

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



Petition No. 57/2013

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) Jabalpur for FY 2014-15.

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. M. P. Power Generating Co. Ltd., Jabalpur**
- 8. Narmada Hydro-Electric Development Corp. Ltd., Bhopal**
- 9. Narmada Valley Development Authority, Bhopal**
- 10. Jaiprakash Power Ventures Ltd., Uttar Pradesh**
- 11. BLA Power Private Limited, Mumbai**

- Respondents

ORDER

(Passed on this day of 18th June' 2014)

1. This order relates to petition No.57 of 2013 filed by the State Load Despatch Centre, MPPTCL Jabalpur (hereinafter referred to as "SLDC") for "Levy & collection of fee & charges by SLDC for FY 2014-15" 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. 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 2014-15 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.”
4. Based on the above, State Load Despatch Centre filed the following revenue requirement for FY2014-15 :

Sr. No.	Particular	Amount (₹Lacs)
1	Employee Cost	896.06
2	Administration and General Charges	127.16
3	Repairs and Maintenance Expenses	274.54
4	Depreciation	0.00
5	Interest and finance charges	14.99

6	Return on equity/Investments	0.00
7	Provision for Income Tax	0.00
Total Revenue Requirement for FY 2014-15		1312.75

5. The petitioner also filed the actual expenses and income from other fee and charges in FY 2012-13 vis-a vis approved in the ARR of FY 2012-13 for reconciliation / true-up of the same in the ARR of subject petition for FY 2014-15 as given below:

(Amount in Lacs`)

Particular	Expenses as allowed in ARR for FY 2012-13	Actual Expenses for FY 2012-13	Differences (Allowed-Actual) to be reconciled
Employee Costs	723.48	688.18	35.30
Administration & general Expenses	92.14	32.13	60.01
Repairs & Maintenance Expenses	250.78	182.80	67.98
Interest & Finance Charges	0	0.08	-0.08
Total	1066.4	903.19	163.21
Less: Other Income	(-) 150	(-) 210.12	-60.12
Net amount to be reconciled	916.4	693.07	223.33

Accordingly, the net amount to be reconciled & adjusted (subtracted) in the ARR of FY 2014-15 is worked out to ₹ (163.21 – (-60.12)) i.e. ₹ **223.33** Lakhs.

6. The petitioner prayed the following:

- (i) *“Accept and pass Fee and Charges of State Load Despatch Centre Jabalpur for FY 2014-15 as ₹1312.75 Lakhs towards revenue expenditure.*
- (ii) *Issue suitable order for distribution of the Fee and Charges among the respondents using the intra-state transmission system.*
- (iii) *Issue suitable directives for separate accounting of Capex Fund of SLDC”.*

7. Motion hearing in the matter was held on 7th January’ 2014. Vide order dated 7th January’ 2014, the petition was admitted and the petitioner was asked to serve copies of the petition on all the respondents. The respondents were also asked to file their response on the petition by 31st January’ 2014. Vide letter dated 06th February’ 2014, the petitioner confirmed that the copy of the petition has been served on all the respondents in the matter.

8. Vide letter dated 15th January' 2014, the information gaps / discrepancies observed in the petition were communicated to the petitioner and it was asked to file the response by 10th February, 2014. By affidavit dated 6th February' 2014, the petitioner filed its response on the issues raised by the Commission. Issue- wise response filed by petitioner is as given below:

(i) **Details regarding revenue from fees and charges in Form F-1:**

(a) **Issue:**

Details regarding Independent Power Producers is shown nil for FY 2012-13 in this format while some units of IPPs have come into commercial operation in FY 2012-13. The reasons for not considering the generating capacities of all such units be informed.

SLDC's Response:

"The details of major generating stations were mentioned in Form F-1 of previous year petitions for Levy & Collection of SLDC fee and charges. However, in Form F-1 of the petition for FY 2014-15, the details of IPPs are mentioned for current year and ensuing year only. The details regarding IPPs for FY 2012-13 could not been mentioned due to oversight. As directed, the details of IPPs come into commercial operation during FY 2012-13 are now mentioned in revised form F-1 and the same is annexed herewith as revised Form F-1."

(b) **Issue:**

The projected capacity addition in FY 2014-15 is based on GoMP's notification dated 19th March' 2013, whereas some IPPs in the aforesaid notification have been dropped in this format. The reasons for excluding these IPPs while projecting capacity additions in this format be informed.

SLDC's Response:

"The projected capacity addition/ details of IPPs mentioned in Form F-1 is shown for the generating stations falling under the jurisdiction of state control area of Madhya Pradesh and those likely to be commissioned during FY 2014-15. The name of generating stations/capacity addition is shown in Form F-1 on the above basis. The name of IPPs namely "Jaiprakash Power, Nigri", "MB Power Annuppur", Jhabua Power Seoni" mentioned in the GoMP Notification dated 19-03-2013 are not shown because they will be under control area of jurisdiction of WRLDC."

(c) **Issue:**

Despite substantial increase in actual units and the MW capacity in FY 2013-14, fall in revenue/collection against demand is observed in this year as compared to past years. The reasons for this ambiguity be explained.

SLDC's Response:

"The details mentioned under the columns, "Revenue" and "Collection against revenue demand" in Form F-1 are shown on the basis of Net Annual Revenue Requirement (ARR) approved by Hon'ble commission and actual receipt of revenue from the Discoms and SEZ. The approved Annual Revenue Requirement for the FY 12-13 was ₹ 1066.40 Lakhs and the same for FY 13-14 is ₹1116.77 Lakhs. After considering true-up for Previous year and income from open access charges, the net ARR approved for FY 12-13 is ₹ 861.48 Lakhs and for FY 13-14 is ₹ 803.84 Lakhs. The main reason for fall in Net ARR is due to increase in income from Open Access charges and the effect of true-up."

(ii) **Details of Other Income in Form F-2****Issue:**

No amount is shown for FY 2014-15 against other income in this format whereas the actual other income has been ₹4.05 lakhs in FY 2012-13. The reasons for not considering any income other than fees and charges in FY 2014-15 be informed.

SLDC's Response:

"The other income of ₹ 4.05 Lakhs shown for FY 12-13 in Form F-2 is as per trial balance of SLDC for the year 12-13. This amount comprises of penalty from suppliers, employee deduction towards water charges, house rent, bus charges and misc income ie. Sale of old news papers and sale of bid document etc. The amount of such income is very small and have no basis for estimation, therefore the projections are not made for such income in the petition for FY 2014-15. However, the above income amount has been considered on actual basis in true-up for FY 2012-13."

(iii) **Details regarding Employee Cost in Form F-4**(a) **Issue:**

The salary (Basic Pay + Grade Pay) for FY 2014-15 filed in this format is less than the amount estimated in FY 2013-14 whereas the Dearness Allowance for FY 2014-

15 is filed 43% higher than the last year. The reasons for the aforesaid discrepancy be informed.

SLDC's Response:

“The total employee cost projections of ₹ 896.06 Lakhs for FY 14-15 is worked out considering working strength of 105 employee on October 2013. The projection towards Basic Pay plus Grade Pay for FY 2014-15 has been calculated employee wise on the basis actual basic pay plus grade pay for the month of October-13 plus one increment for the month of July-14. Similar methodology was adopted for projection of Basic Pay plus Grade pay during the calculation of employee cost mentioned in the Levy & Collection of fee & Charges petition filed for previous year i.e. FY 2013-14. However, the discrepancy in projections made towards Basic Pay and DA for FY 2013-14 and FY 2014-15 is due to following reason:

- (i) *It is submitted that due to inadvertent mistake in linking the excel sheet in the column of Basic Pay and grade pay for the FY 13-14, the amount under the Basic pay column got appeared in excess of ₹11.23 Lakhs. Now, the mistake has been identified and corrected while working out the employee cost projections for FY 14-15.*
- (ii) *In the petition for FY 13-14, a component amounting ₹15.82 Lakhs was included towards Fixed allowance to company cadre employees, in the Form F-4 under head Basic pay + grade pay. However, the same was shown separately in calculation sheet of employee cost for FY 13-14. Now as per order of CE(CA&IT), MPPTCL, the Human Capital Manual and wages & allowances manual notified by MPPTCL has been ceased w.e.f. September-2013, the projection towards fixed allowances have not been considered for the FY 2014-15. The calculation sheet showing details of employee cost projection for the FY 13-14 and FY 14-15 are annexed herewith as annexure-I&II.*
- (iii) *The DA projection for the FY 13-14 was worked out considering the DA rate as 72% for the First six months and 78% for next six months. However in actual the rate of DA w.e.f. July-2013 is 90% which is more than the estimated DA rate 78% for FY 2013-14. It may be mentioned here that the actual expenditure towards DA for FY 13-14 compiled from salary slips for the month of Jan-14 and estimated for Feb & Mar-14 works out to ₹318.10 Lakhs which is more than the approved DA amount of ₹278.11 Lakhs for FY 13-14. The present DA rate is 90% and considering nominal increase in DA during FY*

2014-15, the DA rates are assumed as 100% for the first six months and 105% for next six months for FY 2014-15, accordingly the DA projection of ₹ 397.38 Lakhs has been made against the Basic salary projection of ₹ 392.09 Lakhs.

