

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



Petition No. 88/2012

PRESENT:

Rakesh Sahni, 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) MPPTCL Jabalpur for FY 2013-14 u/s 32(3) of the Electricity Act, 2003.

State Load Despatch Centre (SLDC) Jabalpur

- Petitioner

Versus

- 1. M.P. Paschim Kshetra Vidyut Vitaran Co. Ltd, Indore**
- 2. M.P. Madhya Kshetra Vidyut Vitaran Co. Ltd, Bhopal**
- 3. M.P. Poorv Kshetra Vidyut Vitaran Co. Ltd, Jabalpur**
- 4. M. P. Power Generating Co. Ltd., Jabalpur**
- 5. M.P. Power Transmission Company Ltd., Jabalpur**
- 6. M.P. Audyogik Kendra Vikas Nigam Ltd. (SEZ), Indore**
- 7. Narmada Hydro-Electric Development Corp. Ltd., Bhopal**
- 8. Narmada Valley Development Authority, Bhopal**

- Respondents

ORDER

(Passed on this 10th day of April, 2013)

1. This order relates to petition No.88 of 2012 filed by the State Load Despatch Centre, MPPTCL Jabalpur (hereinafter referred to as "SLDC") for "Levy & collection of fee & charges by SLDC for FY 2013-14" (hereinafter referred to as "SLDC's Tariff Petition") before Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as "MPERC" or "the Commission"). In exercise of the powers conferred under section 31(1) of the Electricity Act, 2003 (Central Act 36 of 2003), the Government of Madhya Pradesh vide order No.2489/13/04 dated 17-05-2004 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.
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. SLDC's Tariff Order for FY 2012-13 was approved by the Commission on 16/03/2012. Vide letter No. 07-05/E&T/645-X/711 dated 30/11/2012, SLDC filed this petition for approval of SLDC fee and charges for FY 2013-14 as per provisions of the MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2004 (Revision-1, 2006) dated 5th May, 2006 notified on 19th May, 2006 and its amendments (hereinafter referred to as "the Regulations"). This petition was registered as petition No.88 of 2012.
4. Motion hearing in the matter was held on 19th December 2012 in the office of the Commission. Vide Commission's Order dated 19/12/2012, the petition was admitted and the petitioner was directed to serve copy of the petition on all respondents. The petitioner confirmed that the copy of the petition has been served on all respondents in the matter.
5. Vide Commission's letter No. 3542 dated 27/12/2012, the petitioner was asked to submit certain additional information/ clarifications regarding Employee cost, A& G expenses, R&M expenses, Interest and Finance charges, issues related to Balance sheet & financial statements and Capex plan. The petitioner was also asked to submit a draft public notice on the gist of the petition to invite comments / objections from the stakeholders. Vide letter No.98 dated 10/01/2013, the petitioner submitted draft public notice for approval of the Commission. Further, vide letter No. 218 dated 19/01/2013, the petitioner submitted its response on the issues raised by the Commission.

Public Hearing

- 6 Vide Commission's letter No. 351 dated 07/02/2013, the petitioner was directed to publish the public notice, as approved by the Commission, in English and Hindi version to invite comments / suggestions from various stake holders. Vide Commission's letter No. 352 dated 07/02/2013, comments/suggestions on the petition were sought from all respondents also. The public notice was published on 20/02/2013 in four Hindi newspapers (Dainik Patrika - Jabalpur, Raj Express - Indore, Dainik Bhaskar - Gwalior and Vindhya Bharat - Rewa) and one English newspaper (Pioneer - Bhopal). The public hearing was fixed on 12th March, 2013 in the Commission's Office at Bhopal.
- 7 No comment was received by the Commission from any of the respondent/stakeholder/public in the matter till due date. Vide its letter No. 745 dated 07/03/2013, the petitioner informed that it has not received any representation in the matter till 07/03/2013. Public hearing in the matter was conducted in the office of the Commission on 12/03/2013. The representative of the petitioner attended the public hearing. No representative of respondent/public/stakeholder appeared in the public hearing.

Annual Revenue Requirement

- 8 SLDC filed the following revenue requirement for FY 2013-14:

Table 1: Total Revenue Requirement for FY 2013-14 (as filed by SLDC)

S. No.	Particulars	Amount (₹ Lacs)
01	Employee Cost	795.20
02	Administration and General Charges	99.58
03	Repairs and Maintenance Expenses	254.57
04	Depreciation	0.00
05	Interest and finance charges	13.57
06	Return on equity/Investments	0.00
07	Provision for Income Tax	0.00
Total Revenue Requirement for FY 2013-14		1162.92

- 9 The petitioner also filed the actual expenses and income from other fee and charges in FY 2011-12 vis-a-vis approved in ARR of FY 2011-12 for reconciliation/true-up in ARR of the subject petition for FY 2013-14 as given below:

Table 2: - True-up for FY 2011-12 (as filed by SLDC)

Particular	(₹ in Lacs)		
	Expenses as allowed in ARR for FY 2011-12	Actual Expenses for FY 2011-12	Differences (Allowed-Actual) to be reconciled
Employee Costs	675.15	609.05	66.10
Administration & general Expenses	85.09	39.93	45.16
Repairs & Maintenance Expenses	215.98	195.82	20.16
Interest & Finance Charges	0	0.03	-0.03
Total	976.22	844.83	131.39
Less: Other income	(-) 150.00	(-) 151.54	1.54
Net amount to be reconciled	826.22	693.29	132.93

Net amount to be reconciled & adjusted in ARR of FY 2013-14 works out to (131.39 – (-1.54)) i.e. ₹ 132.93 Lacs.

- 10 In exercise of powers to frame Regulations under Section 181 (2) (g) of the Electricity Act, 2003, the Commission notified MPERC (Levy of Fee and Charges by State Load Despatch centre) Regulations, 2004 (Revision 1, 2006) as amended from time to time. In accordance with the Regulations, the Commission approves the fees and charges in addition to SLDC charges determined in this order. The Annual Revenue Requirement of SLDC approved by the Commission for FY 2013-14 in this order is as given below:

Table 3: Annual Revenue Requirement for FY 2013-14 (as approved by MPERC)

S. No.	Particulars	Amount (₹ in Lacs)
01	Employee Cost	792.62
02	Administration and General Expenses	69.58
03	Repairs and Maintenance Expenses	254.57
04	Interest and Finance Charges	0.00
Total Annual Revenue Requirement		1116.77
05	Less: Other Income	(-) 180.00
06	Less: adjustments (True-up for FY 2011-12)	(-) 132.93
Net Annual Revenue Requirement for FY 2013-14		803.84

- 11 The allocation of Annual SLDC charges and applicability of various fees and charges are mentioned in the detailed order annexed herewith. The Fees and Charges determined by this order shall be effective from 1st April, 2013 till 31st March, 2014. 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, 2013 onwards and shall also provide information to the Commission in support of having complied with this order.
- 12 Ordered as above, read with attached detailed reasons, grounds and conditions.

