLDC	0.15
	Sub-Total (A)-2	0.15
B	Financial Year 2015-16	
1	CWIP Replacement of False ceiling and electrification system at SLDC	5.51
2	Office Equipments At SLDC & Sub SLDC	5.00
3	Construction Additional Floor in Sub-LDC Office building at 400KV S/S Indore with facility for air conditioning, fire alarm etc.	55.00
4	Providing Electronic Security system, Access Control & Metal Detectors in SLDC.	8.00
5	Providing Split AC at SLDC	4.00
6	Construction of shed over roof of SLDC building	20.00
7	Renovation of remaining toilets in SLDC Building.	1.00
8	Construction of mazzanine floor above the old reflecting pond and its furnishing i/c lift & other related works in existing of SLDC Nayagaon, Jabalpur	15.00
9	Supply, Installation, Testing & Commissioning of Availability Based Tariff, Open Access & MIS System	50.00
	Sub-Total (A)	163.51

- On perusal of the year wise capex approved by the Commission vis-a-vis the actual capex filed by SLDC, it is observed that SLDC has completed the works of ₹22.73 lacs only against the works of ₹209.00 lacs approved by the Commission for FY 2014-15 in the Capex Plan.
 - Vide Commission's letter dated 28th December' 2015, the petitioner was asked to file the reasons for shortfall in achievement of Capital works against its self derived plan and how the proposed Capex shall be mapped on the Capex plan approved by the Commission for the subsequent years.
28. By affidavit dated 11th January'2016, SLDC filed the details of capital works completed during FY 2014-15. The petitioner also filed the details of approved capital work, reason for delay and actual expenses during FY 2014-15. These details are mentioned in **Para 14** of this order.
29. The Commission observed that the availability of fund with the petitioner for capex is adequate for the actual/projected capex works. The petitioner is directed to expedite the capex works and utilization of its capex fund available with it.

30. The five year Capex plan of SLDC was approved by the Commission for the period of FY 2012-13 to FY 2016-17. The last financial year of the aforesaid five year Capex is FY 2016-17 for which this tariff order is being issued. The Commission has observed the following on review of the existing five year Capex plan:

- (i) SLDC is able to complete the works against Capex in the range of 2.98% to 56.98% of the Capex approved in five year plan for FY 2012-13 to FY 2014-15 whereas, it has projected unrealistic quantum of works in FY 2015-16 and FY 2016-17 against those approved in these financial years. The status of works completed or projected in the Capex Plan along with percentage achievements during each year is as given below:

S No	Particulars	FY2012-13	FY2013-14	FY2014-15	FY2015-16	FY2016-17	Total
1	Capex approved in Five Year Plan (₹ in lacs)	92.22	292.60	209.00	5.00	30.00	628.82
2	Works completed/projected to be completed in each year(₹ in lacs)	52.55	51.28	6.24	163.51	492.50	759.84
3	% Achievement	56.98%	17.52%	2.98%	3270.2%	1641.67%	120.83%

- (ii) SLDC has anticipated the works of ₹350 lacs, in FY 2016-17 for supply, installation, testing and commissioning of availability based tariff, open access and MIS system which were to be executed on priority but planned for the last financial year of the five year Capex plan.
- (iii) The observations of the Commission on the execution status of the five year Capex plan have been communicated to SLDC seeking its response on all such observations. The observations and the reply of SLDC are recorded at para 14(ii) of this order.

31. In view of the above, SLDC is directed to prepare a realistic capital expenditure plan for next five years and file the same with the Commission along with the petition for Levy and Collection of Fee and Charges for FY 2017-18 keeping in view of the observation of the Commission in this order.

Levy of SLDC Charges:

32. As per clause 9.2 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulation, 2004, (Revision – 1, 2006) SLDC charges are to be determined based on the following operating expenses:
- O&M Expenses comprising Employee Cost, Administration and General Charges and Repairs and Maintenance expenses,
 - Depreciation on Assets,
 - Interest and finance charges, where loans are identified against capital expenditure
 - Interest on working capital, if any,
 - Return on equity for equity contributions identified for capital expenditure
 - Taxes and duties, and
 - Capital Cost

Operation and Maintenance Expenses:-

Provision under Regulations:

33. Clause 9.8 of MPERC (Levy and Collection of Fee and Charges by SLDC) Regulations, 2004,(Revision-I, 2006) provides as under:
- (i) *‘Operation and Maintenance or O&M expenses’ shall mean expenditure on manpower, repairs, spares, consumables, office administration and general.*
- (ii) *Operation and maintenance expenses shall be determined as per actual expenditure incurred by SLDC.*