The Hon'ble Commission is requested to kindly consider employee cost of ₹896.06 Lakhs for the FY 2014-15.”

(b) **Issue:**

The actual contribution towards DLI/NPS (pension schemes) for FY 12-13 has been ₹ 2.60 lakhs whereas the proposed contribution for FY 13-14 and FY 14-15 is shown as ₹ 4.47 lakhs and ₹ 11.00 lakhs respectively. The petitioner is required to clarify the following:

- (i) Whether the above provisions towards contribution of SLDC towards DLI/NPS are included in the Financial Accounts of MPPTCL also?
- (ii) The reasons for high projections in FY 2014-15.

SLDC's Response:

“The contribution towards DLI/NPS is applicable only to the new employees recruited under company cadre. The actual contribution for towards DLI/NPS for FY 12-13 has been ₹ 2.60 Lakhs as per certified trial balance of SLDC for FY 12-13. The projection towards DLI/NPS for the FY 13-14 was workout for total 27 company cadre employee on the basis of Human Capital Manual and wages & allowances manual wherein only 10% of basic was considered towards NPS contribution. However, the projection towards DLI/NPS for the FY 14-15 has been workout for total 27 company cadre employees on the basis of board pay structure wherein 10% of basic pay + grade pay + DA has been considered towards NPS contribution.

- (i) The contribution towards NPS (pension scheme) has been shown separately in the trial balance of SLDC under the head company contribution on NPS (new Employee). Moreover, the Employee Benefit expenses of SLDC are shown separately in Financial Accounts of MPPTCL.
- (ii) The reason for high projections towards DLI/NPS for FY 2014-15 as compared to FY 12-13 & FY 13-14 have been submitted in para (b) above.”

(c) **Issue:**

SLDC has claimed ₹ 3.12 lakhs towards subsidized electricity to employees. The actual expenditure on this head during previous year alongwith the reasons for making this provision in FY 2014-15 be informed.

SLDC's Response:

“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 ₹3.12 Lakhs 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 sum provision.”

(d) **Issue:**

The petitioner has filed ₹25.89 lakhs for FY 14-15 under the head of “Any other Item (Adj.)/Arrears of pay revision” whereas the actual expenditure under this head for FY 12-13 is only ₹5.87 lakhs. Further, Note-10 of the financial statements for FY12-13 shows that the employee benefit expenses include wage revision arrears of ₹25.65 lakhs for which provisions are already made in MPPTCL Accounts. Detailed reasons for considering this estimate in the subject petition be explained.

SLDC's Response:

“The projection towards wage revision arrears of ₹25.89 Lakhs has been made in employee cost for FY 14-15 on the basis of actual amount of arrears being paid to individual employee. However, these expenses are not mentioned in trial balance of SLDC, hence the same are not being claimed by SLDC in True-up of actual SLDC expenses.

Further, the actual amount ₹5.87 Lakhs shown in Form F-4 under head “Any other Adj/Arrears” for the FY 12-13 is the amount which have been paid to new employee as stipend.”

(e) **Issue:**

The training expenses are recorded under A&G expenses in the Financial Statements of SLDC whereas the petitioner has considered the expenses for “Apprentice and other training” in employee expenses. The reason for filing the aforesaid expenses under employees cost be explained.

SLDC's Response:

“The training expenses are show in Employee expenses under head “Apprentice and other training in the petition as per standard format of the petition. Also the projection

of training expenses for the FY 14-15 has been considered in employee cost in Form F4.”

(iv) **Details of Administration and General Expenses in Form F-5**

(a) **Issue:**

Telephone/fax etc. expenses in FY 14-15 are shown much higher than the actual expenses incurred on these heads in FY 12-13 as per the financial statements. The reason for steep rise in these expenses be informed.

SLDC's Response:

“The projections of ₹2.32 Lakhs has been made towards Telephone / Fax/ Postage Charges etc. for FY2014-15 is same as approved for FY 2013-14. However, during the current year 4No CUG SIMs are provided for SLDC and Sub-LDC Control Centre, hence there will be additional expenditure on this account. The projection of ₹ 2.32 Lakhs is bare minimum, therefore Hon'ble Commission may kindly consider the projections on Telephone/fax/Postage expenses in ARR for FY 2014-15.”

(b) **Issue:**

The consultancy charges of ₹ 10 lakhs are claimed for FY 14-15 whereas no consultancy charge was paid in FY 2012-13. The reason for claiming consultancy charges in FY 14-15 be informed.

SLDC's Response:

“The projection of ₹.10.00 Lakhs has been made towards consultancy charges for FY 2014-15. The provision is made to meet out the expenses, if required towards obtaining consultancy services for Renewal of ISO 9001:2008 certification of SLDC, preparation of scheme for future project like WAMS/SCADA system/master communication system, Automatic Demand Side Management System and for renovation & modernization of SLDC building etc.”

(c) **Issue:**

Expenditure of ₹ 2.00 lakhs was actually incurred on “Hiring of Vehicles” whereas ₹10.56 lakhs and ₹9.00 lakhs are claimed in this head for FY13-14 and FY14-15 respectively. The reason for high projections of expenditure on “Hiring of Vehicles” in FY 2013-14 & FY 2014-15 be informed.

SLDC's Response:

“Projection of ₹ 10.56 Lakhs has been made towards hiring of four number vehicles for SLDC/Sub-LDC for FY 13-14 and similar projection of ₹9.00 Lakhs

has been made towards hiring of three number vehicles for FY 14-15. At present one vehicle has been provided for CE(SLDC). The actual expense for FY 2012-13, the projection are made to hire additional vehicle at SLDC/Sub-LDCs”.

(d) **Issue:**

The petitioner has filed ₹ 55 lakhs against “Electricity Charges to Offices” whereas the expenses on this head in FY 12-13 and FY 13-14 were nil as indicated in Form F-5. The Financial Statements for FY 12-13 also do not indicate any expenditure in this head. The basis and reason for claiming these expenses in FY 2014-15 be explained.

SLDC’s Response:

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

(e) **Issue:**

Expenditure of ₹ 0.78 Lacs and ₹ 0.42 Lacs was actually incurred on “Miscellaneous Expenses” and “Purchase related advertisement” respectively in FY 2012-13 whereas expenses on these heads are projected very high in FY 2014-15. The reasons for claiming higher expenses on these heads be informed.

SLDC’s Response:

“The provision of ₹6.00 Lakhs under Miscellaneous expenses has been made to meet out any contingent, petty expenses related to Administrative & General category of expenses. Similarly, a provision of ₹5.00 Lakhs 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.”

(v) **Details of Repair and Maintenance Expenditure in Form F-6**

Issue:

The petitioner has claimed ₹44.50 lakhs for building and civil works under R&M expenditure in FY 14-15 whereas the actual expenditure on building and civil

works has been ₹ 10.12 lakhs in FY 12-13. The reasons for high projection be informed.

SLDC's Response:

“The projections of ₹ 44.50 Lakhs made towards building and civil works under the Repair and maintenance expenses for the year 2014-15 comprises of various civil works proposed to be taken up during FY 2014-15. The details are as given below:-

<i>Sr. No.</i>	<i>Description of work</i>	<i>Amount in ₹ of Lakhs</i>
1	<i>General upkeep of SLDC Building & maintenance of garden.</i>	6.5
2	<i>Construction of retaining wall.</i>	8
3	<i>Change of old M S window frames with Aluminium windows</i>	1
4	<i>Replacement of doors & doors frames</i>	1.4
5	<i>Providing vitrified tiles in various room and floors of SLDC building & officer chambers.</i>	16.1
6	<i>Metalling around 3 No. L T Transformers and construction of earth pits, including yard fencing etc.</i>	3
7	<i>Miscellinious repairing and day to day maintenance works</i>	3
8	<i>Improvement/ strengthening of sanitation system/ water supply system</i>	3
9	<i>Development of garden beautification and land scaping</i>	2.5
	<i>Total</i>	44.5

The actual expenditure of ₹ 10.12 Lakh shown under civil maintenance head, during the FY 2012-13, comprises of routine maintenance works such as General upkeep of SLDC Building, maintenance of garden, Repairing of wall & fencing of garden, repairing of Aluminum doors at SLDC building etc and the vitrified tiles flooring only in conference room. However, the projections of ₹44.50 Lakhs made for FY 2014-15 is more as compared to the actual expenses ₹10.12 Lakhs incurred during FY 2012-13 because the maintenance works mentioned at Sr. No. 2,3,5,8 & 9 of the above table are not of routine nature but required to be taken during FY 2014-15.