Alok Gupta
Member

A. B. Bajpai
Member

Rakesh Sahni
Chairman

Place: - Bhopal
Date: - 10/04/2013

Table of contents

	Page No.
CHAPTER 1	6
Capital Expenditure	6
Operation & Maintenance Expenses	14
Employee Expenses.....	14
Administration & General (A&G) Expenses	17
Repair & Maintenance (R&M) Expenses	19
Depreciation & Return on Equity	21
Interest & Finance Charges.....	21
Interest on Working Capital	23
Others – Payment of Statutory Taxes, Cess etc.....	23
Other Income	23
True-up of FY 2011-12.....	26
Summary of ARR.....	28
Allocation of Annual SLDC Charges.....	28
Summary of Fees and Charges.....	29
CHAPTER 2.....	30
Commission’s Directives	30

Chapter – 1

Annual Fixed Charges

Capital Expenditure:

Petitioner's Submission

1.1 In para 1.8 of the SLDC Tariff Order for FY 2012-13, the Commission observed that the petitioner included some new capital works of ₹ 45.40 Lacs also other than the works approved in the approved Capex plan for FY 2009-10 to FY 2013-14. Therefore, the petitioner was directed to file a fresh 5 year Capex plan for FY 2012-13 onwards. The petitioner was also directed to file the details of the works completed during FY 2009-10 to FY 2011-12 vis-a-vis the Capex approved by the Commission for these years. Accordingly, the petitioner broadly submitted the following in the petition and its additional submission:

“As per regulation 12.4 of MPERC (Levy & Collection of SLDC Fee and charges by SLDC) Regulation 2004, the five year capex plan of SLDC & Sub-LDCs is being submitted along with the SLDC fee & charges petition. The commission had approved five year capital plan of SLDC for the period 2009-10 to 2013-14 in the tariff order FY 2009-10 dated 26-11/2009. Further in the SLDC tariff order for FY 2012-13 Commission has directed to file fresh 5 year CAPEX Plan for FY 2012-13 onwards, with the petition for levy and collection of SLDC charges for FY 2013-14.

The details of the capital works executed during past 3 years vis-à-vis the capital works approved by the Commission for the respective period are as under: -

Table 4: - Project-Wise / Scheme-Wise Capital Expenditure (New Projects & CWIP)

(All figures in ₹Lacs)

S.No.	Particular	Estimated Cost	Reason for delay	Actual / Prov. Exp. During year	Balance amount (Approved-Expenditure)
A	Financial Year 2009-10				
1	Providing PABX for SLDC and Sub-LDCs	20.00	Final testing & commissioning completed in FY 2010-11	0.00	
2	Replacement of Existing Air Conditioning plant	65.00	Work started during winter of FY 2010-11 (Will Be completed In FY 12-13)	0.00	
3	Construction of Boundary wall around the SLDC building	19.80	Completed During the FY 2010-11	0.00	
4	Replacement of Fire Alarm System	22.42	Finalization of tenders completed during FY 2010-11	0.00	
5	Providing Voice Recording System	3.60	Completed in FY 2011-12	0.00	
6	Providing Electronic Security system& Metal Detectors	6.30	Work is deferred	0.00	
7	Providing a office furniture in SLDC.	2.50	Completed during FY 2010-11 to avoid idling of assets.	0.00	
	Sub-Total	139.62		0.00	139.62

			Opening Balance of Fund from Previous year	139.62	
B	Financial Year 2010-11		<i>Fund Approved for FY 2010-11</i>	35.54	
1	Office Equipments	6.00	Completed during FY 2010-11.	1.63	
2	Construction of slab and renovation in SLDC Building.	10.90	Work is in progress and shall be completed during FY 2012-13	0.00	
3	Providing Conference System at SLDC	10.14	Work shall be completed during FY 2012-13	0.00	
4	Providing Webserver, Website with Web-enabled database	8.50	Considering priority Of work, differ for FY 2012-13	0.00	
	Sub-Total	35.54			
5	Providing PABX for SLDC and Sub-LDCs	20.00	Completed during FY 2010-11.	16.38	
6	Construction of Boundary wall around the SLDC building	19.80	Completed During the FY 2010-11	19.80	
7	Providing a office furniture in SLDC.	2.50	Completed during FY 2010-11	2.50	
8	Development of Energy Accounting Software	8.30	Completed during FY 2010-11	8.30	
	Sub-Total	50.60		48.61	126.55
			Opening Balance of Fund from Previous year	126.55	
C	Financial Year 2011-12		<i>Fund Approved for FY 2011-12</i>	16.00	
1	Construction Of Additional parking space in SLDC	4.00	Considering priority , work shall be initiated during FY 2013-14	0.00	
2	Providing reception desk and visitor lounge at SLDC	2.00	Considering priority , work shall be initiated during FY 2013-14	0.00	
3	Renovation of false ceiling and electrification system	10.00	Considering priority , work shall be initiated during FY 2013-14		
4	Sub-Total	16.00			
5	Replacement of Existing Air Conditioning plant	65.00	Work In Progress (Plant will be Commissioned During the FY 12-13)	49.22	
6	Construction of slab and renovation in SLDC Building.	10.90	Work In Progress (Will be Completed in FY 12-13)	4.63	
7	Replacement of Fire Alarm System	9.56	Work In Progress.(Will be Completed During the FY 12-13)	8.04	
8	Providing Voice Recording System	3.60	Completed during FY 2011-12	3.59	
9	Providing PABX for SLDC and Sub-LDCs	20.00	Installation & Commissioned charges	2.20	
10	Photocopy Machine	1.37	Purchased During the Year	1.37	
11	Office Computer & Peripherals for SLDC	6.00	Purchased During the Year	2.27	
	Sub-Total	116.43		71.32	71.23
			Closing Balance of Fund of Current Year	71.23	

Proposed Capital Expenditure Plan for FY 2012-13 to FY 2016-17: -

- 1.2** Regarding its five year rolling capital expenditure plan for FY 2012-13 to FY 2016-17, SLDC broadly submitted the following: -

“The State Load Despatch Centre Jabalpur is provided with Supervisory Control & Data Acquisition System, Wide Band Communication System, Auxiliary Power supply system etc. comprising of sophisticated electronic equipments of state of the art technology. Similar systems have also been provided at Sub Load Despatch Centres at Bhopal and Indore. The SCADA/EMS system and wideband communication system have been provided under the scope of Unified Load Despatch and Communication project of Western Region (WR) and both the systems are planned to be replaced under the project “ Replacement /upgradation of SCADA/EMS systems at WRLDC and SLDC’s of WR” & “ Master Communication plan of WR “ respectively. The system for Availability Based Tariff / Energy accounting is also provided at SLDC. In order to maintain suitable environment for reliable operation functioning of above electronic systems, Central Air Conditioning plant is provided at SLDC.

In addition to the existing system and also as replacement of old system, new equipments are required to be provided at SLDC. The project report is prepared for the capital works, such as construction of additional floor with facility for air conditioning, fire alarm, electronic security system etc in the Sub-LDC Indore building for accommodation of new SCADA/EMS/wide band communication system, Upgradation of ABT & Energy accounting system along with web server & forecasting system for renewable energy, providing electronic security system and metal detectors, providing office equipments, enhancement of SCADA/EMS & wideband communication system, and civil works. The capital works in progress, such as replacement of existing AC plant by new one, providing conference system, replacement of fire alarm system, construction of mezzanine floor, furnishing of mezzanine floor, renovations of toilets, construction of parking space etc are summarized in the project report.

- 1.3** **Necessity & Scope of Work: -**

The SCADA, ABT, Wide Band Communication systems and other system support services of SLDC are essentially required for reliable, efficient and failsafe operation, monitoring and management of electrical grid in the State. The associated systems such as power Supply and air conditioning are also necessary to ensure round the clock functioning of grid operational services & sophisticated equipments provided at SLDC & Sub-LDCs. Apart from reliable & efficient functioning of the equipments, safety and security from the theft and possible terrorist attack is essentially required. Accordingly, the following capital works are proposed to be implemented at SLDC/ Sub-LDCs during the next five year in a phased manner.

- 1.4** **Future plan for Capital Expenditure:-**

The capital works in progress and proposed to be implemented during FY 12-13 to FY 16-17 have been submitted. The 5 year rolling capital expenditure plan of SLDC for the period from FY 12-13 to FY 16-17 is also detailed in the capex plan for kind approval by Hon’ble Commission. The proposed capital expenditure shall be met from Capex fund of SLDC.

