

MADHYA PRADESH ELECTRICITY REGULATORY COMMISSION

5th Floor, Metro Plaza, Bittan Market, E-5 Arera Colony, Bhopal - 462 016



Petition No. 48/2018

PRESENT:

**Dr. Dev Raj Birdi, Chairman
Mukul Dhariwal, Member**

IN THE MATTER OF:

Levy and Collection of Fee and Charges by State Load Despatch Centre (SLDC) Jabalpur for FY 2019-20.

State Load Despatch Centre (SLDC), MPPTCL, Jabalpur

- Petitioner

V e r s u s

- 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. West Central Railways, Jabalpur**
- 6. M.P. Power Management Co. Ltd., Jabalpur**
- 7. M.P. Power Transmission Company Ltd., Jabalpur**
- 8. Kalpataru Satpura Transco Pvt Ltd, Gandhinagar**
- 9. M. P. Power Generating Co. Ltd., Jabalpur**
- 10. Narmada Hydro-Electric Development Corp. Ltd., Bhopal**
- 11. Narmada Valley Development Authority, Bhopal**
- 12. Jaiprakash Power Ventures Ltd., Uttar Pradesh**

- Respondents

ORDER

(Passed on this day of 07th March' 2019)

1. This order relates to petition No. 48 of 2018 filed by the State Load Despatch Centre, MPPTCL Jabalpur (hereinafter referred to as "SLDC") for "Levy & Collection of Fee & Charges by SLDC for FY 2019-20" before Madhya Pradesh Electricity Regulatory Commission (hereinafter referred to as "the Commission").
2. 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).
3. 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.
4. 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 (hereinafter referred to as "SLDC Regulations"). The subject petition is based on the aforesaid Regulations and its amendments. First amendment to MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations' 2004 provides that SLDC is required to file a petition for Fee and Charges to be levied and collected by it by 31st October every year.
5. On 01st November' 2018, SLDC filed the subject petition for levy and collection of Fee and Charges by it for FY 2019-20.

6. The petitioner broadly submitted the following:
- (i) *State Load Despatch Centre, hereinafter called 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 (Central Act 36 of 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) *In pursuance to section 32(3) of Indian Electricity Act 2003, Hon'ble 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) *As per 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. However, 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 2019-20 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.*
7. With the above contention, the petitioner i.e, State Load Despatch Centre filed the following Annual Revenue Requirement for FY2019-20 :

Sr.No.	PARTICULARS	AMOUNT (Rs. LAKH)
1	Employee Cost	1315.36
2	Administration and General Charges	242.83
3	Repairs and Maintenance Expenses	196.62
4	Depreciation	0

5	Interest and finance charges	18.57
6	Return on equity/Investments	0
7	Provision for Income Tax	0
Total		1773.38
8	Less: Revenue from other Charges (i.e Scheduling & Operation charges(50%), Connectivity charges & Application Processing Fee	247.00
9	Less: Other Income	5.00
Net Revenue Requirement for FY 2019-20		1521.38

8. SLDC has initially filed **true-up amount of Rs. 110.26** Lakhs for FY 2017-18 on the basis of actual expenses as per the certified Financial Statements of SLDC (as on 31.03.2018) submitted with the petition. The petitioner has claimed the aforesaid actual expenses and income from other fee and charges in FY 2017-18 vis-a vis approved in the ARR of FY 2017-18 for reconciliation/ true-up of the same in the ARR for FY 2019-20 as given below:

(Amount in Lakhs of Rs.)

Particular	Expenses as allowed in ARR for FY 2017-18	Actual Expenses for FY 2017-18	Differences (Allowed-Actual) to be reconciled
Employee Costs	1081.82	1081.89	-0.07
Administration & general Expenses	113.16	172.90	-59.74
Repairs & Maintenance Expenses	166.19	84.54	81.65
Interest & Finance Charges	0.00	0.02	-0.02
Total	1361.17	1339.35	21.82

The petitioner has also filed the following actual income from other fee and charges received by SLDC from Scheduling and Operating Charges, Connectivity Charges and Application Charges during FY 2017-18:

(Amount in Lakhs of Rs.)

Particular	Income as allowed in ARR for FY 2017-18	Actual income for FY 2017-18	Differences (Allowed-Actual) to be reconciled
50% of Scheduling & Operating Charges.	274.00	254.42	19.58
Connectivity Charges		16.00	-16.00
Application Charges		96.45	-96.45
Sub Total	274.00	366.87	-92.87
Other miscellaneous receipts as mentioned in Form F2	3.50	-0.93	4.43
TOTAL	277.50	365.94	-88.44

Accordingly, the net amount to be reconciled & adjusted (subtracted) in the ARR of FY 2019-20 is worked out to Rs. (21.82- (-88.44)) i.e. **Rs. 110.26** Lakhs in the subject petition. Thus the net ARR for FY 2019-20 as claimed in the initial filing is **Rs. 1411.12 Lakhs**.

9. In the subject petition, the petitioner has submitted the following additional submission on transmission capacity for FY 2017-18:

"It is submitted that as per Bulk Power Transmission Agreement between MPPTCL and Western Central railway for 200MW has been executed on dated 07.10.2016. As per BPTA, MPPTCL has considered 200MW transmission capacity to Railway w.e.f 22.01.2016. Now as per supplementary agreement executed on 18th December 2017 transmission capacity has been extended to 270 MW to Railway.