Employee Cost:-

Petitioner's submission:

34. With regard to the Employee Cost, the petitioner broadly submitted the following in para 7.1 of the petition:
- The employee cost for FY 16-17 has been worked out for the working strength at SLDC & Sub-LDCs as on 31-10-2015 including the salary projection of two Assistant Engineers towards two executive trainees who are posted at SLDC and are likely to be posted at SLDC after completion training. As per recommendations of “Manpower, Certification and Incentive for system operation and ring fencing Load Despatch Centres”, basic level training and specialist level Certification course for Load Despatch system operation is under progress. Presently 66 engineers have completed basic level training towards System Operation. The specialist training*

comprises of four category “Power System Reliability”, Regulatory frame work in Power Sector”, Power System Logistics” & “Renewable Energy sources and Grid”. At present 27 officer have completed the training under category “Power System Reliability”, Two engineers will be undergoing training under category “Power System Logistics” up to March-2016, and six engineers under the category “Renewable Energy sources and Grid” up to March -2016. Accordingly, lump sum projection for training on specialist level and management level training programs have been made during FY 2016-17. As per recommendation of Pradhan Committee constituted for “Man Power Certification and Incentives for System Operation and Ring Fencing Load Despatch centre”, the engineers who have completed training are to be considered for certification linked incentive. However, provision for certification based incentive is not made in employee cost for FY 2016-17 and it is proposed that the same shall be adjusted in true up, if required to be paid.

Further, it is submitted that the recommendation of 7th pay commission is likely to be implemented during FY 2016-17. Therefore, provision towards increase in salary due to implementation of 7th pay commission has been considered as 10% of the salary of working employees.

The total employee cost works out to ₹1127.92 Lakhs (Form-F4). The provisions for vacant posts, terminal benefit on retirement (pension, gratuity and EL encashment on retirement) have not been considered in the projected employee cost and it is proposed that the same shall be adjusted in true up, if required to be paid.

Commission’s Analysis:

35. The petitioner filed the projected employee expenses of ₹1127.92 Lacs for FY2016-17. The component wise break-up of employee cost is given by the petitioner in Format F4 of the petition.
36. Vide Commission’s letter dated 28th December’ 2015, the petitioner was asked to file the justification on employee related expenses like wage revision arrears, DLI/NPS (pension schemes), training expenses etc.
37. By affidavit dated 11th January’ 2016, the petitioner filed its detailed reply on each issue raised by the Commission, which has been elaborated in **para 14** of this order. On perusal of the response filed by the petitioner, the Commission has noted the following:

- The expenses towards wage revision arrears are paid by MPPTCL and these are not recorded in the trial balance of SLDC. Therefore, the petitioner did not claim these expenses while truing up of employee cost for FY 2014-15. These expenses are claimed in the subject petition for FY 2016-17 only to have a contingent provision. M.P. Power Transmission Company Limited Jabalpur has been paying the expenses towards wage revision arrears of SLDC also and these expenses have been recorded in the books of accounts of MPPTCL up to FY2014-15. In view of the aforesaid reasons, the amount of ₹95.16 lacs towards wage revision arrears of SLDC, which is not recorded in its trial balance, is not considered in this order. However, the actual wage revision arrears if any, paid by the petitioner for FY 2016-17 shall be considered while truing up of its ARR for FY 2016-17 after prudent check.

38. In view of the above, the details of employee related expenses considered in this order for FY2016-17 are as given below:

S. No.	Particulars	Amount (₹lacs)
1	Employee expenses filed by the petitioner	1127.92
2	(Less) Provision towards wage revision arrear	(-) 95.16
	Employee expenses considered by the Commission	1032.76

Administration and General Expenses:

Petitioner's Submission:

39. With regard to Administration and General expenses (A&G), the petitioner has submitted the following:

The Administration and General expenses for SLDC and Sub LDCs for the year 2016-17 works out to ₹188.26 Lakhs (Form-F5). The above A&G projection comprises of Communication charges, consultancy charges, travelling expenses, Security service charges, , Vehicle hire charges, books & stationery, WRPC fee, MPERC fee, advertisement expenses, legal charges and Electricity expenses. At present electricity bills of SLDC office is being adjusted in the books of account of Discom through MPPTCL. Therefore actual expenses of Electricity charges are not shown in SLDC Trial Balance of previous years and Hon'ble Commission has also disallowed the electricity charges in the ARR of SLDC. However, a provision for electricity charges has been made in the ARR on the basis of actual electricity charges of SLDC Jabalpur for current year and expected consumption of backup

SLDC being established at Bhopal.