Table 5: - Capital Expenditure Plan filed by SLDC for FY 2012-13 to FY 2016-17*All figures in ₹Lacs*

S. No.	Description of Project/ Scheme/ work	Proposed requirement of fund for FY				
		2012-13	2013-14	2014-15	2015-16	2016-17
A	Capital works completed during current financial year					
1	Construction of Mazenine slab at office hall and renovation of toilets in SLDC Building.	7.40				
2	Purchase of cell ,booster charger for UPS & DCPS battery bank for SLDC & Sub-LDCs	1.90				
3	Replacement of existing Fire Alarm System at SLDC Jabalpur by new one.	0.80				
B	Capital works in progress/proposed in current Financial Year					
1	Replacement of Existing Air Conditioning plant at SLDC Jabalpur by new one.	16.82				
2	Renovation of false ceiling and electrification system at SLDC.	40.00	8.00			
3	Partitioning and furnishing of Mezzanine slab	8.30				
4	Providing Conference System at SLDC	5.00	5.60			
	Sub-Total (A+B)	80.22	13.60	0.00	0.00	0.00
B	Proposed Capital works					
1	Construction Additional Floor in Sub-LDC office building at 400 KV S/S Indore with facility for air-conditioning, fire alarm etc.	5.00	40.00	27.00		
2	Staff rejuvenation facilities.	2.50				
3	Up gradation of ABT & EA system alongwith Web Server		150.00	150.00		
4	Office Equipments at SLDC & Sub-LDC	4.50	5.00		5.00	
5	Renovation of remaining toilets in SLDC Building.		9.00			
6	Portioning & furnishing of space below mezzanine slab.		13.00			
7	Providing lift with duct system in SLDC building.		10.00			
8	Construction of mezzanines floor above the old reflecting pond and its furnishing		20.00			
9	Providing Reception Desk and Visitors Lounge at SLDC			10.00		
10	Cutting of Rocks & leveling near the boundary wall to develop the premises. & construction of pathway around SLDC Building		3.00	8.00		
11	Fire hydrant arrangement, drilling of tube well, installation of pump etc.		10.00	5.00		
12	Providing Electronic Security system, Access Control & Metal Detectors in SLDC.		8.00			
13	Providing Split AC at SLDC			4.00		
14	Replacement of battery banks of UPS & DCPS systems provided at Sub-LDCs Indore.					30.00
15	Providing peripheral lighting arrangement around SLDC building			5.00		
16	Construction of Additional parking space		8.00			
17	Construction of two rooms adjoining to UHF room		3.00			
	Sub-Total (B)	12.00	279.00	209.00	5.00	30.00
	Total (A+B)	92.22	292.60	209.00	5.00	30.00

1.5 Requirement and Availability of Fund:-

In line with section 10.3 of MPERC (Levy and Collection of Fee and Charges by SLDC) Regulation 2004, Revision-1, 2006 (RG-16 of 2006), the 50% of Operation and Scheduling charges being received from Long Term / Short Term Open Access Customers, shall be utilized for development of infrastructure at SLDC. The expenditure of proposed capital works shall be met from the 50% of Operation and Scheduling charges. The details of the availability of capital fund (50% of Operation & scheduling charges) and capital expenditure from FY 2006-2007 to 2011-12 are as given below: -

Table 6: - Capex Fund as on 31.03.2012 **₹ in Lacs**

Sr. No.	Financial Year	Capital Fund : 50% Amount of O & S charges	Capital Exp (Fixed Asset)	Availability of Fund	Remark
1	2006-07	19.59	25.66		Actual
2	2007-08	33.82	14.73		Actual
3	2008-09	62.68	5.36		Actual
4	2009-10	75.79	-		Actual
5	2010-11	101.46	28.57		Actual
6	2011-12	92.72	71.33		Actual
		386.06	145.65	240.41	

1.6 The total requirement & availability of fund (corrected revised table submitted vide SLDC's letter No. 218 dated 19/01/2013) for above works for next five years is summarized below:-

Table 7: -

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 of each year shall be carried forward for meeting out Capex requirement of subsequent years.

1.7 Cost Benefit Analysis: -

The SCADA and Communication systems provided at Sub-LDCs, SLDC and RLDC are to be maintained round the clock so as to ensure continuous inflow of real time data from the field. The real time data from all Power Stations and important sub-stations of MP is vital for Load Despatch system operation in proper & efficient manner and to minimize system tripping and blackouts. Further, it is imperative to have proper security arrangements, hygienic & conducive working place, adequate and reliable support systems at SLDC/ Sub-LDCs. The proposed capital expenditure plan is aimed to provide such support system facilities and shall have a definite contribution for development of in-house expertise by imparting proper training & conducting technical conferences, and better safety & security of various sophisticated equipments installed at LD Control Centers. These facilities would prove integrated part of basic facilities required for Load Despatch Application and would result in intangible benefits due to further improvement in Power Management, optimum utilization of resources, minimum interruption during breakdowns and faster restoration of system.

1.8 The year wise details of separate accounts towards Capital Expenditure actually incurred since FY 2006-07, as per certified trial balance of SLDC, is submitted below:

Table 8: - (Amount in ₹Lacs)

Financial Year	Category of Expenditure (A/C Code)			Year wise Total
	Fixed Assets (10)	Capital works in progress (14)	Advance to suppliers (25)	
2006-07	25.66	-	7.67	33.33
2007-08	14.73	-	1.21	15.94
2008-09	5.36	0.9	-4.02	2.24
2009-10	-	-	26.86	26.86
2010-11	28.57	-	-24.23	4.34
2011-12	9.43	61.89	-6.7	64.62
Closing balance as 31.3.12	83.75	62.79	0.79	147.33

1.9 The year wise details in respect of interest earned on the funds marked for Capex out of the Operation & Scheduling charges, being received by SLDC since 2006-07 onwards, is submitted. As informed by finance Cell (MPPTCL), the average of interest is taken as 8.92% for FY 2011-12 for computation of interest during FY 2011-12. The details are given as below:

Table 9: - (Amount in ₹Lacs)

Sr. No.	Financial Year	Average rate of interest for the year	Capital Fund : 50% Amount Opn & Sche	Capital Exp (Fixed Asset+CWIP+ Advance)	Yearly balance of fund	Cumulative Balance of fund	Total Interest Amount
1	2006-07	8.60%	19.59	33.33	-13.74		NIL
2	2007-08	7.50%	33.82	15.94	17.88	4.14	0.16
3	2008-09	7.50%	62.68	2.24	60.44	64.58	2.58
4	2009-10	6.00%	75.79	26.86	48.93	113.51	5.34
5	2010-11	8.26%	101.46	4.34	97.12	210.63	13.39
6	2011-12	8.92%	92.72	64.62	28.10	238.72	20.04

Commission's Analysis

1.10 In the Tariff Order for FY 2009-10 dated 26/11/2009, the Commission had approved five year Capex plan of SLDC for FY 2009-10 to FY 2013-14.

SLDC filed the actual progress from FY 2009-10 to FY 2011-12 and the capital expenditure plan for FY 2012-13 to FY 2016-17 with the petition. SLDC was asked to submit the following information in respect of the aforesaid capex plan:

- The earlier capex plan was approved subject to certain conditions which were also enumerated in Para 1.3 of the tariff order for FY 2012-13. The petitioner was asked to confirm whether these conditions have been adhered to while implementing the capex plan approved by the Commission.
- The petitioner was asked to certify that any work approved in the earlier capex plan and which has been either partially or fully completed by the petitioner, is not included in the proposed capex plan.
- The financial years mentioned in the title of Annexure-CP1 annexed with the petition were found having some typographical error.

- d) The upgrading of ABT and EA system with web-server and the replacement of battery bands of UPS & DCPS system at sub-SLDC, Indore are proposed in FY 2014-15 and FY 2016-17 respectively. The reasons for the aforesaid proposal in middle and the last financial years of the plan were asked from the petitioner.
- e) The capex requirement of ₹ 281.10 Lacs is shown for FY 2013-14 at serial No.4 of the table in Para 3 of the petition whereas, a figure of ₹ 292.60 Lacs is proposed in Annexure-CP1 as capex requirement in FY 2013-14. These two figures were not matching therefore, a clarification for the difference in these two figures was sought from SLDC.