Accordingly, excess amount recovered from Discoms & SEZ Indore has been work out and adjusted with ARR for FY 2019-20 with WCR, Jabalpur.

(a) For FY 2017-18

The Annual SLDC Fee and charges for the FY 2017-18 was Rs. 6279.484 Per MW. Accordingly, Annual SLDC Fee and Charges for WCR w.e.f 18.12.2017 to 31.03.2018 for (enhance capacity 270 MW- 200 MW)= 70 MW is $70\text{MW} \times 6279.484 \times 103\text{days} / 366 = \text{Rs. } 1.237 \text{ lakhs}$. The details of allocation of Rs. 1.237 lakhs in to Discoms & SEZ, Indore, which is required to be paid by WCR, Jabalpur as given below:-

(Rs. in lakhs)

Allocation of Rs. 1.237 lakhs (which is required to be paid by WCR, Jabalpur) in to Discoms & SEZ in to transmission capacity approved by Hon'ble Commission in SLDC order dated 26.04.2017					
Particular	East Discom	West Discom	Central Discom	SEZ, Indore	Total
<i>Transmission capacity allocated as per MPERC order dated 26.04.17.</i>	4562.21	5846.29	4859.94	40	15308.44
<i>% Allocation</i>	29.80	38.19	31.75	0.26	100.00
Allocation of Rs. 1.237 lakhs in to above allocation %	0.369	0.472	0.393	0.003	1.237
Excess amount Received from Discoms and SEZ Indore will be adjusted with WCR for ARR FY 2019-20	0.369	0.472	0.393	0.003	1.237

(b) For FY 2018-19

(Rs. in lakhs)

Sr.No	Particular	East Discom	West Discom	Central Discom	SEZ, Indore	WCR	Total
1	Annual SLDC Charges (Rs. in lakhs)						1199.54
2	Transmission capacity allocated as per MPERC order dated 22.05.18	4857.35	6224.49	5174.34	40	200	16496.18
3	% Allocation	29.45	37.73	31.37	0.24	1.21	100
4	Annual SLDC Charges allocated as per MPERC order dated 22.05.18	353.21	452.62	376.26	2.91	14.54	1199.54
5	Transmission capacity as MYT order dated 26.04.17, BPTA with WCR & Supplementary Agreement with WCR, Jabalpur	4857.35	6224.49	5174.34	40	270	16566.18
6	% Allocation	29.32	37.58	31.23	0.24	1.63	100
7	Annual SLDC charges allocated as per MYT order dated 26.04.17 & BPTA with WCR, Supplementary Agreement with WCR, Jabalpur in above allocation %	351.705	450.787	374.616	2.879	19.553	1199.54
8	(Excess amount)/Short Recovered (7-4)=8 for FY 18-19	-1.505	-1.833	-1.644	-0.031	5.013	0.000

The summary of adjustment of excess amount recovered from East Discom, West Discom, Central Discom, & SEZ, Indore and short amount recovered from Western Central Railway, Jabalpur with ARR for FY 2019-20 as given below:-

(Rs. in lakhs)

Adjustment of (Excess Amt)/Short Recovered with ARR 19-20							
Sr. No	Particular	East Discom	West Discom	Central Discom	SEZ, Indore	WCR	Total
1	SLDC Charges for ARR 2019-20 (As filled in Petition Form F-1)	413.753	530.207	440.754	3.407	22.999	1411.120
2	Adjustment of (Excess Amt)/Short Recovered for FY 17-18 with ARR 19-20	-0.369	-0.472	-0.393	-0.003	1.237	0.000
3	Adjustment of (Excess	-1.505	-1.833	-1.644	-0.031	5.013	0.000

	<i>Amt)/Short Recovered for FY 18-19 with ARR 19-20</i>						
4	Net Amount to be payable for FY 2019-20 (1+2+3)=(4)	411.879	527.902	438.717	3.373	29.249	1411.120

10. The petitioner prayed the following in the subject petition:
- (i) *Accept and pass Fee and Charges of State Load Despatch Centre Jabalpur for FY 2019-20 as Rs. 1521.38 Lakhs towards revenue expenditure.*
 - (ii) *Issue suitable order for distribution of the Fee and Charges among the licensees using the intra-state transmission system as specified by the state commission.*
 - (iii) *Kindly consider Adjustment of (Excess Amt)/Short Recovered from Three Discoms, SEZ Indore & Western Central Railway for FY 2017-18 & FY 2018-19 with ARR 19-20.*
 - (iv) *Condone any inadvertent omissions/ errors/ short comings and permit SLDC to add/ change/ modify/ alter this petition and make further submissions as may be required at later stage.*
 - (v) *Pass any other relief which Hon'ble Commission may deem fit and proper and necessary in the facts and circumstances of the case.*
11. Motion hearing in the matter was held on **12th December' 2018**. Vide Commission's order dated **12th December' 2018**, the petition was admitted and the petitioner was directed to serve copies of the petition on all the respondents. Vide letter dated **21st December' 2018**, the information gaps/ discrepancies observed in the petition were communicated to the petitioner and it was asked to file its response by **15th January' 2019**. The respondents were also asked to file their response on the petition by **8th January' 2019**. Vide letter dated **2nd January' 2019**, SLDC confirmed the service of petition to all the respondents in the matter.
12. By affidavit dated **15th January' 2019**, SLDC submitted its point-wise reply to the Commission's letter dated **21st December' 2018**.
13. The reply of SLDC to each issue is as given below:

A. Issue:**Details of Capital Works furnished in Form F-15**

The Commission accorded in-principle approval to the five year rolling capital expenditure plan of SLDC for FY 2017-18 to FY 2020-21 in Petition No. 69/2016 alongwith the order for levy and collection of fee & charges by SLDC for FY 2017-18.