It is submitted that electricity charges of SLDC Jabalpur and backup SLDC Bhopal may also be considered in the A&G expenses of SLDC for FY 2016-17.

Commission’s Analysis:

40. The petitioner has filed ₹188.26 lacs under Administration and General expenses. The detailed break-up of these expenses are given in Format F-5 of the petition. Vide Commission’s letter dated 28th December’ 2015, the petitioner was asked to file its justification for amount of ₹97 lacs against “Electricity charges to offices” whereas, the expenses under this head for FY 2014-15 and FY 2015-16 were nil (as indicated in the petition). The financial statements for FY 2014-15 also do not indicate any expenditure on this head.
41. By affidavit dated **11th January’ 2016**, the petitioner submitted that the claims for electricity charges have been made on the basis of actual electricity charges of SLDC Jabalpur for current year, expected consumption of backup SLDC being established at Bhopal. The petitioner further submitted that at present the electricity bills of SLDC office are adjusted in books of account of Discom through MPPTCL. Also, the actual expenses of electricity charges are not recorded in trial balance of SLDC. During the scrutiny of earlier petition for FY 2015-16, it has been submitted by SLDC that the actual electricity expenses are adjusted in books & do not appear in its trial balance.
42. In view of the above, it is observed that the electricity charges to the offices of SLDC are not actually paid by the petitioner. Taking a consistent view on this issue, the expenses on this head are not considered in this order also.

The details of Administration and General expenses allowed for FY 2016-17 in this order are given as below:

S. No.	Particular	Amount (₹lacs)
1.	Administration and general expenses filed by the petitioner	188.26
2.	(Less) Provision towards electricity charges of offices	(-) 97.00
	Administration and general expenses considered in this order	91.26

Repair and Maintenance Charges:-

Petitioner's Submission:

43. In para 7.3 of the petition, the petitioner broadly submitted the following:

The Repair and maintenance expenses for the year 2016-17 are estimated to ₹131.13 Lakhs (Form-F6). This includes maintenance charges of SCADA/EMS & Wideband Communication system, AMC charges for ABT Computer System, Maintenance costs of Auxiliary Power Supply system, maintenance of system support services, maintenance of AC Plant and building. The provision for civil maintenance works mainly comprise of replacement of doors & doors frames, providing and fixing marble/tiles on step of stairs & other related works, retaining wall around SLDC building, white washing of SLDC building, maintenance of office chambers, improvement/strengthening of sanitation/water supply system, development of garden/landscaping etc. is also made during FY 16-17. The house keeping of proposed backup SLDC building and new Sub-LDC building which is under construction at present is also considered in R&M expenses for FY16-17 onward.

Regarding wideband communication system, it is submitted that the wideband communication equipments are being installed through PGCIL under “Master Communication Plan” (MCP) of western region and under “Unified Real Time Dynamic State Measurement Project” (URTDSM). At present the equipment under Phase I of MCP project have been made operational and the orders for MCP Phase II & URTDSM Phase I projects have been issued by Power grid and URTDSM Phase II order is under finalisation. Accordingly maintenance charges during one year warranty period (MCP-I) are considered. The contingency provision for maintenance charges of equipments are also considered for equipment to be installed under MCP-II and URTDSM.

Regarding the SCADA/EMS system, it is submitted that the SCADA/EMS equipments are being installed under “Replacement and upgradation of SCADA/EMS system of Western Region” project of Power grid. At present SCADA/EMS equipment are under testing & trial run. Accordingly maintenance charges of upcoming SCADA/EMS system during 3 Qtr of warranty period and one Qtr of AMC are considered in the R&M projection for FY 2016-17.

The five year R&M plan of SLDC and Sub LDCs for FY 15-16 to FY 19-20 is also annexed herewith as Annexure RM1.

Commission's Analysis:

44. The petitioner filed the Repair and Maintenance expenses of ₹131.13 lacs. Detailed breakup of repair and maintenance expenses for FY2016-17 is given in Format F-6 of the petition.
45. Issues raised by the Commission & response filed by SLDC on this head are mentioned in **para 14** of this order.
46. The Commission observed that the estimated increase in R&M expenses is mainly on account of Building and Civil Works. The projections have been made towards housekeeping of SLDC building and various works proposed by civil department. In view of the above, the R&M expenditure of ₹ 131.13 Lacs for FY 2016-17 is allowed in this order subject to true-up.