1.11 In response, SLDC in its letter No. 218 dated 19/01/2013 submitted as under:

“(A) This is to submit that the conditions mentioned at para 1.5 of tariff order for FY 2009-10 issued on 26/11/2009 is adhered to by SLDC.

(B) In the capex plan of SLDC for FY 2012-13 to FY 2016-17, submitted for approval, the work, which is approved earlier by the commission but partially completed, is considered in the proposed capex plan. However, only balance capital requirement for partially completed work is considered in the proposed capex plan. The capital works already completed have not been included in the proposed capex plan.

(C.) The typographical error observed in CP-1 is corrected and a copy of corrected CP-1 is enclosed herewith.

(D) (i) The existing ABT System of SLDC was supplied by M/s Kalki Communication Technologies Ltd., Bangalore vide ED(T&P) order no. 04-01/03749-7/S/s-V dated 04/04/2006. As mentioned in the petition that in view of the limitation/ constraints of present system, it has become necessary to initiate plans for up gradation / replacement of the existing ABT system by latest software version having state-of-the-art based hardware. The up gradation / replacement of ABT system has already been initiated and expected to be complete in FY 2013-14 & 2014-15 (last quarter of FY 2013-2014 and first quarter of FY 2014-2015).

(ii) The battery bank of UPS and DCPS system of SLDC/Sub-LDC are installed and commissioned in 2005-06 and in view of the present working status, these are expected to serve upto 2016-17.

Accordingly, the work regarding ABT and EA system is scheduled in FY 2013-14 & FY 2014-15 and work regarding replacement of battery bank for SLDC/Sub-LDC's are proposed in FY 2016-17.

Due to typographical error, ₹ 281.10 Lacs is shown in the Sl No. 4 of the table in para 3 of page No. 97, in place of ₹ 292.60. The year wise proposed requirement as well as availability of fund for next five year, after correcting the typographical error is mentioned in Annexure-3.”

- 1.12** The Commission observed that the SLDC has shown the availability of fund of ₹ 674.24 Lacs for Capex against its own capex requirement of ₹ 628.82 Lacs during the proposed plan period. The availability of funds being more than the capex requirement during the period, the cumulative balance of the surplus Capex fund is expected to increase from ₹ 240.41 Lacs (as on 01/04/2012) to ₹ 285.83 Lacs on 31/03/2017.
- 1.13** In view of the above and in accordance with the provisions under Regulations, the Commission accords in-principle approval of the above mentioned Capex plan filed by the petitioner subject to the following conditions:
- 1.13.1** SLDC shall have a proper account of Capex fund and should also account for the bank interest earned on capex fund.
- 1.13.2** The SLDC must ensure timely completion of capital works so that the SLDC gets due benefits in improving the services. The other stakeholders should also get timely benefits from these works. Hence, the SLDC has to allot top priority to the timely completion of the works in the best possible manner and within the approved financial resources.
- 1.13.3** SLDC must ensure that the time over run, if any should not result into cost over run. The SLDC must ensure that cost escalations for reasons other than time over run are consistent with market conditions and those prevailing in other SLDCs / RLDCs in India. The Commission will not allow any unjustified escalated cost for the purpose of determination of fee and charges.
- 1.13.4** The cost of items, instruments, spares, installation and commissioning charges, freight, etc. quoted / charged by the suppliers / vendors should be properly analyzed and verified by SLDC to ensure that the cost incurred by it, is in line with the lowest possible prevailing market price for good quality work.
- 1.13.5** The SLDC shall also be required to file the updated physical and financial progress of each work as an annexure with the petition filed by the SLDC for determination of fees and charges, in future.
- 1.13.6** The SLDC is advised to organize the processing timely to ensure that the execution of the schemes is not affected and also to ensure timely utilization of material being procured against base cost in the proposal to avoid any extra financial liability.
- 1.13.7** As per the petitioner, this amount is proposed to be funded from internal resources i.e. through Fee and Charges. The Commission will monitor the actual expenditure against plan for SLDC. Capex for subsequent years will be reviewed and approved in respective tariff orders.

Operation and Maintenance (O&M) Expenses:

1.14 The Operation and Maintenance (O&M) expenses comprise of the Employee Expenses, Administration & General (A&G) Expenses and Repairs & Maintenance (R&M) Expenses. The status of actual O&M expenses in past years and that filed by the petitioner for FY 2013-14 are as given below:

Table 10: O&M expenses (₹ Lacs)

Sr. No.	Particulars	FY'07	FY'08	FY'09	FY'10	FY'11	FY'12	FY'13	FY'14
		Actual	Actual	Actual	Actual	Actual	Actual	As approved in Tariff Order	Proposed by SLDC in its petition
1	Employee Expenses	216.22	249.41	328.81	454.98	538.59	609.05	723.48	795.20
2	Administration & General (A&G) expenses	14.86	13.59	26.86	21.59	40.07	39.93	92.14	99.58
3	Repairs & Maintenance (R&M) Expenses	8.41	7.46	24.97	106.10	167.72	195.82	250.78	254.57
	Total	239.49	270.45	380.64	582.67	746.38	844.83	1066.40	1149.35

Employee Expenses**Petitioner's Submission**

1.15 The petitioner broadly submitted the following:

The employee cost for FY 13-14 has been worked out for the working strength at SLDC & Sub-LDCs as on 31-10-2012. The provisions towards new appointment / posting of 1 AEs, 8 JEs/Plant Supervisors, 3 Line Attendants and 4 Data punch operators, to be deployed during FY 13-14, have also been made in the employee cost projections. Total Employee cost works out to ₹ 795.20 Lacs (Form-F4). The provisions for other vacant posts, terminal benefit on retirement (pension, gratuity and EL encashment on retirement) have not been considered.

1.16 The petitioner further submitted the following main assumptions for projecting the employee expenses :

- (a) *The employee cost for Ensuing Year has been worked out considering the employee position as on 31st Oct 2012. The employee cost includes provision for employee expenses towards 1AE, 8JEs, 3Line Attendants and 4 Data punch operators, who are likely to be deployed during FY2013-14. No provision is made for other vacant posts of SLDC and Sub LDCs.*
- (b) *The detail of sanctioned, working and vacant position in SLDC as on 31-10-2012 is filed in the petition.*

Other main assumptions made for employee expenses are as follows:-

- (i) *As the provision for vacant posts is not considered, necessary adjustment for the same shall be made at a later date, if the vacant post are filled up during Ensuing Year.*

- (ii) *The present rate of DA to MPPTCL employee is 65% wef Aug 2012 and the rate of DA to Central Govt. Employee is 72% wef July 2012. Further DA rate of state government is revised to 72% wef from Novemembr 2012. On the basis of above and nominal increase in DA during 2013-14, the rate of D.A. has been taken as 72% for first six months & 78% for the remaining six month period.*
- (iii) *Medical reimbursement for Ensuing Year has been considered @450/- pm per employee.*
- (iv) *Company Contribution for National Pension Scheme (NPS) @ 10% of Basic is being contributed by the company for officers/employees who have been appointed in Company Cadre. Accordingly NPS provision is made in Employee Cost Projection for ensuing year. Pay structure of new appointee under company cadre officer/employee has been calculated on the basis of Wage Manual Allowance notified by MPPTCL also salary of officer/employee of company cadre who have been appointed before notified human capital manual has been worked out on the basis old pay structure.*
- (v) *The arrears of Pay Revision for the period from Jan '2006 to Aug '2008 is being paid in 60 equal installments wef Aug 2010. The arrears amount payable during 2013-14 (12 installments) has been worked out to ₹28.46 Lac on the basis of actual installments being paid to individual employee and provision of the same has also been made in employee cost projections for FY 2013-14.*
- (vi) *The projection towards training expenses have been made considering training requirements for SCADA/EMS, Communication, Computer systems and system operators training as per recommendations of "Manpower certification, Incentives & Ring fencing" committee.*
- (vii) *Hon'ble Commission in the order for SLDC fee & charges for the previous years has not allowed provisions for Ex-Gratia/bonus, no such provisions are made in ARR for FY 13-14.*
- (viii) *Terminal benefits have not been considered in the ARR as per directives of MPERC in the order for SLDC Fee & charges petition for the FY 2006-07.*
- (ix) *The provision of ₹2.58 Lacs has been made in the petition for employee rebate provided to employee on electricity charges. The provision has been made to meet out contingent liability if required to be paid/reimbursed.*

Commission's Analysis: -

1.17 Vide letter No. 3452 dated 27.12.2012, the Commission sought the following details from the petitioner: -

- a) "The details of salaries and allowances paid to the employees. Whether the strength of 16 employees likely to be deployed during FY 2013-14 is included in the working strength of 93 as reported in the petition."
- b) "SLDC has claimed expenses of ₹ 2.58 Lacs towards subsidised electricity to employee @ ₹ 250/month/employee. The actual expenditure under this head in previous year and the reasons for making this provision be informed by the petitioner."