In view of the above, Hon'ble commission is requested to approve total R&M projections of ₹274.54 Lakhs for FY 14-15.”

(vi) Details of Interest and Finance Charges in Form F-8:**Issue:**

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 ₹247.34 lakhs as on 31/03/2013. The actual expenses on interest and finance charges for FY 2012-13 is also nil. The petitioner is required to submit its projected revenue gap if any, and also to inform any working capital to be raised during FY 14-15.

SLDC's 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 ₹14.99 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 page no. of 9 of the petition. Apparently, there is no shortage of fund except for little requirement of fund for FY 2014-15. Accordingly, no working capital is proposed to be raised during FY 2014-15."

(vii) Details of Capital Works in Form F-15:**(a) Issue:**

It is observed from the details of CAPEX that SLDC has completed the works for ₹52.55 lakhs only against ₹92.22 lakhs approved by the Commission for FY 2012-13 in CAPEX Plan. The reasons for shortfall in achievement of Capital works against self derived plan of SLDC be informed and how the balance works of FY 2012-13 shall be mapped on the CAPEX Plan already approved by the Commission for the subsequent years.

SLDC's Response:

"The details of capital works completed during FY 2012-13 are shown in Form F-15. As per Five years Capex plan approved by Hon'ble Commission for the period FY 12-13 to FY 16-17, the tentative list of works to be completed during

FY 12-13 were amounting to ₹ 92.22 Lakhs. The SLDC has completed capital expenditure of ₹ 52.55 Lakhs against proposed work of ₹ 92.22 Lakhs. The most of the work are initiated in FY 12-13 but it has been completed in FY 13-14. The details of approved capital work, reason for delay and actual expenses during FY 12-13 is submitted below:-

Project – wise / Scheme – wise Capital Expenditure (New Projects & CWIP)

All figures in ₹Lakh

S N	Particular	Estimated Cost	Reason for delay	Actual Exp. During year
	<i>Financial Year 2012-13</i>			
1	<i>Construction of Mazenine slab at office hall and renovation of toilets in SLDC Building.</i>	7.4	<i>Work has been completed in FY 2012-13</i>	7.71
2	<i>Purchase of cell, booster charger for UPS & DCPS battery bank for SLDC & Sub-LDCs</i>	1.9	<i>Purchased During the year 12-13</i>	1.83
3	<i>Replacement of existing Fire Alarm System at SLDC Jabalpur by new one.</i>	0.8	<i>Installation & Commissioned during the year 2012-13</i>	0.8
4	<i>Replacement of Existing Air Conditioning plant at SLDC Jabalpur by new one.</i>	16.82	<i>Installation & Commissioned during the year 2012-13</i>	17.91
5	<i>Renovation of false ceiling and electrification system at SLDC</i>	40	<i>Work has been completed in FY 2013-14</i>	16.49
6	<i>Partitioning and furnishing of Mazenine slab</i>	8.3	<i>Work is completed in FY 2012-13</i>	7.81
7	<i>Providing Conference System at SLDC</i>	5	<i>Work has been completed in FY 2013-14</i>	0
8	<i>Construction Additional Floor in Sub-LDC office building at 400 KV S/S Indore with facility for airconditioning, fire alarm etc.</i>	5	<i>Tendering formalities are completed, Work shall be completed by 1st quarter of FY 2014-15</i>	0
9	<i>Staff rejuvenation facilities.</i>	2.5	<i>Purchased During the FY 13-14</i>	0
10	<i>Office Equipments at SLDC & Sub-LDC</i>	4.5	<i>Purchased During the FY 13-14</i>	0
	<i>As per Approved Plan for FY 12-13</i>	92.22	<i>As per actual work completed in FY 12-13</i>	52.55

(b) **Issue:**

SLDC is also required to submit its compliance to the conditions mentioned in para 1.13 of Commission's order dated 10th April' 2013, in Petition No. 88 of 2012.

SLDC's Response:

"In compliance to the directives mentioned in Commission order dated 10th April-2013 under Chapter -2, para 2.2, full details on the issue mention in para 1.13 of the order have been submitted to Hon'ble commission on page no. 10 of the petition. Further, the details of approved capital work, reason for delay and actual expenses during the FY 12-13 are also submitted in the table under previous para."

9. On perusal of the response filed by the petitioner, the Commission observed that the response of the petitioner on certain issues was still lacking clarity. Vide Commission's letter dated 20th February' 2014, the observations on the above response of SLDC were communicated and its response was sought by 18th March'2014.

10. Vide letter dated 15th March' 2014, State Load Despatch Centre filed its response. Issue - wise response filed by the petitioner is given as under:

(i) **Issue:**

The last column in the revised Form F-1 submitted with the instant reply is missing. Therefore, a legible copy with all details of revised Form F-1 be submitted.

SLDC's Response:

"As pointed out by Hon'ble commission, the last column of the Revised Form F-1 was not legible. The problem appears to be crept-in due to inadvertent oversight while taking photocopy of Revised Form F-1. The legible copy of revised form F-1 is resubmitted herewith."

(ii) **Issue:**

The IPPs quoted in para 3.2 (i) (b) of the instant reply have also entered into Power Purchase Agreements for a certain percentage of installed capacity with M.P. Power Management Company Ltd., Jabalpur. Therefore, the difference in the status of other IPPs considered in Form F-1 and the IPPs dropped in the same Form F-1 be clarified.

SLDC's Response:

“Regarding, the projected capacity addition/ details of IPPs mentioned in Form F-1, it was submitted in earlier reply dated 06.02.14 that the names of IPPs which are falling under the jurisdiction of state control area of Madhya Pradesh and those likely to be commissioned during FY 2014-15 have been mentioned. The above methodology have been opted on considering the logical basis of control area of Madhya Pradesh. Accordingly, the name of IPPs namely “Jaiprakash Power, Nigri”, “MB Power Annuppur”, “Jhabua Power Seoni” mentioned in the GoMP Notification dated 19-03-2013 were not shown in Form F-1 because as per regulation 6.4(2) of IEGC 2010, they fall under control area of jurisdiction of WRLDC.”

(iii) Issue:

Detailed break up of employee expenses is submitted in Annexures (i) and (ii) with the reply but the details in original Form F-4 are not revised. The figures originally filed for FY 2012-13 to FY 2014-15 in Form F-4 viz-a-viz Annexures (i) and (ii) (now filed with the instant reply) are not matching.. Therefore, the revised Form F-4 be also submitted. Further, the contention of SLDC in Para a(i) is also lacking clarity with respect to the figures filed in Annexure (i) and (ii) submitted with the instant reply. Therefore, the contention of SLDC needs to be clarified in light of modified Form F-4 and Annexure (i) and (ii) filed with the instant reply.

SLDC's Response:

“Regarding Revision of form F-4, it is submitted that in previous reply dated 06.02.14, explanation/clarification for the observation on projection (Basic Pay+Grade pay), DA, NPS contribution, subsidy to electricity charges to employee, wage revision arrears, training expenses etc. was submitted. It was also submitted that actual expenditure towards DA for FY 13-14 shall be approximately ₹318.10 Lakh which will be higher than the approved amount of ₹278.11 Lakh on account of hike in DA rate. Further, it is submitted that despite inadvertent mistake in projection of basic pay for FY 13-14, the actual employee cost for FY 13-14 may be at par with total employee cost approved amount of ₹792.62 lakhs. Moreover, the approved employee expenses shall be reconciled with actual expenses during true-up for FY 13-14.

The figures mentioned in Form F-4 for FY 12-13 are the actual expenses as per certified trial balance and are matching with figures mentioned in trial balance. The figures mentioned for FY 13-14 are the same as per approved ARR for FY 13-14, hence not revised. The SLDC Fee & Charges for FY 13-14 have also been received from the Discoms & SEZ. The annexure-1 submitted alongwith reply dated 06.02.14 was for the purpose of justification for projection of employee cost for FY 13-14.