Return on Equity and Depreciation:

Petitioner's Submission:

47. The petitioner broadly submitted the following:
The GoMP has identified the assets of SLDC as a part of MPPTCL. The depreciation has been worked out to ₹90.06 Lakhs (Form F7) using Straight Line Method as per rates and in the manner prescribed in the Electricity Act 2003. The ROE has been worked out to ₹40.82 Lakhs based on normative debt to equity ratio as 70:30. The Income Tax provision are also worked out to ₹13.24 Lakhs. However, in line with the orders passed by Hon'ble Commission for levy & collection of fee & charges for FY 08-09, these charges are not included in the Annual Revenue Requirement of SLDC for the FY 16-17.

Provisions in Regulation:

48. Regulation 9.4(i) and 9.6 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulation, 2004,(Revision-I, 2006) provides that,

“Return on equity shall be computed on the equity contributions specifically made for SLDC and shall be 14% (post tax) unless the Commission allows a lower level for reasons to be recorded.”

“For the purpose of determination of charges, depreciation shall be computed in the following manner:

The value base for the purpose of depreciation shall be the historical cost of the

assets, i.e. actual expenses limited to approved /accepted capital cost:

Provided that the Consumer contribution or capital subsidy / grant etc for asset creation shall be treated as per the accounting rules notified and in force from time to time.

The approved/accepted cost shall include foreign currency funding converted to equivalent rupee at the exchange rate prevalent on the date of foreign currency actually availed.

Depreciation rates for determination of allowable depreciation shall be as per CERC notification. The existing rates are given in Annexure 3 of these regulations.

Provided that the total depreciation during the life of the asset shall not exceed 90% of the original”

Commission’s Analysis:

49. The Commission observes that no Depreciation & RoE is claimed by the petitioner as no separate opening Balance Sheet for SLDC has been notified by the Govt. of M.P. in its order dated 12th June’ 2008. The Commission accepts the petitioner’s submission and no amount for depreciation and RoE is approved in this Order.

Interest on Working Capital:

Petitioner's Submission:

50. The petitioner broadly submitted the following:
“The working capital has been computed considering the expenses for Employee cost, A&G, R&M and IWC. The monthly working capital comes out to ₹121.94 Lakhs.

As per third amendment in regulation of SLDC fee and charges notified on 19th Nov 2010, the Rate of interest on working capital has to be considered on normative basis equal to the Base Rate of State Bank of India as on 1st April of the year plus 4%. Accordingly the rate of IWC has been taken as 14 % (Base Rate 10% wef 1st April 2015). The IWC works out to ₹17.07 Lakhs (Form F8).

Provisions in Regulation:

51. Regulation 9.9 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulation, 2004,(Revision-I, 2006) provides that:

“The SLDC may generate the working capital on monthly basis equal to the amount

1/12th of the SLDC charges.

Rate of interest on working capital to be computed as provided subsequently in these regulations shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on April 1 of the current year plus 1%. The interest on working capital shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or has exceeded the working capital loan based on the normative figures.”

Commission’s Analysis:

52. The Petitioner filed the Interest on working capital of ₹17.07 Lacs in the subject petition. The petitioner has not filed any Interest and finance charges on loan for capital works. On scrutiny of the petition, the Commission has observed that the petitioner has not taken any working capital loan from any agency and consequently has not incurred any expenditure on working capital.
53. During FY 2016-17, the Operation and Scheduling (O&S) charges are expected to be ₹256.00 Lacs. In the present petition, SLDC considered 50% of O&S charges i.e. ₹128.00 Lacs while calculating revenue from other charges for the purpose of ARR. The same practice has been followed in previous years also. SLDC’s actual expenditure on Capex has been much lower than the Capex fund available with it and this is the reason for availability of cumulative balance of Capex fund of ₹576.28 Lacs as on 31/03/2015 with SLDC.
54. By affidavit dated 11th January’ 2016, the petitioner submitted the following:-
“MPERC (Levy & Collection of SLDC fee & charges) Regulation-2004, 9.9 (ii) provides that IWC shall be payable on normative basis notwithstanding that the licensee has not taken working capital loan from any outside agency or exceeded the working capital loan based on normative figures. The IWC amount of ₹ 17.07 Lakhs has been projected in ARR in accordance with above regulation.