1.18 In response vide its letter No. 218 dated 19.01.2013, SLDC submitted the following: -

- (a) *“The total employee cost projections of ₹795.20 Lacs for FY 13-14, submitted in the petition (Form-F4) is worked out considering working strength of 93 employees on October 2012, two number employees joined in November 2012 and one number contract employee. However, the employee strength of 93 number mentioned in petition do not include the 16 No. employee, likely to be deployed during 2013-14. The revised updated employee position (format OC-1) as on 08-01-2013 is enclosed herewith. Out of the sixteen number of employee considered to be deployed, 9 Nos. have already been posted in SLDC and included in the updated employee position. Out of the remaining seven employees proposed to be deployed in 2013-14, three numbers is already posted at SLDC as trainee & expected to be regularize in FY 2013-14. Therefore the employee cost of SLDC for FY 13-14 is worked out as ₹ 795.20 Lacs based on employee strength of 104 (103 regular plus one contract employee) and seven number of employees to be deployed during 2013-14. The detail of employee cost calculation is enclosed herewith as Annexure-1.*
- (b) *The subsidy @ 250/- pm per employee has been taken on the basis of employee discount provided @50% in electricity charges to employees. The provision of ₹2.58 Lacs is made to meet out contingent liability of this facility, if required to be paid/ reimbursed in future. The assumed rate of subsidy has no other basis but to keep above lump sump provision. Hon’ble Commission may kindly allow provision of ₹2.58 Lacs towards subsidized electricity to employees”.*

1.17 The Commission observed that the provision for Terminal Benefits like PF, Gratuity, and Pension has not been made in the petition. The petitioner has not claimed any amount for Leave Encashment, LTA, Overtime, Incentives, Ex-Gratia/bonus etc. No employee expense has been capitalised.

1.18 The details of employee related expenses as allowed in the tariff order for FY 2012-13 and projected for FY 2013-14 are summarized in the following table:

Table 11: Details of Employee Expenses as claimed by SLDC (₹ Lacs)

Particular	FY 2012-13 (As allowed in Tariff Order)	FY 2013-14 (As claimed by SLDC)
Actual working strength at the beginning of FY	87	104
Sanctioned strength at the beginning of FY	135	135
Basic pay, DA, addl. Pay, main allowances etc.	665.04	735.92
Other Allowances/Expenses	58.44	59.28
Gross employee expenses	723.48	795.20
(less) Expenses capitalized	0.00	0.00
Net employee expenses	723.48	795.20

1.19 While scrutinizing the salary details, the Commission observed that the provisions for various items which were not considered by the Commission in previous tariff order(s) are not claimed by SLDC in the present petition. It is further observed that the electricity bills to the residential premises of employees of SLDC are billed by Discom directly to the employees and the employee rebate are given in the bills itself. Hence, this claim for provision of ₹ 2.58 Lacs is not allowed in this Order. The Commission allows net employee expenses of **₹ 792.62 Lacs** for FY 2013-14 subject to true-up.

Administration & General (A&G) Expenses

Petitioner's Submission

1.20 The Administration and General Expenses for SLDC and Sub LDCs for FY 2013-14 is claimed as ₹ 99.58 Lacs by SLDC. The A&G expenses for the ensuing year are worked out by SLDC considering the following:-

- (i) **Insurance:** A lump sump provision of ₹ 0.22 Lacs has been made towards insurance charges during ensuing year.
- (ii) **Telephone Expenses:** The communication facilities provided through common pool services are not considered. However, the expenses towards additional communication facility proposed for the SLDC/Sub LDC officers are included. The details of the proposed expenses are annexed herewith as Annexure AGI.
- (iii) **Consultancy Charges:** The projections towards consultancy charges have been kept for obtaining consultancy services for renewal of ISO 9001: 2008 certification of SLDC, for arranging Cyber Security Audit, Energy Audit & preparation of scheme for future projects like WAMS/SCADA system/Master Communication system and for building renovation & modernization activity.
- (iv) **Travel expenses:** The projections towards travel expenses for the FY 2013-14 are kept same as mentioned for FY 2012-13.
- (v) **Hiring of Vehicle:** Only one vehicle is provided for CE (SLDC) and no vehicles are provided for Sub LDCs, however provision for 1 more Vehicle for SLDC & one vehicle for each of 2 Sub-LDCs has been made for ensuing year.
- (vi) **Security / Service Charges:** SLDC has already been provided with two armed security guards round the clock deployed through outsourcing. The projection towards security charges for ensuing year has been considered on the basis of order for security services for current year.
- (vii) **Fee and Subscriptions Books and Periodicals:** - The actual expenditure of ₹ 8.85 Lacs for FY 2011-12 mentioned towards fee & subscription charges includes mainly the amount towards WRPC Fees. However, the provision for "WRPC Fees" and "Fees and Subscription Books & Periodicals" has been shown separately for the current and ensuing year.
- (viii) **Stationery Expenses:** The stationery expenses has been worked out considering the future increase in requirements due to Generation of various reports, increased responsibilities of Capital works, ABT/OA, EA, regulatory & legal issues etc.
- (ix) **Electricity Charges:** A provision for electricity charges to office has been made on the basis of actual electricity charges of SLDC Jabalpur for the FY2012-13 and estimated load of AC plant during FY13-14.
- (x) **Entertainment expenses:** The entertainment expenses have been worked out considering the requirements due to increased responsibilities of SLDC.
- (xi) **Legal Expenses:** The legal expenses have been worked out considering various legal issues and regulatory matters.

Commission's Analysis

1.21 Vide letter No. 3452 dated 27.12.2012, the Commission sought the following from the petitioner: -

- a) "SLDC has worked out A&G expenses as ₹ 99.58 Lacs for FY 2013-14. The actual A&G expense for FY 2011-12 is shown as ₹ 39.93 Lacs. The reasons for claiming higher A&G expenses of ₹ 99.58 Lacs during FY 2013-14 be explained."

- b) “Provision of ₹ 30.00 Lacs has been made towards electricity charges of SLDC’s office. The actual monthly expenditure under this head during previous /current year be submitted by the petitioner.”