Regarding, the figures mentioned in annexure -1 of the previous reply and the figure shown in Form F-4, it is submitted that the total projection of employee cost works out to ₹795.20 lakhs in annexure-1. However, as Hon'ble commission has disallowed the provision of ₹2.58 lakhs towards subsidy to electricity charges to employee, this amount is not shown in Form F-4. Thus, the figures mentioned in Form F-4 of ₹792.62 Lakhs (projected cost of ₹795.20 lakhs - ₹2.58 lakhs) are matching with ARR approved for FY 13-14. The figures mentioned in annexure - 2 of ₹896.06 lakh are matching with Form-F-4 for FY 14-15. In view of above, Form F-4 does not require any revision.

The contention of para 3(iii)a(i) of the earlier reply dated 06.02.14 was to justify the discrepancy observed by Hon'ble commission in projection made towards basic pay and DA for FY 13-14 & FY 14-15. However, as submitted above the figures mentioned in Form F-4 for FY 13-14 & FY 14-15 are not modified.”

(iv) **Issue:**

The nature and details of fixed allowance considered for FY 2013-14 (under basic pay + grade pay) to company cadre employees be submitted. A copy of Human Capital Manual and Wages and Allowances Manual be also submitted mentioning the reasons for which the aforesaid manual has been ceased.

SLDC's Response:

“Regarding, the nature of fixed allowance considered for FY 13-14 to company cadre employee, it is submitted that the definition of Fixed Allowance was mentioned in Wage & Allowance Manual page no. 09 as given below:-

“This is a fixed component i.e. it is constant for a year and is defined at a fixed percentage for basic. Its % share is dependent on the grade of the employee however it is independent of the performance of the employee”.

The projections towards Fixed allowances for FY 2013-14 were made as 72% of the basic pay of the company cadre employees. The percentage of basic pay for calculation of Fixed allowance to company cadre employee was considered same as the percentage of DA considered for erstwhile board employees for first six months i.e 72%. As submitted in para 3(a)(ii) in earlier reply dated 06.02.14, Fixed allowance has been mentioned under the head (basic pay +grade pay). However, DA has not been computed on the Fixed Allowances. The details of calculation were submitted as annexure -1 of the previous reply.

*Regarding copy of Human Capital Manual, Wages & Allowance Manual and reasons for which Manual has been ceased, Chief Engineer (CA & IT), MPPTCL was requested to furnish the reply. Accordingly letter no. AS/MPPTCL/VIII/812 dated 04.03.14 received from Chief Engineer (CA&IT), MPPTCL regarding correspondence with GoMP and copy of Human Capital Manual, wages & Allowance Manual, is attached herewith as **Annexure-I**. The main reason of cessation of Human Capital Manual, Wages & Allowance Manual was due to fact that two different types of service condition/wage structure were prevailing in the company simultaneously, one type for the employees transferred to the company from erstwhile MPSEB and another type for the employee recruited directly by the company. The details of the reason for change are stated in letter from CE(CA&IT), MPPTCL to OSD, Energy Department, GoMP, Bhopal.”*

(v) **Issue:**

The petitioner was categorically asked to clarify whether the provisions towards DLI/NPS (pension schemes) are included in the financial accounts of MPPTCL or not. The response of SLDC is inadequate. This needs to be confirmed by SLDC that the contribution claimed by SLDC towards DLI/NPS (pension scheme) is neither recorded in the financial statements of MPPTCL nor claimed by MPPTCL for determination of Transmission tariff.

SLDC's Response:

“Regarding, confirmation on the provision towards National Pension scheme are included in the Financial accounts of MPPTCL or not, Chief Engineer(CRA) MPPTCL was requested to furnish the reply. Accordingly CE(CRA), MPPTCL vide Letter No. 04-01/CRA Cell/F-/1762 dated 06.03.2014 has informed that O&M expenses claimed for MPPTCL are based on norms fixed by Hon'ble

Commission and not on actual basis and further submitted that as per the designated format TUT-4 (to be submitted along with True-up petition by MPPTCL) which indicates employee expenses on regulatory guidelines, the SLDC expenses are not included. A copy of letter from CE(CRA), MPPTCL is enclosed herewith as Annexure II.”

(vi) **Issue:**

SLDC has mentioned that the expenses towards wage revision arrears are not claimed by SLDC in true-up of actual expenses as these are not mentioned in trial balance of SLDC. Even with the aforesaid contention, SLDC is claiming a substantial amount towards these expenses in the instant petition also. Therefore, it needs to clarify whether the projection towards wage revision arrears of ₹25.89 Lakhs has been considered by SLDC in its claim for employee cost in the subject petition? If yes, the reason for considering a substantial amount towards this head in its employee cost be submitted.

SLDC's Response:

“Regarding, projection towards wage revision arrears, it has been submitted in previous reply that projection of ₹25.89 lakhs has been made in employee cost for FY 14-15 on the basis of actual amount of arrears being paid to individual employee. However, these expenses are not mentioned in trial balance of SLDC, hence the same are not being claimed by SLDC in True-up of actual SLDC expenses. The reason for keeping provision of ₹25.89 lakhs for wage revision arrears in employee cost projection for FY 14-15 is to have contingent provision for the purpose, if the amount is required to be paid by SLDC to MPPTCL.”

(vii) **Issue:**

It is observed from the list of works for ₹44.50 Lakhs (towards building and civil works) shown by SLDC under repair and maintenance expenses that the works mentioned at Sr. No. 2, 5, 6, 8 and 9 are of capital nature. The reason for including all aforementioned works under R&M instead of capital expenditure be submitted

SLDC's Response:

“Regarding consideration of various civil works such as construction of retaining wall, providing vitrified tiles in floors, metalling around 3 No. LT Transformers and construction of earth pits, improvement/strengthening of sanitation

system/water supply system & development of garden, beautification and land scraping under O&M category, it is submitted that all the above works are proposed to be carried out on the existing setup in the building and the expenditure shall not increase the future benefits from the existing asset beyond its previously assessed benefit, therefore the works have been considered as repairs and maintenance.

In view of above, Hon'ble commission is requested to kindly approve total R&M projection of ₹274.54 lakhs for FY 14-15."

(viii) Issue:

It is observed from the details of capital works given in para 3.2 (vii)(a) of the reply that the actual expenditure against the works at serial No. 1 & 4 is higher than the estimated amount. Further, nil expenditure is shown against a substantial estimated amount in respect of some works which are reported as completed at Serial Nos. 7, 8, 9 and 10. Therefore, the reasons for the aforesaid observations be submitted.

SLDC's Response:

"Regarding actual expenditure towards construction of mazenine slab and renovation of toilet mentioned at Sr. No. 01 under para 3.2(vii)(a) of the previous reply dated 06.02.2014, it is submitted that the total estimated amount for both the works was ₹10.25 lakhs and the works have been completed during 2011-12 & 2012-13. The projection made for these works for FY 12-13 was ₹ 7.40 lakhs, which was the estimated cost of the remaining work during the FY 12-13. However, the booking of actual expenditure for FY 12-13 works out to ₹7.71 lakhs. The difference in estimated and actual expenditure is within 5% range and is due to less estimation of the remaining expenditure for FY 12-13.

Regarding actual expenditure towards replacement of Existing Air Conditioning plant mentioned at Sr. No. 04 under para 3.2(vii)(a) of the previous reply dated 06.02.2014, it is submitted that the total estimated amount for the work was ₹ 65.00 lakhs. The works have been completed during 2011-12 & 2012-13. The estimated expenditure of ₹16.82 lakhs was mentioned for the remaining work to be completed during the FY 12-13. The actual expenditure mentioned during FY 12-13 is ₹17.90 lakhs, which is exclusive of negative GRN entry. The reason for actual expenditure shown higher than the estimated amount

is due to pending correction in negative GRN entry for the work for FY 12-13. However, now the negative entry of ₹1.86 lakhs in GRN has been made in the books of account and it would be reflected in the account for FY 13-14. Thus the total expenditure comes out to approximately to ₹65.00 lakhs.

Regarding, expenditure mentioned at Sr. No. 07, 09 & 10 under para 3.2(vii)(a) of the previous reply dated 06.02.2014, it is submitted that the actual expenditure details were submitted for FY 12-13 wherein it is mentioned that the works has been completed during FY 2013-14 hence the booking of above expenditure is shown as zero for FY 12-13 but the expenditure would be reflected in trial balance for the FY 2013-14. The work of construction additional floor in Sub-LDC office building at Indore mentioned at Sr. No. 08 is under progress, hence booking of this work for FY 12-13 is shown as zero but it will be reflected in FY 13-14 & FY 14-15.”