As regard to revenue gap, five year’s year wise projections for availability of fund from 50% of Operation & Scheduling charges, requirement of fund for the proposed Capital works and cumulative surplus by end of year is mentioned in para 3.1 of this letter. Looking to the availability of capex fund and proposed capital works at SLDC, there is no shortage of fund. Accordingly, no working capital is proposed to be raised.....”(emphasis supplied)

55. The Commission has observed that free reserves (in the form of unspent cumulative funds available for Capex) are adequate to meet the working capital requirement of SLDC. The Commission had not approved any interest on working capital in past tariff orders also on the above-mentioned reasons. Therefore, the Commission does not approve any interest on working capital for FY 2016-17 in this order. The Commission has considered the actual expenses incurred by SLDC in its True-up petition for FY 2014-15 filed with this petition. If any expenditure for interest on working capital is found actually incurred by SLDC, such claim may be considered subsequently by the Commission after prudent check in the true-up petition for FY2016-17.

Others - Payment of Statutory Taxes, Cess, etc.:

Petitioner's submission

56. The petitioner broadly submitted the following:
“The Fee and Charges to be levied and collected by SLDC from the licensees using the intra-state transmission system has been worked out exclusive of statutory taxes, levy, duty, CESS or any other kind of impost by the Government or any statutory authority. Such expenses, if any, shall be borne by the licensees using the intra-state transmission system and shall be adjusted in the subsequent years”.

Commission's Analysis

57. The Commission accepts SLDC's submission and such taxes, cess, etc will be dealt with appropriately as and when these shall be actually incurred and claimed in the true-up petition.

Income from Other Sources:

Petitioner's Submission:

58. The petitioner has submitted the following in para 7.9 & 7.10 of the petition:
“Earning of ₹256.00 Lacs has been projected as income from Scheduling & Operation Charges (50%), Connectivity Charges and Application processing fee from Short Term Open Access Customers (STOAC). (Form F1). The amount has been assessed on the basis of actual amount received during first half of current financial year.”
A lump sum provision for FY 15-16 for ₹ 3.50 lac has been considered in Form F2 towards Interest on flexi-fix current Account with Bank and other Misc Income.

Provisions in Regulation:

59. Clause 9.14 and 10 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004,(Revision-I, 2006) provides that,

“Income from all charges determined by the Commission for SLDC operations shall be considered as income. This income shall include all fee and charges as may be specified by the Commission under these regulations.”

The customers having the Long-Term agreements shall not be required to pay the System Operation and Scheduling Charges but they shall have to pay the charges for revising the schedule each time as determined by the Commission.

The system operation and scheduling charge as determined by the Commission on per transaction per day or part thereof basis shall be charged from all short-term open access customers using the State Transmission System and Distribution System, which shall be paid in advance every month. They shall also be required to pay the charges for revising the schedule each time as determined by the Commission.

Fifty percent (50%) of the revenue earned from Operation and Scheduling charges as per Regulation 10 from short-term customers above shall be retained by State Load Despatch Centre for Capital expenditure for the development of infrastructure at SLDC. The remaining 50% revenue shall be treated as income for computation of SLDC Fee and Charges for the following year. The SLDC shall maintain separate account for such earnings and shall have to disclose the details of investment made to the Commission at the time of determination of its annual revenue requirement.”

Commission’s Analysis:

60. The other Income mainly comprises revenue from other Fee and Charges, Scheduling & Operation charges, Connectivity charges and application processing fee etc. The petitioner filed estimated other income for FY 2016-17 as given below:-

S. No.	Particulars	Ensuing Year (16-17) (₹ lacs)
1	Scheduling & Operation Charges (50% as income)	160.00
2	Connectivity Charges	26.00
3	Application processing fee for STOAC	70.00
	Total	256.00

61. The Commission has observed the following actual other income from the Final Accounts of SLDC for the last five years:

(Amount in Lacs ₹)

Particular	FY	FY	FY	FY	FY	FY
	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Actual Other income considered in True-up orders	123.14	138.01	151.54	210.12	191.09	277.17

62. Based on the abovementioned position, the Commission observes that the actual other income has increased from ₹123.14 Lacs (as on 31st March'2010) to ₹277.17 Lacs (as on 31st March' 2015). Therefore, the Commission has considered ₹256 Lacs as SLDC's other income (as claimed by petitioner), for FY 2016-17 in this order. However, the actual other income shall be considered and adjusted appropriately while taking true up exercise for FY 2016-17.