1.22 In response, vide its letter No. 218 dated 19.01.2013, SLDC submitted the following: -

- (a) “The difference in proposed A&G expenses (Format F-5) of ₹99.58 Lacs over actual A&G expenses of ₹39.93 Lacs for FY 2011-12 is mainly due to following components :

- i) *Electricity Expenses: Provision of ₹30.00 Lacs for electricity charges to office has been made on the basis of actual electricity charges of SLDC, Jabalpur for FY 12-13 and estimated load of AC plant during FY 13-14. The actual expenses for FY2011-12 are adjusted on books and not appeared in trial balance of SLDC.*
- ii) *Consultancy Charges: The Projection of ₹10.00 Lacs towards consultancy Charges has been considered for arranging cyber security audit, energy audit and renewal of ISO9001:2008 certification of SLDC, building renovation and modernization activity. The actual expense on this head for FY2011-12 was ` 0.04 Lac only. The order for carrying out cyber security audit has already been placed.*
- iii) *Security Charges: Provision of ₹9.50 Lacs has been made towards deployment of two-armed security guards in each shift through outsourcing. The armed security guards services are being outsource since 24.12.2010. The actual expenses for FY 2011-12 was ₹7.85 Lacs. The instant provision has been made based on contract already finalised.*
- iv) *Projection of ₹ 10.56 Lacs has been made towards hiring of four number vehicles for SLDC/Sub-LDC. The actual expense for FY 2011-12 on this head was ₹ 2.22 Lac only as only one vehicle was hired in FY 2011-12 against the four number proposed for FY 2013-14.”*

- (b) “Provision of ₹ 30.00 Lacs for electricity charges to office has been made on the basis of actual electricity charges of SLDC, Jabalpur for FY 12-13 and estimated load of AC plant during FY 13-14. The monthly electricity charges for the period Aprl-2012 to October-2012 is enclosed herewith as Annexure-2. It is here to mention that the monthly electricity charges for the month of September and October 2012 i.e. after commissioning of AC plant is ₹ 3.56 and ₹3.16 Lacs respectively. Therefore the provision of ₹30.00 Lacs is bare minimum.

1.23 The details of A&G expenses allowed for FY 2012-13 vis-a-vis claimed by SLDC for FY 2013-14 are as under:

Table 12: Details of A&G expenses as claimed by SLDC (₹ in Lacs)

Particular	FY 2012-13 (as allowed in Tariff Order)	FY 2013-14 (as filed in subject petition)
Administrative expenses (telecommunication, travel, MPERC/ WRPC fees etc.)	45.03	52.46
Other charges (printing & stationery, electricity charges to offices, entertainment, miscellaneous etc.)	9.11	9.12
Electricity charges of Office	30.00	30.00
Legal charges	3.00	3.00
Materials related expenses	5.00	5.00
Gross A&G expenses	92.14	99.58
(less) Expenses capitalized	0.00	0.00
Net A&G expenses	92.14	99.58

- 1.24 It is observed that the details of all the electricity bills submitted by SLDC in Annexure-2 of its response dated 19.01.2013 shows total bills of ₹ 10.61 Lacs only. The total A&G expenses during FY 2011-12 were ₹39.93 Lacs only and the true-up amount is (-) ₹45.16 Lacs for A&G expenses in FY 2011-12. The balance sheet for FY 2011-12 does not mention any electricity expenses under the A&G Expenses. SLDC itself submitted that the actual electricity expenses are adjusted in books and do not appear in trial balance of SLDC. Therefore, the Commission has approved A&G Expenses of ₹ 69.58 Lacs for FY 2013-14 in this Order. The actual charges shall be considered appropriately in the true-up process.

Repairs & Maintenance (R&M) Expenses

Petitioner's Submission

- 1.25 The petitioner broadly submitted the following:
“The Repair and maintenance expenses for the year 2013-14 are estimated to ₹254.57 Lacs. This includes Long Term Service Agreements (LTSA) of SCADA/EMS & Wideband Communication system, AMC charges for ABT Computer System, Maintenance costs of Auxiliary Power Supply system, Video projection System, maintenance of system support services and Maintenance of building. The provision for civil maintenance works mainly retaining wall, strengthening of sanitation/water supply system, development of garden/land scraping etc is also made during FY13-14”.

Commission's Analysis

- 1.26 Vide letter No. 3452 dated 27.12.2012, the Commission asked the following from the petitioner:
“R&M expenditure on building and civil works is ₹ 3.38 Lacs during FY 2011-12 whereas, these expenses are projected to be ₹ 32.00 Lacs for FY 2013-14 under this head. The reasons for such a high projection be submitted.”
- 1.27 In response vide its letter No. 218 dated 19.01.2013, SLDC submitted the following: -
“The Repair and maintenance expenses for the year 2013-14 are estimated at ₹254.57 Lacs (Form-F6). The actual expenditure on civil maintenance during the FY2011-12 works out to ₹ 3.38 Lac only, however the projection for civil maintenance works for FY2013-14 has been made for ₹32.00 Lacs. As submitted in the petition under section 7.3, provision for civil maintenance works mainly towards construction of retaining wall, strengthening of sanitation/water supply system, development of garden/land escaping etc., is made during FY13-14. The details of civil maintenance works proposed during FY2013-14 are given below:

Table 13: -

S. No	Description of work	Amount in ₹ Lacs
1	General upkeep of SLDC Building & maintenance of garden.	06.00
2	Construction of retaining wall.	15.00
3	Extension of wire mesh & P/F 2 Nos. MS gates.	01.00
4	Improvement of CE(LD) chamber	02.00
5	Miscellaneous repairing and day to day maintenance	03.00
6	Improvement /strengthening of sanitation/water supply system	03.00
7	Development of garden /beautification and land scaping	02.00
	TOTAL	32.00

- 1.28** The Commission observed that the balance-sheet for FY 2011-12 shows total R&M expenses of ₹ 195.82 Lacs during FY 2011-12 wherein the major part of ₹ 169.31 Lacs and ₹ 22.85 Lacs was on plant & machinery and computer & accessories respectively.
- 1.29** Details of R&M expenses allowed in Tariff Order for FY 2012-13 vis-a-vis that claimed by SLDC for FY 2013-14 in the present petition are as under: -

Table 14: Details of R&M expenses (₹ in Lacs)

Particular	FY 2012-13 (as allowed in Tariff Order)	FY 2013-14 (as filed in subject petition)
Plant and Machinery	213.38	221.17
Building & Civil Works	36.00	32.00
Furniture and Fixtures	0.70	0.70
Office Equipments	0.70	0.70
Gross R&M expenses	250.78	254.57
(less) Expenses capitalized	0.00	0.00
Net R&M expenses	250.78	254.57

- 1.30** The Commission observed that the estimated increase in R&M expenses is mainly on account of Plant & Machineries and Civil Works, which are required for ring fencing. No R&M expense has been capitalised. In view of the above, R&M expenditure of ₹ **254.57 Lacs** for FY 2013-14 is allowed in this order subject to true-up.

Depreciation, RoE and Income Tax:**Petitioner's submission**

1.31 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 ₹ 37.79 Lacs using Straight Line Method as per rates and in the manner prescribed in the Electricity Act 2003. The ROE has been worked out to ₹ 19.43 Lacs based on normative debt to equity ratio as 70:30. The Income Tax comes to ₹ 6.30 Lacs. 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 13-14”.

Commission's Analysis:

1.32 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 & no amount for depreciation & RoE is approved in this Order.

Interest and Finance Charges:**Petitioner's Submission**

1.33 The petitioner broadly submitted the following:

“The interest and finance charges comprises of only one component i.e. Interest on Working Capital. 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 ₹ 96.91 Lacs

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 2012). The IWC works out to ₹ 13.57 Lacs”.

Commission's Analysis

1.34 In para 1.35 of the SLDC Tariff Order for FY 2012-13 dated 16/03/2012, it was mentioned that *“Finance Section of MPSEB had informed that the Salary, A&G and R&M of SLDC are being paid by MPPTCL and those may be treated as payment against SLDC. Further, regarding Capex fund of SLDC, the 50% of Operation & scheduling charges amount received from Short Term Open Access Customers is adequate for meeting out the annual fund requirement of Capex plan for FY 2011-12 & 2013-14. Thus, the expenses of SLDC are met through above arrangement and no revenue gap is observed”.*

1.35 In the present petition filed by SLDC, the Commission observed that the actual expense on Interest and Finance Charges for FY 2011-12 is ₹ 0.03 Lacs only (which are basically bank charges for various banking services). Moreover, SLDC has not taken any working capital loan and consequently has not incurred any expenses for Interest on Working Capital. The cumulative available balance of Capex fund as on 31/03/2012 is shown as ₹ 240.41 Lacs. Therefore, the petitioner was asked to submit its projection for revenue gap and working capital, if any, projected for FY 2013-14.