Table under Para 29 of the above order shows that Capex Requirement for FY 2018-19 and FY 2019-20 was Rs 65.00 lakhs and Rs. 30.00 lakhs, respectively. Whereas, Form 15 in the present petition shows expenditure of Rs. 113.30 lakhs and Rs 57.00 lakhs during FY 2018-19 and FY 2019-20, respectively. The reasons for variation/ increase in expenditure during these two years and the status of compliance with each condition mentioned in para 33 of the aforesaid order be submitted by SLDC.

Reply submitted by SLDC:

- (i) *SLDC is maintaining proper record of Capex fund. The interest earned on the Capex funds are not available (as the separate account code for SLDC capex fund is not available) hence cannot be furnished by SLDC. The year wise details of SLDC Capex fund and Capital expenditure are given as Table-I & Table-II of SLDC's response:-*

(Table-I)			
Year wise Details of Fund marked for capex fund out of Operation & Scheduling charges			
<i>Financial Year</i>	<i>Operation & Scheduling Charges.</i>	<i>Amount in Rs. Lakhs</i>	
		<i>50% of O&S treated as Income (2*50%)</i>	<i>50% of O&S for Capex Fund (2*50%)</i>
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
<i>2006-07</i>	<i>39.18</i>	<i>19.59</i>	<i>19.59</i>
<i>2007-08</i>	<i>67.64</i>	<i>33.82</i>	<i>33.82</i>
<i>2008-09</i>	<i>125.37</i>	<i>62.69</i>	<i>62.69</i>
<i>2009-10</i>	<i>151.57</i>	<i>75.79</i>	<i>75.79</i>
<i>2010-11</i>	<i>202.92</i>	<i>101.46</i>	<i>101.46</i>
<i>2011-12</i>	<i>185.43</i>	<i>92.72</i>	<i>92.72</i>
<i>2012-13</i>	<i>265.63</i>	<i>132.82</i>	<i>132.82</i>
<i>2013-14</i>	<i>265.74</i>	<i>132.87</i>	<i>132.87</i>
<i>2014-15</i>	<i>363.81</i>	<i>181.91</i>	<i>181.91</i>
<i>2015-16</i>	<i>364.39</i>	<i>182.20</i>	<i>182.20</i>
<i>2016-17</i>	<i>407.94</i>	<i>203.97</i>	<i>203.97</i>
<i>2017-18</i>	<i>508.83</i>	<i>254.42</i>	<i>254.42</i>
<i>Total (A)</i>	<i>2948.45</i>	<i>1474.23</i>	<i>1474.23</i>

(Table-II)				
The Details of Actual Capital Expenditure for the FY 2006-07 to 2017-18.				
(Amount in Lakhs of Rs.)				
Financial Year	Category of Expenditure (A/C Code)			Year wise Total
	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	0	-	-	0
2010-11	28.82	-	-	28.82
2011-12	9.43	61.89	-	71.32
2012-13	1.83	42.92	7.8	52.55
2013-14	92.55	-41.27	0	51.28
2014-15	22.73	-8.69	-7.8	6.24
2015-16	7.55	-0.39	0	7.16
2016-17	14.79	70.81	0	85.60
2017-18	16.02	52.85	0	68.87
Total (B)	240.07	179.03	0	419.10

- (ii) *The capital works of SLDC are funded from internal resources i.e. from 50% of operation & Scheduling charges. The details regarding actual expenditure from FY 16-2017 to FY 2020-21 against approved Capex plan for SLDC including reason of variation are mentioned in **Annexure-I** as enclosed herewith. It is submitted that capital expenditure is within the approved capex expenditure.*

B. Issue:

Details regarding revenue from fees and charges furnished in Form F-1

In Form F1, it is mentioned that the revenue from other charges will reduce from Rs 366.87 lakhs in FY 2017-18 to Rs 305.00 lakhs in FY 2018-19 and Rs 247.00 lakhs in FY 2019-20. The reasons for aforesaid reduction and also the break-up of the details of revenue received till now in FY 2018-19 and expected to be received in FY 2019-20 from each Generating Company/ Licensee/ User be submitted.

Reply submitted by SLDC:

The projection for upcoming year has been made on the basis of actual income received during the current year. On the same basis income from open access charges has been considered for FY 2016-17, 2017-18, 2018-19 & 2019-20. It is to submit that in FY 2018-19,

applications for open access has been reduced in comparison to FY 2017-18. During the FY 2017-18, total 1427 application were received and up to Sep-2017 number of applications received were 1133. However, in FY 2018-19, number of application received up to Sep-2018 were only 859 Nos.. The details of revenue received by SLDC for FY 2017-18 against Application Processing Fee, Scheduling & Operation Charges and Connectivity Charges as mentioned in F-1 are enclosed herewith as Annexure-II. The actual amount received from Application Processing Fee Received, Connection Fee and Scheduling & Operation charges for FY 2018-19 up to Dec-18 is enclosed herewith as Annexure-III. The projection for revenue from other charges for FY 2019-20 are worked out on the basis of Income received up to Sep-18 from open Access Customers & Generating Companies and mentioned in form F-1.