True-up of SLDC Tariff Order for FY 2014-15 based on Final Accounts:

Petitioner's Submission:

63. *The petitioner in para 11 of the petition broadly submitted the following:
The expenses towards Employee cost, A&G and R&M for FY 2014-15, shown in forms of the petition for FY16-17, are on the basis of Financial Statements of SLDC for the FY14-15. Further, it is submitted that variation in the figures shown in Balance Sheet, Profit & Loss A/c and its notes to Financial statement for Financial Year 14-15 and the figures shown in formats of the petition, is due to following reasons.*

(Amount in Lakhs of ₹)

Particulars	Financial statement Ref.		Petition Ref.		Difference	Remark
	Note	Amount	Form No	Amount		
Employee Cost	10	882.07	F4	858.86	23.21	Explanation 1
A & G Expenses	12	45.55	F5	42.13	3.42	Explanation 2
SLDC charges	8	1235.38	F1	1053.48	181.90	Explanation 3

- *The employee cost of ₹858.86 Lakhs mentioned in Form F4 comprises of actual employee cost of ₹855.46 Lakhs and training expenses of ₹3.40 Lakhs. The employee cost of ₹882.07 Lakhs mentioned in Note 10 of financial statement comprises of actual employee cost of ₹855.46 Lakhs as well as the*

amount of ₹ 26.61 Lakhs approximately towards provision of wage revision arrears which is not mentioned in the form F4 of the petition. Further, the training expense ₹ 3.40 Lakh is shown in Form 4 as per standard format of the petition but the same is considered as A&G expenses and included in note 12 of financial statement. Therefore, actual Employee Cost of ₹ 858.86 Lakhs as mentioned in Form F4 is claimed for true up.

- The A & G expenses of ₹ 45.55 Lakh mentioned in Note 12 of Financial statement comprises of various A&G expenses of ₹ 42.13 Lakhs, the Banking charges of ₹ 0.02 Lakhs and the Training expenses of ₹ 3.40 Lakhs. The A&G expenses ₹ 42.13 Lakhs shown in form F5 are exclusive of banking charges and Training charges because the banking charges are shown in Form F8 and training charges are shown in Form F4. Therefore, A&G expenses of ₹ 42.13 Lakhs as mentioned in Form F5 are actual expenses claimed for true up.
- The SLDC Charges comprises of Revenue from fee & Charges (i.e. from three Discoms & SEZ) and revenue from other charges (i.e. Scheduling & Operation, Connectivity & Application Processing Fees). The amount of ₹ 1053.48 Lakhs shown in Form F1 includes ₹ 181.91 Lakhs towards revenue from 50% of Scheduling & Operation Charges. As per MPERC (Levy & Collection of Fee & Charges) Regulation 2004, (10.3), 50% of scheduling & operation charges are to be considered as earning and balance 50% is to be retained for infrastructure development. Accordingly, total Scheduling & Operation charges of ₹ 363.81 Lakhs are shown in two equal parts, 50% amount as earning in Form F1 and 50% amount retained for capex. The amount of ₹ 1235.38 Lakhs shown in Note 8 of financial statement include ₹ 181.90 Lakhs towards revenue from total Scheduling & Operating Charges. An increase of ₹ 181.90 Lakhs in Note 8 of financial statement is due to accounting of 100% of Scheduling & Operating charges received during the Financial Year 14-15. Therefore, the amount of ₹ 1053.48 Lakhs as shown in Form F1, is actual earning for FY 14-15 claimed for true up.

In view of above, expenses approved in ARR of FY 2014-15 vis -a -vis Actual expenses as per financial statement of FY 2014-15 are summarized below for Reconciliation / True- up in the ARR for FY 16-17.

True up of FY 14-15 accounts with FY 14-15 Order : Expenses:

(Amount in Lakhs of ₹)

Particular	Expenses as allowed in ARR for FY 2014-15	Actual Expenses for FY 2014-15	Differences (Allowed-Actual) to be reconciled
Employee Costs	867.05	858.86	8.19
Administration & general Expenses	72.16	42.13	30.03
Repairs & Maintenance Expenses	274.54	208.66	65.88
Interest & Finance Charges	0.00	0.02	-0.02
Total	1213.75	1109.66	104.08

Income from other fee & charges:

The revenue from other fee & charges, comprising of Scheduling & Operation Charges, Connectivity Charges and Application Processing fee, allowed by the Commission for the FY 2014-15 was ₹210.00 Lakhs, the actual income works out to ₹277.17 Lakhs as given below :