1.36 In response vide its letter No. 218 dated 19.01.2013, SLDC submitted the following: -

“(i) 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 ₹13.57 Lacs has been projected in ARR in accordance with above regulation. Hon’ble commission may kindly consider IWC for approval of ARR for the FY2013-14.

(ii) Capex revenue requirement and gap:-

The year wise proposed requirement as well as availability of fund for capital works for next five year period is mentioned in enclosed annexure-3. As may be seen some shortage of capital fund is observed in FY 2014-2015. Further, it is to mention that project “replacement of SCADA/EME system under WR including formation of backup SLDC, master telecommunication plan, etc shall be implemented in 2014-15 and some associated capital works not envisaged at this time may also be required to be done, which may also increase the shortage of capital fund. In view of this, SLDC submits before the Hon’ble Commission to kindly consider retention of full charges (100%) on account of return on equity, interest on loan, depreciation and other income of the State Load Despatch Centre such as Registration Fee, Application Fee, Short Tern Open Access charges etc. for development of Capital Fund of Load Despatch Centre as being allowed by CERC in the matter of levy and collection of fees and charges by RLDC. This will not only bridge the gap but will also create reserve Capex fund for ensuring infrastructure development.”

1.37 The Commission observed from SLDC’s submission that it has considered its ARR as ₹1162.92 Lacs and not considered the free Capex fund available with it, while calculating Interest on Working Capital.

1.38 Regulation 10.3 of MPERC (levy and collection of fee and charges by SLDC) Regulation, 2004, Revision –1, 2006 (RG–16 of 2006 dated 5th May, 2006 states that “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”.

1.39 During FY 2013-14, the Operation and Scheduling (O&S) charges are expected to be ₹ 230.00 Lacs. In the present petition, SLDC considered 50% of O&S charges i.e. ₹ 115.00 Lacs while calculating revenue from other charges for the purpose of ARR. The same practice was followed during 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 cumulative balance of Capex fund of ₹ 240.41 Lacs available with SLDC as on 31/03/2012.

1.40 Based on the above facts, the calculation for Interest on Working Capital is as under:

Table 15: -Interest on Working Capital for FY 2013-14

(₹ in Lacs)			
S. No.	Particulars	As filed by SLDC	As approved by MPERC
1.	Net ARR	1162.92	803.84
2.	Monthly Expenses (1/12 of ARR)	96.91	66.99
3.	Less: Cumulative Balance of Capex Fund (as per latest balance sheet information)	0.00	240.41
4.	Working Capital Requirement (2 – 3)	96.91	(-)173.42
5.	Interest on WC (@ 14% as filed by SLDC)	13.57	0.00

1.41 The Commission has observed that free reserves (in the form of unspent cumulative funds available for Capex) exceed 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. Hence, the Commission does not approve any interest on working capital for FY 2013-14 in this order. The Commission has considered the actual expenses incurred by SLDC in its True-up petition for FY 2011-12 filed with this petition. If any expenditure for interest on working capital is actually incurred by SLDC, such claim may be considered subsequently by the Commission after prudence check in the true-up petition for FY 2013-14.

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

Petitioner's Submission

1.42 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

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

Other Income:

Petitioner's Submission

1.44 The petitioner broadly submitted the following:

“Income of ₹ 165.00 Lacs has been projected as income from Scheduling & Operation Charges, Connection Charges and Application processing fee from Short Term Open Access Customers (STOAC). The amount has been assessed on the basis of actual amount received during first half of current financial year and considering income from recently commissioned IPPs”.

Provisions of Regulations

- 1.45** Regulation 9.14 & 10 of the Regulations 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”.

Operation and Scheduling Charges:

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

- 1.46** In the petition, SLDC estimated other income as under:

Table 16: Other Income (as filed by SLDC)

Sr. No.	Particulars	Amount (₹ in Lacs)
1	Operation & Scheduling charges (50% as income)	115.00
2	Connectivity charges	10.00
3	Application processing fee for SOTA	40.00
	Total income from Connectivity and Operating charges	165.00

- 1.47** The Commission observed that the actual other income as per available last three years balance sheets is as under: -

Table 17: - (₹ in Lacs)

S. No.	Particular	FY 2009-10	FY 2010-11	FY 2011-12
1.	Actual Other income considered in True-up process	123.14	138.01	151.54

In para 1.52 of SLDC Tariff Order for FY 2012-13 dated 16.03.2012, SLDC had filed other income of ₹ 120.00 Lacs but the Commission approved the other income of ₹ 150.00 Lacs.

- 1.48** Based on the above mentioned position, the Commission observes that the actual other income of ₹123.14 Lacs as on 31/03/2010 increased to ₹ 151.54 Lacs as on 31/03/2012. Therefore, in view of the past trend in growth of other income, the Commission approves SLDC's other income as **₹ 180.00 Lacs** for FY 2013-14 for the purpose of this order. However, the actual income under these heads shall be considered and adjusted appropriately while undertaking true-up process.

True up of SLDC Tariff Order for FY 2011-12 based on Audited Accounts: -**Petitioner's submission**

1.49 The petitioner broadly submitted the following: -

“The expenses towards Employee cost, A&G and R&M for FY 2011-12, shown in forms of the petition for FY13-14, are on the basis of Certified Financial Statements of SLDC for the FY11-12. 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 11-12 and the figures shown in formats of the petition, is due to following reasons.

Table 18: -**(Amount in ₹ Lacs)**

Particular	Financial statement		Petition		Difference	Remark
	Note	Amount	Form No	Amount		
Employee Cost	10	634.37	F4	609.05	25.32	Explanation 1
A & G Expenses	12	56.16	F5	39.93	16.23	Explanation 2
SLDC charges	8	882.85	F1	790.14	92.71	Explanation 3

Explanation: -

- 1) The employee cost of ₹ 609.05 Lacs mentioned in Form F4 comprises of actual employee cost of ₹ 592.85 Lacs and training expenses of ₹ 16.20 Lacs. The employee cost of ₹ 634.37 Lacs mentioned in Note 10 of financial statement comprises of actual employee cost of ₹ 592.85 Lacs as well as the amount of ₹ 41.52 Lacs approximately towards provision of wage revision arrears which is not mentioned in the form F4 of the petition. Further, the training expense ₹ 16.20 Lacs 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 ₹ 609.05 Lacs as mentioned in Form F4 is claimed for true up.*
- 2) The A & G expenses of ₹ 56.16 Lacs mentioned in Note 12 of Financial statement comprises of various A&G expenses of ₹ 39.93 Lacs, the Banking charges of ₹ 0.03 Lacs and the Training expenses of ₹ 16.20 Lacs. The A&G expenses ₹ 39.93 Lacs 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 ₹ 39.93 Lacs as mentioned in Form F5 are actual expenses claimed for true up.*
- 3) 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 ₹ 790.14 Lacs shown in Form F1 includes ₹ 92.72 Lacs 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 ₹ 185.43 Lacs are shown in two equal parts, 50% amount as earning in Form F1 and 50% amount retained for capex. The amount of ₹ 882.85 Lacs shown in Note 8 of financial statement include ₹ 185.43 Lacs towards revenue from total Scheduling & Operating Charges. An increase of ₹ 92.71 Lacs in Note 8 of financial statement is due to accounting of 100% of Scheduling & Operating charges received during the Financial Year 11-12. Therefore, the amount of ₹ 790.14 Lakhs as shown in Form F1, is actual earning for FY 11-12 claimed for true up.*

In view of above, the details of FY 11-12 expenses approved in ARR & Actual expenses as per audited accounts are summarized below for Reconciliation / True- up in the ARR for FY 13-14.