11. Public Hearing:

The public notice on the subject petition was published on 27th February’ 2014 in the following newspapers:

- | | | | |
|-----|--------------------------|---|-------------------|
| (a) | Dainik Patrika, Indore | - | Hindi Newspaper |
| (b) | Dainik Bhaskar, Jabalpur | - | Hindi Newspaper |
| (c) | Pioneer, Bhopal | - | English Newspaper |

The last date for offering comments/suggestions/objections on the petition was 21st March, 2014. No comments from any stakeholder were received in the matter. The public hearing was held on 22nd April’ 2014 wherein the representative of the petitioner only appeared.

12. Vide letter No. 1412 dated 19th April’ 2014, SLDC filed an additional submission mentioning the following:

“M.P. Power Management Co. Ltd., Jabalpur has internalized MPPTCL (STU) and MP SLDC for all Short Term Open Access transactions on behalf of MP Discoms. Accordingly, the Operation and Scheduling charges are not being received by SLDC from MPPMCL which has reduced the estimated earnings by about 50% and thus the ‘Capex Fund’.”

The contents in the aforesaid additional submission were neither filed in the subject petition nor submitted with any additional submission before publication of the public

notice in news papers. Therefore, the above 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 just a day before the date of public hearing. Therefore, the request made by SLDC through this additional submission is not considered in this order.

Analysis of the Petition

Capital Cost

Petitioner's Submission:

13. 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.

In this reference, it is submitted that earlier the work related with roof treatment at SLDC building was considered under R&M of SLDC. However, the modality of work is now changed. It has been informed by civil department that roof treatment will not be appropriate remedy to prevent seepage, and construction of shed over roof of SLDC building shall be required. Now the work is changed from R&M to CAPEX with estimated cost work out to ₹ 30.00 lakhs for construction of shed over roof of SLDC building. In view of the urgency of construction of shed it is requested to include this new work also in FY 2014-15 in already approved capex plan of SLDC.

Provision of ₹20.00 Lakhs for construction of Mezzanine floor above the old reflecting pond and its furnishing has been approved in five year approved Capex Plan of SLDC. As the above work is peculiar in nature hence civil department has sought expert opinion of consultant from structural design & effective planning point of view. Accordingly as per present cost estimation the expenditure on the work may go up to ₹30.00 Lakhs. Therefore additional provision of ₹10.00 Lakhs has been made during the FY 2014-15 in Capital Expenditure Plan.

Further, the condition of DC power supply battery bank installed at SLDC Jabalpur is also reviewed and it is found that the same shall be required to be replaced in FY 2014-15. In the approved capex plan, the provision for replacement of DC power supply battery bank is included in the provision of ₹ 30.00 lakhs made in FY 2016-17.

However, in view of the urgency of replacement of battery bank of DC power supply of SLDC Jabalpur, it is proposed to take up work of replacement of batteries amounting to ₹6.00 lakhs in FY 2014-15 out of sanctioned capex plan of ₹30.00 lakhs for FY 2016-17.

The capital works in progress and proposed to be implemented during FY 13-14 to FY 17-18 including construction of shed over SLDC roof and DC power supply battery bank 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:-

<i>Year wise proposed requirement as well as availability of fund in ₹Lakhs</i>							
<i>Sr.No</i>	<i>Particulars</i>	<i>2013-14</i>	<i>2014-15</i>	<i>2015-16</i>	<i>2016-17</i>	<i>2016-17</i>	<i>TOTAL</i>
1	Availability of fund for Capex (Projected)	115.00	132.25	152.09	174.90	201.14	775.37
2	Previous year Balance	318.93	115.09	-7.66	139.43	290.33	318.93
3	Total Capex Available (1+2)	433.93	247.34	144.43	314.33	491.46	1094.30
4	Capex Requirement	318.84	255.00	5.00	24.00	0.00	602.84
5	Cumulative Surplus (3-4)	115.09	-7.66	139.43	290.33	491.46	491.46

As the Capital works related to development of infrastructure, augmentation/ replacement of existing ABT system and major civil work at SLDC & Sub-LDC are to be taken up in the near future and it is continuous process for development of infrastructure. In view of the above, SLDC submits before the Hon'ble Commission to kindly consider allocation of 100% charges of operation & Scheduling charges, Application Processing fee & Connection Fee, other income on account of Short Term Open Access charges etc. for development of Capital Fund of Load Despatch Centre as being done for LDC development fund of RLDC's."

Provisions in Regulations:

14. 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.”

Commission’s Analysis:

15. The petitioner has claimed the projected capital expenditure of ₹ 255.0 Lacs for FY 2014-15. Detailed break-up of projected capital works during FY 2014-15 is given by the petitioner as given below:-

SNo.	Particular	Expenditure during the year (₹ Lacs)
Financial Year 2014-15		
1	Construction Additional Floor in Sub-LDC Office building at 400KV S/S Indore with facility for air-conditioning, fire alarm etc.	27.00
2	Upgrading of ABT & EA system along with Web server	150.00
3	Providing Reception Desk and Visitors Lounge at SLDC	10.00
4	Cutting of Rocks & leveling near the boundary wall to develop the premises & construction of pathway around SLDC Building	8.00
5	Fire hydrant arrangement, drilling of tube well, installation of pump etc.	5.00
6	Providing Split AC at SLDC	4.00
7	Replacement of battery banks of UPS & DCPS systems.	6.00
8	Providing peripheral lighting arrangement around SLDC building	5.00
9	Construction of mazzanine floor above the old reflecting pond and its furnishing	10.00
10	Construction of shed over roof of SLDC building	30.00
Total		255.00

16. 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.

17. 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.
18. In Format F15 of the petition, the petitioner filed the actual capital expenditure for FY2012-13 and FY2013-14. Detailed break-up of the actual capital expenditure filed in the petition is as given below:

Amount in (₹. Lacs)

SN	Particular	Expenditure during the year
A	Financial Year 2012-13	
1	Purchase of cell, booster charger for UPS & DCPS battery bank for SLDC & SUB LDCs	1.83
2	Construction of Mezzanine slab at office hall	7.71
3	CWIP Air Conditioning plant	17.91
4	CWIP Replacement of False ceiling and electrification system at SLDC	16.49
5	Partitioning and furnishing of Mazenine Slab	7.81
6	CWIP Fire Alarm System	0.80
	Total	52.55
B	Financial Year 2013-14	
1	Renovation of False ceiling and electrification system at SLDC	17.24
2	Staff recreation and rejuvenation facilities	2.50
3	Providing conference System at SLDC	10.60
4	Construction Additional Floor in Sub-LDC Office building at 400KV S/S indore with facility for air conditioning, fire alarm etc.	45.00
5	Office Equipments At SLDC & Sub SLDC	9.50
6	Up-gradation of of ABT & EA system along with Web Server	150.00
7	Renovation of remaining toilets in SLDC building	9.00
8	Partitioning and furnishing of space below Mazenine Slab	13.00
9	Providing lift with duct system in SLDC building.	10.00
10	Construction of mezzanine floor above the old reflecting pond and its furnishing	20.00
11	Cutting of Rocks & leveling near the boundary wall to develop the premises. & construction of pathway around SLDC Building	3.00
12	Fire hydrant arrangement, drilling of tube well, installation of pump etc.	10.00
13	Providing Electronic Security system, Access Control & Metal	8.00

	Detectors in SLDC.	
14	Construction of Additional parking space	8.00
15	Construction of two rooms adjoining to UHF room	3.00
	Total	318.84

19. 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 ₹ 52.55 lacs only against the works of ₹ 92.22 lacs approved by the Commission for FY 2012-13 in the Capex Plan. Vide Commission's letter dated 15th January' 2014, the petitioner was asked to file the reasons for shortfall in achievement of Capital works against its self derived plan and how the balance works of FY 2012-13 shall be mapped on the Capex plan approved by the Commission for the subsequent years.
20. By affidavit dated 6th February' 2014, SLDC filed the details of capital works completed during FY 2012-13. SLDC submitted that most of the works were initiated in FY 12-13 but they are completed in FY 13-14. The petitioner also filed the details of approved capital work, reason for delay and actual expenses during FY 12-13. These details are mentioned in Para 8 of this order.
21. With regard to the requirement of funds for capital expenditure, the petitioner requested to consider allocation of 100% charges of Operation & Scheduling charges, Application Processing fee & Connection Fee, other income on account of Short Term Open Access charges etc. for development of Capital Fund of Load Despatch Centre.
22. Regulation 10.3 of MPERC (Levy and Collection of fee and charges by SLDC) Regulations, 2004,(Revision – 1, 2006) provides 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.”*
23. The Commission has 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. In view of the provisions under Regulations and availability of fund for capex, the request made by the petitioner for allocation of 100% Operation and Scheduling charges etc. is not tenable.