(Amount in Lakhs of ₹)

Particular	Income as allowed in ARR for FY 2014-15	Actual income for FY 2014-15	Differences (Allowed-Actual) to be reconciled
50% of Scheduling & Operating Charges.	210.00	181.91	28.09
Connectivity Charges		23.90	-23.90
Application Charges		67.25	-67.25
Sub Total	210.00	273.06	-63.06
Other miscellaneous receipts as mentioned in Form F2	0.00	4.11	-4.11
TOTAL	210.00	277.17	-67.17

Net amount to be reconciled & adjusted in ARR of FY 2016-17 works out to (104.08– (-67.17)) i.e. ₹ 171.25 Lakhs.

Commission's Analysis:

64. In the subject petition, the petitioner also filed the true-up of ARR approved by the Commission for FY 2014-15. The petitioner filed that it has actually incurred ₹1109.66 lacs towards Employee expenses, A&G expenses, R&M expenses & Interest charges against ₹1213.75 lacs approved by the Commission for FY 2014-15.

SLDC has recovered actual income of ₹277.17 lacs against the income of ₹ 210.00 lacs, considered by the Commission for FY 2014-15 in respect of O & S, connectivity, Application & misc charges. Accordingly, the true-up amount of (-)₹104.08 lacs and (-) ₹67.17 lacs for FY 2014-15 based on the final accounts and trial balance for FY 2014-15 is considered and adjusted in the ARR of SLDC for FY 2016-17 approved in this order. A copy of final accounts and trial balance for FY 2014-15 was filed with the petition.

65. On scrutiny of the component wise true-up amount filed by the petitioner, the Commission observed the following:
- The training expenses of ₹ 03.40 lacs are included in the employee cost whereas, this amount is recorded under A & G expenses of the final accounts for FY 2014-15.
 - Note-10 of the final accounts has recorded the actual employee expenses of ₹882.07 Lacs. In the foot note of Note-10, it is mentioned that the employee benefit expenses includes wage revision arrears of ₹ 26.61 Lacs for which provision has already been made in MPPTCL's account.
 - The amount of wage revision arrears has been paid by MPPTCL and this amount is not indicated in SLDC's Trial Balance. Therefore, the amount of wage revision arrears for SLDC employees shall be allowed after prudent check while true-up of the ARR of MPPTCL for FY 2014-15.
66. The Petitioner filed the actual A & G expenses of ₹42.13 Lacs for FY 2014-15, whereas Note-12 of the final accounts indicates the actual A & G expenses of ₹45.55 Lacs including the training expenses of ₹03.40 lacs and the Banking charges of ₹0.02 Lacs. Therefore, the actual A & G expenses of ₹45.53 lacs are considered in this order.
67. The petitioner filed the R & M expenses of ₹208.66 Lacs. The same is recorded in the Final Accounts as well as trial balance of SLDC for FY 2014-15. Therefore, the Commission has considered the actual R & M expenses of ₹208.66 Lacs for FY 2014-15 in this order.
68. The summary of the true-up amount for FY2014-15 considered in this order is as given below:

(Amount in Lacs of ₹)

Particular	Expenses as allowed in ARR for FY 2014-15	Actual Amount allowed in this order	True –up Amount
Employee Costs	867.05	855.45	11.60
Administration & general Expenses	72.16	45.53	26.63
Repairs & Maintenance Expenses	274.54	208.66	65.88
Interest & Finance charge	0.00	0.02	-0.02
Total	1213.75	1109.66	104.08
Other Charges	(-) 210	(-)277.17	67.17
Total True-up amount for FY2014-15	1003.75	832.49	171.25

The net amount to be reconciled & adjusted (subtracted) in ARR of FY 2016-17 is worked out to ₹(104.08– -67.17)) i.e. ₹ 171.25 Lakhs.