C. Issue:

Details of Other Income furnished in Form F-2

In Form F-2, the projected other income for FY 2019-20 is Rs 5.00 lakhs, which is same as the estimated other income for FY 2018-19. The reasons for not projecting any increase in other income in FY 2019-20 be submitted.

Reply submitted by SLDC:

It is submitted that the lump sum provision of Rs. 5.00 lakh has been considered on the basis of interest income on flexi fix current A/c of Rs. 0.50 Lakhs and Rs. 4.50 Lakhs has been considered towards misc income (penalty from supplier, house rent from employees, bus charges from employees, Sale of tender fee & Application Fee under RTI) which is not a routine income Interest on current account with state bank of India is only considered as the Union bank of India has withdrawn the facility of swap a/c from current account w.e.f Aug-16. It is submitted that most of the transaction has been carried out through Union Bank of India. It is submitted that **actual income will be considered in true-up process for FY 19-20.**

D. Issue:

Details regarding Employee Cost furnished in Form F-4

As per Form F4 and also note 11 of Profit and Loss statement for FY 2017-18, other terminal benefits (EL encashment on retirement) of Rs 44.34 lakhs have been paid by SLDC. However, the projections are NIL in FY 2019-20. In fact, the terminal benefits on

retirement are being claimed by MPPTCL and allowed in the ARR of MPPTCL. Therefore, the SLDC is required to clarify its contention on this issue and inform whether the said amount of EL encashment on retirement is being paid by SLDC or by MPPTCL.

Reply submitted by SLDC:

*It is also to confirm that EL encashment on retirement of SLDC Official is paid out by SLDC and is debited against a/c code 75.887 of SLDC trial balance and the same is not claimed by MPPTCL. Further, projection regarding EL encashment of retirement is **nil** for FY 19-20 as no employee is expected to be retired in FY 2019-20.*

E. Issue:

It is observed that the basic pay has increased from Rs 398.33 lakhs in FY 2018-19 to Rs 1054.59 in FY 2019-20. This is more than 2.57 times increase recommended in the 7th Pay Commission report. Further, installment of Rs.38.69 lakhs towards arrears is being claimed under employee cost for FY 2019-20. The petitioner is required to substantiate its claim with the supporting documents in terms of the applicable MPERC Transmission Tariff Regulations.

Reply submitted by SLDC:

The basic pay of Rs. 398.33 lakhs in FY 2018-19 has been calculated on the basis of working strength of officer and employee as on 31st October 2017. As on 31st October 2017, 98 officer & employee were working in SLDC/ Sub-LDCs whereas present working strength of SLDC and Sub-LDCs Bhopal and Indore is 100. It is also submitted that the basic pay of 1054.59 for FY 2019-20 also comprises of Rs. 19.29 lakhs towards salary of six no of contract employees where as Rs 14.60 lakh only had been considered in basic pay of Rs. 398.33 laksh towards contract employee in 2018-19. The projection of employee cost for FY 2019 has been enclosed as Annexure-IV.

It is submitted that projection towards wage revision of Rs. 38.69 lakhs has made in employee cost for FY 2019-20 on the basis of actual amount of arrears being paid to individual employee. The reason for keeping provision of Rs. 38.59 lakhs for wage revision arrears in employee cost projection for FY 2019-20 is to have contingent provision for the purpose, if the amount is required to be paid by SLDC to MPPTCL.

However, it is observed in true up for FY 2017-18, SLDC has claimed wage revision arrears of SLDC official. However, it was informed by finance section of MPPTCL that these expenditure has been debited against Provision made of wage revision in Head office, as the booking of wage revision is not shown under the head employee cost so that **SLDC has withdraw amount of Rs 17.42 lakhs wage revision arrears from true up for FY 2017-18** as shown in financial statement under note 10 of employee benefit expenses. Accordingly Form F-1,F-4 & T1c has been replaced and True-up table as mentioned in page no. 11 & 12 of the Petition may be read as follow:-

True up of FY 17-18 accounts with FY 17-18 Order:

Expenses:

(Amount in Lakhs of Rs)

Particular	Expenses as allowed in ARR for FY 2017-18	Actual Expenses for FY 2017-18	Differences (Allowed-Actual) to be reconciled
Employee Costs	1081.82	1064.47	17.35
Administration & general Expenses	113.16	172.90	-59.74
Repairs & Maintenance Expenses	166.19	84.54	81.65
Interest & Finance Charges	0.00	0.02	-0.02
Total	1361.17	1321.93	39.24

Income from other fee & charges:

The revenue from other fee & charges, comprising of Scheduling & Operation Charges, Connectivity Charges, Application Processing fee & Other Income allowed by the Commission for the FY 2017-18 was Rs. 277.50 Lakhs , the actual income works out to Rs. 365.94 Lakhs as given below :

(Amount in Lakhs of Rs.)