Levy of SLDC Charges:

24. 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:
- a. O&M Expenses comprising Employee Cost, Administration and General Charges and Repairs and Maintenance expenses,
 - b. Depreciation on Assets,
 - c. Interest and finance charges, where loans are identified against capital expenditure
 - d. Interest on working capital, if any,
 - e. Return on equity for equity contributions identified for capital expenditure
 - f. Taxes and duties, and
 - g. Capital Cost

Operation and Maintenance Expenses:

Provision under Regulations:

25. 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.*

(a) **Employee Cost:**

Petitioner's submission:

26. With regard to the Employee Cost, , the petitioner broadly submitted the following in para 7.1 of the petition:

“The employee cost for FY 14-15 has been worked out for the working strength at SLDC & Sub-LDCs as on 31-10-2013. 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. Till October 2013, total 50 SLDC personnel have been trained for basic level system operation training, 2 personal for specialist level training on regulatory framework, 15 personal for specialist level training on Power system Stability & Reliability. The training of remaining personnel is expected in subsequent years, therefore provision for training charges for basic training as well as specialist level training have been included in the projections of employee cost for FY 14-15. 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 2014-15 and it is proposed that the same shall be adjusted in true up, if required to be paid.

The total employee cost works out to ₹ 896.06 Lakhs (Form-F4). The provisions for vacant posts, terminal benefit on retirement (pension, gratuity and EL encashment on retirement) have not been considered.”

Commission’s Analysis:

27. The petitioner has filed the projected employee expenses of Rs. 896.06 Lacs for FY2014-15. The component wise break-up of employee cost is given by the petitioner in Format F4 of the petition.
28. Vide Commission’s letter dated 15th January’ 2014, the petitioner was asked to file the justification on employee related expenses like wage revision arrears, subsidised electricity to employees, training expenses etc.
29. By affidavit dated 6th February’ 2014, the petitioner filed its detailed reply on each issue raised by the Commission, which has been elaborated in para 8 of this order. On perusal of the response filed by the petitioner, the Commission has noted the following:
 - (i) The amount of ₹ 11.23 lacs was erroneously mentioned under the basic pay and grade pay due to wrong linking of Excel sheets for FY 2013-14. This figure shall be corrected by the petitioner while trueing up of employee expenses for FY

2013-14.

- (ii) 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 2012-13. These expenses are claimed in the subject petition for FY 2014-15 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 upto FY2012-13. In view of the aforesaid reasons, the amount of ₹25.89 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 2014-15 shall be considered while truing up of its ARR for FY 2014-15 after prudent check.
- (iii) The provision of expenses of ₹ 3.12 lakhs has been made to meet out the contingent liability towards discount of free electricity to employees, if required to be paid/ reimbursed in future. The Commission has not allowed these expenses in all previous SLDC's tariff orders. It has been observed by the Commission in its previous orders that the electricity bills to the residential premises of SLDC's employees are billed by Discoms directly to the employees and the employee rebate is given in the bills itself. Therefore, the amount of ₹3.12 lakhs is not considered in this order also.

30. In view of the above, the details of employee related expenses considered in this order for FY2014-15 are as given below:

S. No.	Particulars	Amount (₹lacs)
1	Employee expenses filed by the petitioner	896.06
2	(Less) Provision towards wage revision arrear	(-) 25.89
3	(Less) Provision towards subsidized electricity to employees	(-) 3.12
	Employee expenses considered by the Commission	867.05

- (b) **Administration and General Expenses:**

Petitioner's Submission:

31. 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 2014-15 works out to ₹127.16 Lakhs (Form-F5). 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 for FY 2011-12 & FY 2012-13. Hon’ble Commission has also disallowed the electricity charges in the ARR of FY 2013-14. In case Hon’ble Commission allows the electricity charges in ARR, the same shall be paid by SLDC to Discom from April 2014. Therefore provision for electricity charges has been made on the basis of actual electricity charges of SLDC Jabalpur for previous year and also expected consumption of backup SLDC being established at Bhopal.

It is requested that electricity charges of SLDC Jabalpur may also be considered in the A&G expenses of SLDC for FY 2014-15.”

Commission’s Analysis:

32. The petitioner has filed ₹ 127.16 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 15th January’ 2014, the petitioner was asked to file the justification for amount of ₹5 lakhs against “Electricity charges to offices” whereas the expenses under this head for FY 2012-13 and FY 2013-14 were nil (as indicated in the petition). The financial statements for FY 2012-13 also do not indicate any expenditure on this head.
33. By affidavit dated 6th February’ 2014, the petitioner has submitted that the claims for electricity charges has been made on the basis of actual electricity charges of SLDC Jabalpur in previous year and the estimated consumption of its office 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 2013-14, it has been submitted by SLDC that the actual electricity expenses are adjusted in books & do not appear in its trial balance.
34. 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.

35. The details of Administration and General expenses allowed for FY 2014-15 in this order are given as below:

S. No.	Particular	Amount (₹lakhs)
1.	Administration and general expenses filed by the petitioner	127.16
2.	(Less) Provision towards electricity charges of offices	(-) 55.00
	Administration and general expenses considered in this order	72.16

(c) **Repair and Maintenance Charges:**

Petitioner's Submission:

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

“The Repair and maintenance expenses for the year 2014-15 are estimated to ₹274.54 Lakhs (Form-F6). 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, AMC of AC Plant and Maintenance of building. The provision for civil maintenance works mainly comprise of replacement of old MS window with Aluminium Windows, replacement of doors & doors frames, providing vitrified tiles, metaling around 3 No. LT Transformers and construction of yard fencing, internal/external white washing, distempering, painting etc. of SLDC building, construction of retaining wall, strengthening of sanitation/water supply system, development of garden/landscaping etc. is also made during FY14-15. The five year R&M plan of SLDC and Sub LDCs for FY 13-14 to FY 17-18 is also annexed herewith as Annexure RMI.”

Commission's Analysis:

37. The petitioner filed the Repair and Maintenance expenses of ₹274.54 lacs. Detailed breakup of repair and maintenance expenses for FY2014-15 is given in Format F-6 of the petition.
38. Issues raised by the Commission & response filed by SLDC on this head are mentioned in Para 8 of this order.

39. 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, the R&M expenditure of ₹ 274.54 Lacs for FY 2014-15 is allowed in this order subject to true-up.

Return on Equity and Depreciation:

Petitioner's Submission:

40. 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 ₹76.38 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 ₹26.95 Lakhs based on normative debt to equity ratio as 70:30. The Income Tax comes to ₹8.74 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 14-15.”

Provisions in Regulation:

41. 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:

42. 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:

43. 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 ₹109.40 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 13.70 % (Base Rate 9.70% wef 1st April 2013). The IWC works out to ₹14.99 Lakhs (FORM F8).”

Provisions in Regulation:

44. 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:

45. The Petitioner has filed the Interest on working capital of ₹14.99 Lakhs 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.
46. During FY 2014-15, 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 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 ₹ 318.93 Lacs as on 31/03/2013 with SLDC.
47. By affidavit dated 6th February’ 2014, 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 ₹14.99 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 page no. of 9 of the petition. Apparently, there is no shortage of fund except for little requirement of fund for FY 2014-15. Accordingly, no working capital is proposed to be raised during FY 2014-15”(emphasis supplied)
48. 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 2014-15 in this order. The Commission

has considered the actual expenses incurred by SLDC in its True-up petition for FY 2012-13 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 prudent check in the true-up petition for FY2014-15.

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

Petitioner's submission

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

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:

50. The petitioner has submitted the following in para 7.9 of the petition:

“Earning of ₹182.00 Lakhs 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.”

Provisions in Regulation:

51. 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:

52. 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 2014-15 as given below:-

S. No.	Particulars	Ensuing Year (14-15) (₹ lacs)
1	Scheduling & Operation Charges (50% as income)	115.00
2	Connectivity Charges	12.00
3	Application processing fee for STOAC	55.00
	Total	182.00

53. The Commission has observed the following actual other income from the final Accounts of SLDC for the last four years:

(Amount in Lakhs ₹)

S. No	Particular	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13
1.	Actual Other income considered in True-up orders	123.14	138.01	151.54	210.12

54. 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 ₹210.12 Lacs (as on 31st March' 2013). Therefore, in view of the past trend in growth of other income, the Commission has considered ₹210 Lacs as SLDC's other income for FY 2014-15 in this order. However, the actual other income shall be considered and adjusted appropriately while taking true up exercise for FY 2014-15.