Table 19: -True up of FY 11-12 accounts with FY 11-12 Order : Expenses (₹ in Lakh)

Particular	Expenses as allowed in ARR for FY 2011-12	Actual Expenses for FY 2011-12	Differences (Allowed-Actual) to be reconciled
Employee Costs	675.15	609.05	66.10
Administration & general Expenses	85.09	39.93	45.16
Repairs & Maintenance Expenses	215.98	195.82	20.16
Interest & Finance Charges	0	0.03	-0.03
Total	976.22	844.83	131.39

Income from other fee & charges:

The revenue from other fee & charges comprises of Scheduling & Operation Charges, Connectivity Charges and Application Processing fee allowed by the Commission for the FY 2011-12 was ₹150.00 Lakhs, the actual income works out to ₹138.07 Lakhs as given below :

Table 20: - (₹ in Lakh)

Particular	Income as allowed in ARR for FY 2011-12	Actual income for FY 2011-12	Differences (Allowed-Actual) to be reconciled
50% of Scheduling & Operating Charges.	150	92.72	57.28
Connectivity Charges		10	-10.00
Application Charges		35.35	-35.35
Sub Total	150	138.07	11.93
Other miscellaneous receipts as mentioned in Form F2	0	13.47	-13.47
Total	150	151.54	-1.54

The other miscellaneous income of ₹13.47 Lacs include ₹12.22 Lacs due to scrap sell of old AC plant and Net amount to be reconciled & adjusted in ARR of FY 2013-14 works out to [131.39– (-1.54)] i.e. ₹132.93 Lacs”.

Commission's Analysis

1.50 The Commission observed that the Balance sheet as on 31/03/2012 shows long term liability of ₹ 67.55 Lacs & short term liability of ₹ 2185.79 Lacs towards MPPTCL and reserve & surplus of ₹ 423.99 Lacs. Details of the aforesaid liabilities were sought from the petitioner.

1.51 In response, SLDC in its letter no. 218 dated 19.01.2013, submitted as under: -

“The long Term Liability towards MPPTCL consist of Net block of Assets of SLDC of ₹67.55 Lacs (Gross Block Of Assets ₹242.80 Lacs Less Accumulated Depreciation of ₹175.25 Lacs) notified vide GoMP Notification No. 292 dated 12th June 2008. The short Term Liability towards MPPTCL consists of payment made by MPPTCL on behalf of the SLDC to supplier/Contractors, and amount transfer by MPPTCL for disbursement of salary to SLDC employees etc. As the Cash Flow Mechanism existing up to 31st March 2012 SLDC had not received any payment (except one payment received from Madhya Kshetra Vidyut Vitaran

Co. Ltd. Bhopal for SLDC Fee & Charges for FY 09-10) from Discoms/MPSEB. All the fund were routed through MPPTCL hence liability towards MPPTCL is appearing in the books of A/c. On other hand Discom are appearing as Debtor for SLDC Fee & Charges payable to SLDC for the period 2006-07 to 2011-12. Details regarding liability (long term & short term) towards MPPTCL as on date 31-03-2012 is mentioned in annexure-4. The reserve and surplus appearing in the balance sheet is accumulated profit which consist of capex fund and true up amount for FY 10-11 and 11-12”.

- 1.52** The justifications given by the SLDC appears reasonable in light of the balance sheet and trial balance for FY 2011-12 submitted by it. The Commission considers the SLDC’s submission and the net amount of reconciliation (True-up for FY 2011-12) of ₹ 132.93 Lacs is adjusted in ARR of FY 2013-14 in this Order.

Summary of ARR:

- 1.53** Based on the above analysis, the Commission has approved the following Annual Revenue Requirement of SLDC for FY 2013-14:

Table 21: Summary of the ARR as approved by the Commission for FY 2013-14

(₹ in Lacs)			
Sr. No.	Particulars	As filed by SLDC	As approved by MPERC
1	Net Employee Expenses (excluding Terminal Benefits)	795.20	792.62
2	Net A&G expenses	99.58	69.58
3	Net R&M expenses	254.57	254.57
4	Depreciation	0.00	0.00
5	Interest on Loans	0.00	0.00
6	Interest on Working Capital	13.57	0.00
7	Return on Equity	0.00	0.00
8	Income Tax	0.00	0.00
9	Total revenue expenditure	1162.92	1116.77
10*	(Less) Other Income	165.00	180.00
11*	(Less) True-up for FY 2011-12	132.93	132.93
12	Net ARR for FY 2013-14	864.99	803.84

* Not considered by the petitioner for ARR in its filing.

Allocation of Annual SLDC Charges:

- 1.54** In form F1 of its petition, SLDC has filed Capacity allocation of 9055 MW for FY 2013-14, same as that allocated for FY 2012-13 in the SLDC Tariff Order for FY 2012-13 dated 16/03/2012 issued by the Commission. Meanwhile, vide notification dated 19/03/2013 the Government of MP reallocated the Generation capacity available as on date to the three Distribution Companies in the State. In view of this reallocation, MPPTCL vide its letter No.2397 dated 26/03/2013 submitted the revised capacity of its transmission system among the long term customers as 10530 MW for FY 2013-14 in its Transmission MYT petition (P-06/2013). The Commission issued Transmission MYT Order dated 02/04/2013 considering the same capacity for FY 2013-14. The same transmission system capacity is considered in this SLDC Tariff order for FY 2013-14.

- 1.55** 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 annual SLDC charges work out as under:

Table 22: Annual SLDC Charges for Long - Term Open Access Customers for FY 2013-14

Sr. No	Particulars	Long-Term Open Access customers				Total
		East Discom	West Discom	Central Discom	SEZ Indore	
1	Total annual SLDC charges (₹ Lacs)					803.84
2	Long-term allocation of Transmission Capacity (MW) (as per Transmission Tariff petition for FY 2013-14)	3141.41	4030.38	3346.21	12.00	10530.00
3	Annual SLDC charges payable by Long-Term Access customers (₹ Lacs)	239.81	307.67	255.44	0.92	803.84
4	Annual SLDC charges payable by Long-Term Access customers (₹/MW)					7633.81

Summary of Fees and Charges:

- 1.56** 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 fees and charges approved by the Commission for use of SLDC services:

Table 23: Applicability and levy of various SLDC fees and charges for FY 2013-14

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	7633.81 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	--	--

Chapter – 2

Commission's Directives

- 2.1 The Commission directs that SLDC must follow all accounting standards prescribed by ICAI while preparing annual financial statements. A copy of signed, dated and authenticated annual financial statements including Balance Sheet and P&L account of SLDC for FY 2012-13 be filed with the Commission along with the petition for SLDC charges for FY 2014-15.
- 2.2 The Commission directs SLDC to complete Capex works as per schedule and to file full details on the issues raised in the chapter of Capital expenditure with the next petition.
- 2.3 The Commission directs SLDC to file details of separate accounts towards capital expenditure actually incurred since FY 2007-08 as required as per Regulation 10 of MPERC (levy and collection of fee and charges by SLDC) Regulations.
- 2.4 The details in respect of interest earned on the funds marked for Capex out of the Operation & Scheduling charges, connectivity charges & processing fee being received by SLDC be also submitted to the Commission with full details with the next year's petition.
- 2.5 The SLDC should file the details of year-wise Sub-SLDC expenses mentioning the year in which these expenses have been separated from the M. P. Power Transmission Company Ltd., to SLDC accounts. A certificate from the Competent Authority of the MPPTCL shall also be placed before the Commission before filing the petition for levy & collection of fee & charges by SLDC for FY 2014-15.
- 2.6 The Commission directs SLDC to initiate steps to boost its Other Income and also to contain its O&M expenses. The details of efforts made in this regard and their outcome be submitted to the Commission in the next year's petition.

----- X ----- X ----- X ----- X -----