Particular	Income as allowed in ARR for FY 2017-18	Actual income for FY 2017-18	Differences (Allowed-Actual) to be reconciled
50% of Scheduling & Operating Charges.	274.00	254.42	19.58
Connectivity Charges		16.00	-16.00
Application Charges		96.45	-96.45
Sub Total	274.00	366.87	-92.87
Other miscellaneous receipts as mentioned in Form F2	3.50	-0.93	4.43
TOTAL	277.50	365.94	-88.44

*Net amount to be reconciled & adjusted in ARR of FY 2019-20 works out to (39.24– (-88.44))
i.e. Rs. 127.68 Lakhs.*

*It is requested to Hon'ble commission kindly accept SLDC submission and allow change in
petition.*

F. Issue:

SLDC has projected DA of Rs 136.96 lakhs @12% for 6 months and @ 14% for next 6 months. However, DA is presently paid @7% only as submitted by SLDC itself. Therefore, SLDC is required to explain the reasons for not projecting the DA at present rate since increase if any, may be claimed in true-up.

Reply submitted by SLDC:

The DA has been projected as per Central Government employee at present and it is most likely that DA shall be 12% from January 2019 as per consumer price index. In previous years, DA rate are same for MPPTCL employee as it was for Central Government employee and state Government employee. On the basis of same assumption DA rate has been consider 12% and 14% for FY 2019-20.

G. Issue:

The petitioner has considered the expenses of Rs 10 lakhs for "Apprentice and other training" in employee expenses whereas, the training expenses of Rs 4.48 lakhs are shown under A&G expenses for FY 2017-18 in its Financial Statements. The reasons for increase in the aforesaid expenses alongwith the reasons for considering the same under **different heads** i.e. Employee Expenses in Form F-4 and under A&G in Note 13 of financial statement, be submitted.

Reply submitted by SLDC:

Regarding the breakup and details of projection of Rs. 10.00 Lakh mentioned towards apprentice and other training expenses in form F-4, it is submitted that the projection has been made on the basis of training charges @ Rs. 22302/- per candidate for basic level training and Rs. 11151/- per candidate for specialist level training under four category in "Power System Reliability", "Regulatory Framework in Power Sector", Power System Logistics", "Renewable Energy Sources and Grid" and "Power Market Specialist", for 30

engineers of SLDC and Sub-SLDC Bhopal & Indore. The projection towards training expenses also include towards other courses/seminars/workshops regarding SCADA/EMS, URTDSM project, renewable integration, ABT, AMR, EMS, PSS tuning, reactor power management, smart grid and other upcoming emerging fields. The projection also include examination fee approx Rs. 8850/- per candidate plus GST required for certification exams for basic training & specialist training. In view of the ongoing implementation of new projects like Renewable Energy Management Centre (REMC) and Wide Area Management System etc, the training requirement is likely to increased. Thus a consolidated projection of Rs. 10.00 lakhs is mentioned in form F4 under item "C". The training expenses are shown in Employee expenses under head "Apprentice and other training" in compliance to the prescribed format of Form F4 of the regulation for levy & Collection of Fee & Charges.

H. Issue:

Details of Administration and General Expenses furnished in Form F-5

In Form F5 of the petition, SLDC has claimed A&G of Rs 242.83 lakhs, which includes Rs 108.35 lakhs towards Electricity charges for offices. However, in Para 5 (x) of the petition, the projection of Rs. 106.88 lakhs towards Electricity has been considered as actual expenditure up to April-18 to Sep-18 and tentative for period Oct-18 to March-19 plus 5% increase thereon. The discrepancy in figures needs to be clarified.

Reply submitted by SLDC:

Due to **typographical error** in Para 5(X), amount mentioned Rs. 106.88 lakhs instead of Rs. 108.35 lakhs as is also mentioned in Form F5 of the petition. It is requested to Hon'ble Commission kindly consider **Rs. 108.35 lakhs** as projection of electricity charges for the FY 2019-20.

I. Issue:

In para 5(xi) of petition, it is stated that SLDC has taken services of 7 computer operators through manpower supply contract. Form F5 with the petition shows that the actual expenditure under this head was Rs 9.54 lakhs during FY 2017-18. The projection for FY 2019-20 is Rs 16.00 lakhs. The reason for claiming aforesaid increase be clarified. The petitioner is also required to confirm that this manpower and aforesaid expenses are not considered under employee expenses claimed in the subject petition.

Reply submitted by SLDC:

It is submitted that during the FY 2017-18, SLDC had taken services of three no of computer operators in shift duty. However, in current year, SLDC has taken services of seven no. of computer operators (5 in highly skilled category and 2 in skilled category). It is to confirm that service of computer operators is not considered in projection of employee cost. The Projection towards expenditure on computer operators has been enclosed as Annexure-V.

J. Issue:

In Form F5, expenses on hiring of vehicles are shown as Rs. 18.45 lakhs for FY 2017-18 but the aforesaid amount is not shown in note 13 of Financial Statement for FY 2017-18. The claim of Rs. 18.45 lakhs on hiring of vehicle may be reconciled with Note 13 of Financial Statement for FY 2017-18. The reasons for increased projection of Rs. 22 lakhs in FY 2019-20 along with the documents in support of the expenditure claimed towards hiring of vehicles and Security/ Service Charges paid to outside agencies be submitted.