Summary of ARR:

69. Based on the above analysis, the Commission has approved the following Annual Revenue Requirement of SLDC for FY 2016-17 in this order:

Summary of the ARR as approved by the Commission for FY 2016-17:

(₹ in Lacs)

Sr. No.	Particulars	As filed by SLDC	As approved by MPERC
1	Net Employee Expenses (excluding Terminal Benefits)	1127.92	1032.76
2	Net A&G expenses	188.26	91.26
3	Net R&M expenses	131.13	131.13
4	Depreciation	0.00	0.00
5	Interest on Loans	0.00	0.00
6	Interest on Working Capital	17.07	0.00
7	Return on Equity	0.00	0.00
8	Income Tax	0.00	0.00
9	Total revenue expenditure	1464.38	1255.15
10	(Less) Other Income	(-)259.50	(-)259.50
11	Net Revenue Expenditure	1204.88	995.65
12	Total True up amount (a+b)	(-)171.25	(-)171.25
	a. True-up amount for 2014-15 (O&S/Connectivity/Application/Misc.Charges)	(-) 67.17	(-) 67.17
	b. True-up amount for 2014-15 (Emp.cost/A&G exp/R&m exp/Int.&Fin charges)	(-)104.08	(-)104.08
13	Net ARR for FY 2016-17	1033.63	824.40

Allocation of Annual SLDC Charges:

70. In form F1 of its petition, SLDC has filed Capacity allocation of 14546 MW for FY 2015-16. MPPTCL filed Petition No.33 of 2013 for reallocation of the transmission capacity and revision of transmission charges on account of enhancement of allocated transmission capacity for SEZ complex. The Commission passed an order on the aforesaid petition on 21st October'2013 wherein the transmission capacity has been considered as 14546 MW for FY 2015-16. The same transmission capacity is considered for FY 2016-17 in this order.
71. As per Regulation 11.2 of the MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004 (Revision-1, 2006), the allocation of SLDC charges to the individual Licensees and Open Access customers having the Long-Term Agreements shall be in proportion of share allocation to the total transmission capacity determined by the Commission. Accordingly, the annual SLDC charges are worked out as under:

Annual SLDC Charges for Long - Term Open Access Customers for FY 2016-17

Sr. No	Particulars	Long-Term Open Access customers				Total
		East Discom	West Discom	Central Discom	SEZ Indore	
1	Total annual SLDC charges (₹Lacs)					824.40
2	Long-term allocation of Transmission Capacity (MW) (as per order in P 33-2013 Reallocation of Transmission Capacity for FY 2013-14 to FY 2015-16)	4339.08	5566.97	4621.95	18	14546
3	Annual SLDC charges payable by Long-Term Access customers (₹Lacs)	245.919	315.510	261.951	1.020	824.40
4	Annual SLDC charges payable by Long-Term Access customers (₹/MW)					₹ 5667.537 per MW

Summary of Fees and Charges:

72. As per Regulation 12.5 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004 (Revision-1, 2006), if there is a gap between the expected revenues from the currently applicable fee and charges and the revenue requirement for the ensuing financial year, the SLDC shall include a proposal as to how it proposes to bridge this revenue gap. It is presumed that existing level of fee and charges would be sufficient to meet the annual expenses of SLDC. The following table summarises the fees and charges approved by the Commission for use of SLDC services:

Applicability and levy of various SLDC fees and charges for FY 2016-17

Sr. No.	Fee/Charge Applicable towards	Applicability to customer category on the basis of type of agreement								
		Long Term			Short Term			Renewable Energy Sources		
		Yes /No	Frequency	Amount (₹)	Yes /No	Frequency	Amount (₹)	Yes /No	Frequency	Amount (₹)
1	Connection fee	Yes	One Time	1,00,000	Yes	Once for a month or part thereof	5,000	Yes	Only Once, irrespective of Long Term or Short Term	5,000
		No charges for additional short term open access								
2	Annual SLDC charges	Yes	Two Half yearly instalment	5667.537 per MW of allocated transmission capacity	No	--	--	No	--	--
3	Operation & Scheduling	No	--	--	Yes	Per transaction per day or part thereof	3,000	No	--	--
4	Revising schedule	Yes	For each revision	3,000	Yes	For each revision	3,000	No	--	--

73. The Fees and Charges determined by this order shall be effective from 1st April' 2016 till 31st March' 2017. The petitioner shall take steps to implement this order after giving seven (7) days public notice in accordance with regulation 1.30 of MPERC (Details to be furnished and fee payable by licensee or Generating company for determination of tariff and manner of making application) Regulations, 2004 and its amendments and calculate its bills of SLDC charges to the Long Term Open access customers other than renewable sources w.e.f. 1st April' 2016 onwards and shall also provide information to the Commission in support of having complied with this order.

Ordered Accordingly

(Alok Gupta)
Member

(A.B.Bajpai)
Member

(Dr. Dev Raj Birdi)
Chairman

Place:- Bhopal

Dated:- 5th April' 2016