True-up of SLDC Tariff Order for FY 2012-13 based on Audited Accounts:

Petitioner's Submission:

55. The petitioner in para 14 of the petition broadly submitted the following:

“The expenses towards Employee cost, A&G and R&M for FY 2012-13, shown in forms of the petition for FY14-15, are on the basis of Certified Financial Statements of SLDC for the FY12-13. 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 12-13 and the figures shown in formats of the petition, is due to following reasons.

(Amount in Lacs of ₹)

Particulars	As per Financial statement	As filed in the Petition
	Amount	Amount
Employee Cost	709.11	688.18
A & G Expenses	47.06	32.13
SLDC charges	1200.40	1067.55

Explanation

- 1) The employee cost of ₹688.18 Lakhs mentioned in Form F4 comprises of actual employee cost of ₹673.34 Lakhs and training expenses of ₹14.84 Lakhs. The employee cost of ₹709.11 Lakhs mentioned in Note 10 of financial statement comprises of actual employee cost of ₹673.34 Lakhs as well as the amount of

₹35.77 Lakhs approximately towards provision of wage revision arrears which is not mentioned in the form F4 of the petition. Further, the training expense ₹14.84 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 ₹688.18 Lakhs as mentioned in Form F4 is claimed for true up.

- 2) The A & G expenses of ₹47.06 Lakh mentioned in Note 12 of Financial statement comprises of various A&G expenses of ₹32.13 Lakhs, the Banking charges of ₹0.08 Lakhs and the Training expenses of ₹14.84 Lakhs. The A&G expenses ₹32.13 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 ₹32.13 Lakhs 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 ₹1067.55 Lakhs shown in Form F1 includes ₹132.82 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 ₹265.63 Lakhs are shown in two equal parts, 50% amount as earning in Form F1 and 50% amount retained for capex. The amount of ₹1200.40 Lakhs shown in Note 8 of financial statement include ₹132.82 Lakhs towards revenue from total Scheduling & Operating Charges. An increase of ₹132.82 Lakhs in Note 8 of financial statement is due to accounting of 100% of Scheduling & Operating charges received during the Financial Year 12-13. Also include ₹0.03 (Aprox) towards delayed payment charges which is shown in F2 under the head other income. Therefore, the amount of ₹1067.55 Lakhs as shown in Form F1, is actual earning for FY 12-13 claimed for true up.

In view of above, the details of FY 12-13 expenses approved in ARR & Actual expenses as per audited accounts are summarized below for Reconciliation / True- up in the ARR for FY 14-15.

True up of FY 12-13 accounts with FY 12-13 Order:**Expenses:***(Amount in ₹Lakhs)*

Particular	Expenses as allowed in ARR for FY 2012-13	Actual Expenses for FY 2012-13	Differences (Allowed-Actual) to be reconciled
<i>Employee Costs</i>	723.48	688.18	35.30
<i>Administration & general Expenses</i>	92.14	32.13	60.01
<i>Repairs & Maintenance Expenses</i>	250.78	182.80	67.98
<i>Interest & Finance Charges</i>	0	0.08	-0.08
Total	1066.4	903.19	163.21

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 2012-13 was ₹150.00 Lakhs, the actual income works out to ₹210.12 Lakhs as given below :

(Amount in Lakhs of ₹)

Particular	Income as allowed in ARR for FY 2012-13	Actual income for FY 2012-13	Differences (Allowed-Actual) to be reconciled
<i>50% of Scheduling & Operating Charges.</i>	150	132.82	17.18
<i>Connectivity Charges</i>		11.25	-11.25
<i>Application Charges</i>		62.00	-62.00
<i>Sub Total</i>	150	206.07	-56.07
<i>Other miscellaneous receipts as mentioned in Form F2</i>	0	4.05	-4.05
TOTAL	150	210.12	-60.12

Net amount to be reconciled & adjusted in ARR of FY 2014-15 works out to (163.21 – (-60.12)) i.e. ₹223.33 Lakhs.

Commission's Analysis:

56. The petitioner has also filed the true-up of FY 2012-13 with the subject petition. The petitioner has filed the true-up amount of ₹ 163.21 Lacs for FY 2012-13 in respect of employee expenses, A & G expenses, R & M expenses & Interest & finance charges & true-up amount of ₹ (-) 60.12 lacs in respect of O & S, connectivity, Application & misc

charges based on the final accounts and trial balance for FY 2012-13. A copy of final accounts and trial balance for FY 2012-13 has been filed with the petition.

57. On scrutiny of the component wise true-up amount filed by the petitioner the Commission has observed the following:
- (i) The training expenses of ₹ 14.84 lacs are included in the employee cost whereas this amount is recorded under A & G expenses of the final accounts for FY 2012-13.
 - (ii) Note-10 of the final accounts has recorded the actual employee expenses of ₹ 709.11 Lacs. In the foot note of Note-10, it is mentioned that the employee benefit expenses includes wage revision arrears of ₹ 25.65 Lacs for which provision has already been made in MPPTCL's account.
 - (iii) 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 2012-13.
58. The Petitioner filed the actual A & G expenses of ₹ 32.13 Lacs, for FY 2012-13, whereas Note-12 of the audited accounts indicates the actual A & G expenses of ₹ 47.06 Lacs including the training expenses of ₹ 14.84 lacs. Therefore, the actual A & G expenses of ₹ 46.97 lacs are allowed in this order.
59. The petitioner filed the R & M expenses of ₹ 182.80 Lacs. The same is recorded in the final Accounts as well as trial balance of SLDC. Therefore, the Commission has considered the actual R & M expenses of ₹ 182.80 Lacs for FY 2013-14 in this order.
60. The summary of the true-up amount for FY2012-13 considered in this order is as given below:

(Amount in Lakhs of ₹)

Particular	Expenses as allowed in ARR for FY 2012-13	Actual Amount allowed in this order	True –up Amount
Employee Costs	723.48	673.34	50.14
Administration & general Expenses	92.14	46.97	45.17
Repairs & Maintenance	250.78	182.80	67.98

Expenses			
Interest & Finance charge	0.0	0.08	(-) 0.08
Total	1066.4	903.11	163.21
True-up amount of other charges.	(-) 150	(-) 210.12	-60.12
Total True-up amount for FY2012-13	916.40	693.07	223.33

The net amount to be reconciled & adjusted (subtracted) in ARR of FY 2014-15 is worked out to ₹(163.21– (-60.12)) i.e. ₹ **223.33** Lakhs.

Summary of ARR:

61. Based on the above analysis, the Commission has approved the following Annual Revenue Requirement of SLDC for FY 2014-15 in this order:

Summary of the ARR as approved by the Commission for FY 2014-15

(₹ in Lakhs)

Sr. No.	Particulars	As filed by SLDC	As approved by MPERC
1	Net Employee Expenses (excluding Terminal Benefits)	896.06	867.05
2	Net A&G expenses	127.16	72.16
3	Net R&M expenses	274.54	274.54
4	Depreciation	0.00	0.00
5	Interest on Loans	0.00	0.00
6	Interest on Working Capital	14.99	0.00
7	Return on Equity	0.00	0.00
8	Income Tax	0.00	0.00
9	Total revenue expenditure	1312.75	1213.75
10*	(Less) Other Income	182.00	210.00
11*	Total true-up amount	(-) 223.33	(-) 223.33
	a. True-up amount for 2012-13 (O&S/Connectivity/Application/Misc.Charges)	(-) 60.12	(-) 60.12
	b. True-up amount for 2012-13 (Emp.cost/A&G exp/R&m exp/Int.&Fin charges)	(-)163.21	(-) 163.21
12	Net ARR for FY 2014-15	907.42	780.42

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

Allocation of Annual SLDC Charges:

62. In form F1 of its petition, SLDC has filed Capacity allocation of 10536 MW for FY 2014-15, which is almost same as that allocated for FY 2013-14 in the SLDC Tariff order dated 10th April 2013 for FY 2013-14. In view of the reallocation of Generation capacity by the GoMP, MPPTCL filed the revised capacity allocation of its transmission system among the Long Term Customers in its MYT Petition no. P-06/2013. The MYT order issued by the Commission on 02.04.2013 is based on the same transmission capacity. Later,

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 13021.01 MW for FY 2014-15. The same transmission capacity for FY 2014-15 is considered in this order.