Reply submitted by SLDC:

*It is submitted that hiring of vehicles charges as mentioned in F5 are exclusively for hiring charges of vehicles for FY 2017-18 of Rs. 18.45 Lakhs. It is mention that **hiring of vehicle charges are also included** in travelling expenses of Rs. 34.17 lakhs as mentioned in **note 13 of financial statement** which is also comprises of ticket expenses & other travelling expenses. The travelling expenses mentioned in Note 13 of financial statement are total of group of 75.4 account code of trial balance. The increase in vehicles are considered due increase in disel rate, wages rate of driver etc. The order copy of hiring of vehicle for SLDC, and order copy of deploying armed security services at SLDC Jabalpur are enclosed herewith as Annexure-VI & Annexure-VII.*

K. Issue:

The consultancy charges of Rs. 10 lakhs are claimed for FY 2019-20 whereas, the actual consultancy charges have been Rs. 0.04 lakhs in FY 2017-18. The reasons for claiming higher consultancy charges in FY 2019-20 be clarified.

Reply submitted by SLDC:

*The projection of Rs. 10.00 lakhs have been made towards consultancy charges for FY 2019-20 considering the **probable requirement** of consultancy services for Renewal of ISO 9001:2008 certification of SLDC, for Energy Audit & preparation of scheme for future project like WAMS/SCADA system/master communication system, security audit services. and for renovation & modernization of SLDC building etc. The administrative approval for obtaining ISO 270001 (Information & Management Security System) has already been obtain from MD, MPPTL & same is expected to be implement in 2019-20. The projection has been taken as on lum sum basis.*

L. Issue:

The actual expenditure under the heads of “Miscellaneous Expenses” was Rs. 1.34 lakhs in FY2017-18 whereas, the expenses under this head are projected as Rs. 6.00 lakhs for FY 2019-20. The reasons for high projections of these expenses be clarified.

Reply submitted by SLDC:

The projection of Rs. 6.00 Lakhs under Miscellaneous expenses has been made to meet out any contingent, petty expenses related to Administrative & General category of expenses.

M. Issue:

The purchase related advertisement expenses are projected to Rs. 10.00 lakhs whereas the same were Rs 0.76 lakhs during FY 2017-18. The reason for high projections of the same for FY 2019-20 be submitted.

Reply submitted by SLDC:

The projection towards advertisement has been taken as Rs. 10 lakhs to meet out any contingent related to publication of NIT/ender on newspapers in PAN India and state.

N. Issue:

The expenses on fee and subscription of books and periodicals for FY 2019-20 are mentioned as Rs 2.00 lakhs in Para 5(viii) whereas, the same is shown as Rs 0.12 lakhs in Form F-5. The reason for aforesaid discrepancy in figures be submitted.

Reply submitted by SLDC:

*It is submitted that projection towards fee and subscriptions of books and periodicals has been considered mainly the amount towards MPERC fee and incidental charges **if required** to pay WRPC charges. However, MPERC Annual Fee and WRPC Annual charges are shown separately in Form F5 under Sr. No. A(xi) at page no. 37.. As mention in B(i) under the head Fee and subscription Books and periodicals is exclusively for the purpose of books and periodicals.*

O. Issue:**Details of Repair and Maintenance Expenditure furnished in Form F-6**

Form F6 shows that actual R&M for FY 2017-18 was Rs 84.54 lakhs whereas, for FY 2019-20, a much higher projection of Rs 196.62 lakhs has been made. For plant and machinery and computer and accessories alone, a steep increase from Rs 43.76 lakhs to Rs 138.02 lakhs is observed. The reasons for such high projections be submitted with supporting documents, if any.

Reply submitted by SLDC:

*It is to submit that the SCADA/EMS system at SLDC, Sub-IDC Indore and backup SLDC/Sub-LDC Bhopal was commissioned and in operation since July 2016. The system was under one year guarantee period upto November 2017 and subsequently its maintenance is looked after by its OEM through Annual Maintenance Contract awarded to M/s GE T&D India Ltd. The applicable **AMC charges for one year is around Rs. 72.00 lakh** (consideration price variation due to changes in labour price index). A copy of AMC contract issues for SCADA/EMS system is attached herewith as Annexure-VIII. Similarly, the wideband communication equipments are also under installation and commissioning stage and there AMC charges are also payable in 2019-20. As AMC charges for SCADA/EMS system and Wideband communication equipments are not payable in 2017-18, and same shall be required to be paid in 2019-20, there is considerable increase in R&M charges of SLDC for FY2019-20. However, the R&M charges are projected higher than 6% from FY 2018-19. The projection of R&M charges also includes expenditure towards civil works which was carried by civil department towards replacement of door and door frames, construction & maintenance of retaining wall, Improvement/ strengthening of sanitation system/ water supply system, development of garden/i/c beautification, and land scaping & comprises of routine*

maintenance works such as General upkeep of SLDC Building & misc. civil works and routine maintenance works.

P. Issue:

Note 12 of Financial Statement shows R&M expenses of Rs. 0.66 lakhs on vehicles. The petitioner is required to confirm whether these are over and above the vehicle related expenses claimed under A&G expenses.