63. 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 2014-15

Sr. No	Particulars	Long-Term Open Access customers				Total
		East Discom	West Discom	Central Discom	SEZ Indore	
1	Total annual SLDC charges (₹Lakhs)					780.42
2	Long-term allocation of Transmission Capacity (MW) (as per Transmission Tariff petition for FY 2013-14)	3883.61	4982.61	4136.79	18.00	13021.01
3	Annual SLDC charges payable by Long-Term Access customers (₹Lakhs)	232.76	298.63	247.94	1.078	780.42
4	Annual SLDC charges payable by Long-Term Access customers (₹/MW)					5993.54

Summary of Fees and Charges:

64. 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 2014-15

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	5993.54 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	--	--

65. The Fees and Charges determined by this order shall be effective from 1st April' 2014 till 31st March' 2015. 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' 2014 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

Rakesh Sahni
Chairman

Place:- Bhopal

Dated:- 18th June' 2014

Compliance with the directives issued by the Commission in tariff order for FY 2013-14:

In the previous order for levy & collection of fee and charges by SLDC for FY 13-14 passed on dated 10th April 2013, the Commission issued some directives to the petitioner for compliance with the subject petition. The point wise information in compliance with the Commission's directives is submitted by SLDC as given below:

Commission's directive:

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.

SLDC's Submission:

The annual financial statements are prepared following all accounting standards prescribed by Institute of Chartered accountants Of India (ICAI) and prepared as per rules notified by ICAI from time to time. The signed dated and authenticated annual statements including certified trial balance and P&L accounts showing account head wise actual expenditure of SLDC and Sub-LDC Bhopal & Indore for the FY 2012-13, are annexed herewith as Annexure-Notes. Regarding status of balance sheet, it is submitted that final opening balance sheet of MPPGCL, MPPTCL, Discoms and residual MPSEB has been notified vide GoMP notification No. 292 dated 12th June 2008 and the assets of SLDC (₹242.80 Lakhs as on 1st June 2005) are included in the assets of MPPTCL and no separate balance sheet is notified for SLDC.

Commission's directive:

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.

SLDC's Submission:

The details of capital expenditure plan for the period from FY 2013-14 to FY 2017-18 is annexed herewith as Annexure CP1 and 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:-

- (i) *SLDC is maintaining proper record of Capex fund, year wise details of earning and expenditure as per audited SLDC accounts are shown below in sub para (3) & (4). However in compliance to Hon'ble Commission directives 2.2, initiative have been taken by SLDC for separate accounting of SLDC Capex fund by allocating a separate account code by finance section. The issue is detailed in para 12 under the heading other issue submitted for directives of Hon'ble Commission.*
- (ii) *The works are completed in the best manner and within the approved financial resources.*
- (iii) *Depending upon the urgency of work, the schedule of works has been reviewed and submitted along with the petition as Annexure CP1.*
- (iv) *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.*
- (v) *The updated physical and financial progress of each work has been filed as Annexure-CP1 and also provided in Form F15.*
- (vi) *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.*
- (vii) *The capital works of SLDC are funded from internal resources i.e. from 50% of operation & Scheduling charges. The details regarding capex plan for 12-13 and its actual status is mentioned in Form-F15.*

Commission's directive:

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.

SLDC's Submission:

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

(Amount in Lakhs of ₹)

Financial Year	Category of Expenditure (A/C Code)			Year wise Total
	Addition of Fixed Assets (10)	Capital works in progress (14)	Capital Advance	
2006-07	25.66	-		25.66
2007-08	14.73	-		14.73
2008-09	5.96	0.9		6.86
2009-10	-	-		
2010-11	28.82	-		28.82
2011-12	9.43	61.89		71.32
2012-13	1.83	42.92	7.80	52.55
Total	86.43	105.71	7.80	199.94

Commission's directive:

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.

SLDC's Submission:

The yearwise details of fund marked for capex out of operation & scheduling charges received by SLDC is given below:

(Amount in Lakhs of ₹)

Financial Year	Operation & Scheduling Charges.	50% of O&S treated as Income	50% of O&S treated as Capex Fund
1	2	3	4
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
Total	1037.74	518.87	518.87

The details of interest earned on the funds marked for capex out of the operation & scheduling charges can not be furnished because of SLDC has not a separate account for capex fund. However in past years interest has been calculated on the basis of interest

rate provided by finance cell of MPPTCL. Where as no interest amount is available with SLDC account.

Commission's directive:-

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.

SLDC's Submission:

The actual expenditure of SLDC since FY 06-07 to FY 08-09 are taken on the basis of certified trial balance of SLDC for the respective years. It has been confirmed vide letter No. 07-05/E&T/645-VII/1069 dated 04-06-2010 that Sub-LDC expenses for FY 08-09 were included in MPPTCL. SLDC had not claimed the same. The expenses of Sub-LDCs have been separated from MPPTCL from FY 2009-10 and hence combined in certified trial balances of SLDC from the FY 09-10. As such, the actual expenditure submitted by SLDC for true up of FY 09-10 and onwards is inclusive of Sub-LDCs expenses. Further, MPPTCL have been requested to issue certificate in this regard as directed by Hon'ble Commission and the same shall be submitted as soon as it is received. The year wise details of SLDC & Sub-LDC expenses, for FY 09-10 to FY 12-13 as per certified trial balance of SLDC for respective financial year are given below:

<i>Amount in Lakhs</i>						
<i>Sr.No</i>	<i>Financial Year</i>	<i>Category Of Expenses</i>	<i>SLDC Jabalpur</i>	<i>Sub-LDC Bhopal</i>	<i>Sub-LDC Indore</i>	<i>Total</i>
1	2009-10	Employee Cost	361.25	41.01	52.7	454.96
		A & G Expenses	20.9	0.27	0.45	21.62
		R& M Expenses	106.02	0.02	0.06	106.1
		Bank Charges	0.04	0	0	0.04
		Total	488.21	41.3	53.21	582.72
2	2010-11	Employee Cost	424.25	50.85	63.44	538.54
		A & G Expenses	38.89	0.43	0.79	40.11
		R& M Expenses	167.48	0.12	0.12	167.72
		Bank Charges	0.12	0	0	0.12
		Total	630.74	51.4	64.35	746.49
3	2011-12	Employee Cost	461.32	67.63	63.90	592.85
		A & G Expenses	54.91	0.59	0.63	56.13

		<i>R & M Expenses</i>	<i>195.73</i>	<i>0.00</i>	<i>0.08</i>	<i>195.82</i>
		<i>Bank Charges</i>	<i>0.03</i>	<i>0.00</i>	<i>0.00</i>	<i>0.03</i>
		<i>Total</i>	<i>711.99</i>	<i>68.22</i>	<i>64.61</i>	<i>844.83</i>
4	2012-13	<i>Employee Cost</i>	<i>520.69</i>	<i>75.32</i>	<i>77.33</i>	<i>673.34</i>
		<i>A & G Expenses</i>	<i>45.66</i>	<i>0.13</i>	<i>1.18</i>	<i>46.97</i>
		<i>R & M Expenses</i>	<i>182.64</i>	<i>0.01</i>	<i>0.14</i>	<i>182.79</i>
		<i>Bank Charges</i>	<i>0.08</i>	<i>0.00</i>	<i>0.00</i>	<i>0.08</i>
		<i>Total</i>	<i>749.07</i>	<i>75.46</i>	<i>78.65</i>	<i>903.18</i>

In the formats of petition, the training charges has been shown under Employee Cost.

Commission's directive:-

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.

SLDC's Submission:

Regarding other income of SLDC it is submitted that SLDC's income comes from operation and scheduling charges, connectivity charges, application processing fees, revision of schedules which is dependent on number of applications submitted to SLDC for STOA and grant of NOC in all applications. As such SLDC has no control on its income. Regarding O&M cost of SLDC it is submitted that the Long Term Service Agreement (LTSA) contract for maintenance of SCADA/EMS system, Wide Band Communication system commenced in Oct 2009 & Apr 2009 constitutes main component of O&M expenses. The LTSA contracts are managed by WRLDC, Mumbai for SCADA/EMS and PGCIL for Wide band communication system. The SLDCs of Western region reimburse the O&M charges to respective agency on quarterly basis. O&M charges also include Annual Maintenance charges of ABT system, maintenance of office equipments, voice recording system, power supply equipments, Video projection system and other SLDC system support services including building maintenance work. All care is taken to minimize the O&M cost and the O&M cost projections submitted for FY 2014-15 is bare minimum.

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