Reply submitted by SLDC:

It is to confirmed that expenses mentioned in Note 12 of Financial statement regarding R&M expenses of Rs. 0.66 lakhs on vehicles are over and above the vehicle related expenses claimed under A&G expenses.

Q. Issue:

Details of Interest and Finance Charges furnished in Form F-8

The Financial Statement as on 31.03.2018 shows NIL borrowing. The actual expenses on interest and finance charges for FY2017-18 are NIL. The petitioner has not taken any working capital loan and has consequently not incurred any expenses for interest on working capital. The petitioner is required to submit its projected revenue gap if any, and also to inform whether any borrowing for the working capital is projected to be raised during FY 2019-20.

Reply submitted by SLDC:

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 Rs. 18.57 Lakhs has been projected in ARR in accordance with above regulation.

The cumulative available balance of Capex Fund as on 31.03.2018 is Rs. 1055.13 Lakhs as which calculated from the balance of capex fund as on 31st march 2018 of Rs. 1055.13 lakhs comprises of total amount received towards 50% of Operating Scheduling charges from the period FY 2006-07 to FY 2016-17 of Rs. 1474.23 lakhs as mentioned in Annexure-1 Less actual Capital Expenditure of Rs. 419.10 lakhs as mentioned in Annexure-

2,i.e (Rs. 1474.23 lakhs- Rs. 419.10 lakhs= Rs. 1055.13 lakhs). The Year wise proposed requirement as well as availability of fund is submitted here as under:-

<i>Year wise proposed requirement as well as availability of fund (in Rs. Lakhs)</i>							
Sr.No	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23	TOTAL
1	Availability of fund for Capex (Projected)	205.00	175.00	192.50	211.75	232.93	1017.18
2	Previous year Balance	1055.13	1191.42	1309.42	1488.92	1670.67	1055.13
3	Total Capex Available (1+2)	1260.13	1366.42	1501.92	1700.67	1903.60	2072.31
4	Capex Requirement	68.71	57.00	13.00	30.00	10.00	178.71
5	Cumulative Surplus (3-4)	1191.42	1309.42	1488.92	1670.67	1893.60	1893.60

Looking to the availability of capex fund and proposed capital works at SLDC, **there is no shortage of fund. Accordingly, no working capital is proposed to be raised during FY 2019-20.**

R. Issue:

CWIP

Balance Sheet as on 31.03.2018 shows that capital works in progress has increased from Rs 126.17 lakhs as on 31.03.2017 to Rs 294.35 lakhs as on 31.03.2018. In Form S2, CWIP for FY 2019-20 has also been projected to Rs 294.35 Lakhs. The petitioner is required to inform the reasons for delay in capitalizing the assets under CWIP.

Reply submitted by SLDC:

The CWIP has been increased due to cost incurred on project "implementation of integrated system for ABT, Open Access and MIS for MP SLDC" on which work under progress and it is expected that it will be completed in FY 2018-19. The some civil work are also completed in FY 2018-19. SLDC has already requested to civil department to submit Annexure-G for completed work. Regarding mentioned in S2 form is taken as same in FY 2019-20 only for the purpose of preparation of balance sheet.

S. Issue:

Income from Open Access Charges

The Form F1 filed with the petition shows that Revenue from scheduling and operation charges is expected to reduce from Rs 254.42 lakhs in FY 2017-18 to Rs 175.00 lakhs in FY

2019-20. The connectivity charges and the application processing fee for STOAC have shown reduction from Rs 16 lakhs to Rs 12 lakhs and from Rs 96.45 lakhs to Rs 60.00 lakhs, respectively. Details of actual revenue recovered in all such cases during FY 2017-18 along with a list of cases projected in FY 2019-20 be submitted.

Reply submitted by SLDC:

*The details of actual revenue recovered in all such cases during the FY 2017-18 has been enclosed as **Annexure-II**. It is submitted that projection towards FY 2019-20 has been taken on the basis of income received in FY 2018-19 up to Sep-18. It is not possible to prepared projected list for FY 2019-20. The list of already received in FY 2018-19 has been enclosed herewith as **Annexure III**.*

T. Issue:

In Form F2, miscellaneous receipts have been shown as (-) Rs 1.42 lakhs and total miscellaneous receipts are shown as (-) Rs 0.93 lakhs. The reasons along with the details of all cases which lead to negative receipts be submitted.

Reply submitted by SLDC:

*It is submitted that the form F2 show negative receipt due to **booking of wrong account in previous years**. The security deposited deducted from bill has been booked as penalty by RAO SLDC instead of under the code of Security Deposit. Now the Security deposit has been released to contractor from same account code in which security deposit has been credited.*

U. Issue:

That the income from O&S charges, connectivity charges and application charges allowed by the Commission for FY 2017-18 in Petition No. 69 of 2016 have increased from Rs 274.00 Lakhs to Rs 366.87 Lakhs. A comparative chart of all aforesaid charges allowed by the Commission in the said petition vis-à-vis actual received by SLDC is required to be filed.

Reply submitted by SLDC:

*A comparative chart of Income from O&S charges, connectivity charges and application charges allowed by commission vis a vis actual received by SLDC has been enclosed herewith as **Annexure-IX**.*

V. Issue:

The A&G expenses of Rs 113.16 Lakhs as claimed by SLDC and approved by the Commission for FY 2017-18 in Petition No. 69 of 2016 are also increased to Rs 172.90 Crore in FY 2017-18. The reasons for aforesaid increase in A&G expenses over and above the claims made by SLDC itself be submitted with supporting documents.

Reply submitted by SLDC:

*In the petition 69/2016 for FY 2017-18, SLDC had **not claimed** any expenditure towards Electricity charges of SLDC Building, Sub LDC Bhopal & Indore as the actual expenditure are not shown in SLDC trial balance. However, from FY 2017-18, MPPuKVVCL has deducted electricity charges of Rs. 91.05 lakhs from the bill of SLDC Fee and charges for FY 2017-18. The main reason is increased in A&G expenses is due to Electricity charges.*

14. On perusal of the aforementioned reply by SLDC, vide its affidavit dated 15.01.2019, the Commission vide letter dated 11.02.2019 sought further clarification on certain issues. SLDC vide its Affidavit dated 18.02.2019 filed its reply on all such issues. The response of SLDC on each issue is as under:

(i) Issue raised by the Commission:

In Form F-15 of the petition, the actual expenditure during FY 2017-18 and FY 2018-19 has been Rs. 192.68 lakhs and Rs. 113.39 lakhs, respectively whereas, the corresponding figures are mentioned as Rs. 77.36 lakhs and Rs. 68.71 lakhs, respectively in Annexure-I of your letter dated 15.1.2019. The reasons for discrepancy in figures at two places and correct figures be submitted.

Reply submitted by SLDC:

*In Form F-15 of the Petition, the amount Rs. 192.68 lakhs & Rs. 113.39 lakhs mentioned in FY 2017-18 & FY 2018-19 are also **inclusive of actual expenditure funded through PSDF Grant**. Whereas amount mentioned in Annexure-I of this office letter dated 15.01.2019 for the FY 2017-18 & FY 2018-19 are related to actual expenditure **meet out from capex fund**. Further, it is submitted that the work-related with Construction of Additional Floor in Sub-LDC office building at 400 KV S/S Indore with facility for air-conditioning, fire alarm etc. has shown in Form F15 (Rs 14.42 lakhs in FY 2016-17 & Rs 8.49 Lakhs in FY 2017-18), however,*

above work is not shown in SLDC trial balance, because of pending of Annexure-G by civil department, so that above work has been not been reduced from capex fund.

The details of the work which funded through PSDF Grant & The work which is not funded through Capex fund are given as below:-

(Rs. in lakhs)			
Sr.No.	Particular	FY 2017-18	FY 2018-19
1	Amount mentioned in Form F-15	192.68	113.39
2	Work related to Supply, Installation, Testing & Commissioning of availability Based Tariff, Open Access & MIS System (90% of fund is sanctioned from PSDF Grant)	115.32	44.68
3	Work related to Construction of Additional Floor in Sub-LDC office building at 400 KV S/S Indore with facility for air conditioning, fire alarm etc is no (As the Capital expenditure work is not booked under RAO SLDC.	8.49	0.00
4=(1-2-3)	Capital Works funded through Capex Fund	68.87	68.71

Revised Form-15 of the Petition & Revised Annexure-I (The details regarding actual expenditure from FY 16-2017 to FY 2020-21 against approved Capex plan for SLDC) of this office letter dated 15.01.2019 **has been enclosed herewith**. The copy of internal note sent to CE(EHT:Const.), MPPTCL for Preparation of G for completed civil works at SLDC is also enclosed herewith as Annexure-I.

(ii) Issue:

The balance sheet as at 31.03.2018 filed by SLDC shows that “unbilled revenue for STOA” was Rs. 325.10 lakhs and other current assets (short-term receivable from MPPTCL) were Rs. 979.50 lakhs. The reasons for revenue remaining unbilled along with the efforts made by SLDC to expedite recovery of these unbilled revenue be submitted.

Reply submitted by SLDC:

The amount shown is balance sheet Rs. 325.10 lakhs towards Unbilled revenue for STOA, **Rs. 77.45 lakhs has been received** and Rs. 247.65 Lakhs is outstanding. Out of Rs. 247.65 lakhs, Rs. 235.47 Lakhs is outstanding from MPPMCL towards Revision charges. The SLDC is requesting MPPMCL regularly for payment of Revision charges to SLDC. **A copy of letter dated 15.02.2019 sent by SLDC to MPPMCL, in this regard is attached herewith as Annexure-II.**

Further, it is also to submit that all the Fund of SLDC is managed by Head Office of MPPTCL and fund is disbursed by MPPTCL Head Office to Respective Regional Account Offices, as per requisition sent by RAOs. The amount shown in balance sheet under the head (Short Term Receivable from MPPTCL) is Rs. 979.50 lakhs which is net of transaction between RAO SLDC and MPPTCL Head Office (Inter unit transaction). However, the Matter was taken with MPPTCL for allotment of separate account code for Capex fund of SDC as well as separate accounting of SLDC capex fund. **A copy of internal note sent to CFO, MPPTCL is enclosed herewith as Annexure-III**

(iii) Issue raised by Commission:

In Form F2, other income includes interest income as fixed deposits for FY 2017-18. Interest on FD is mentioned as Rs. 0.35 lakhs and for FY 2019-20, it is projected as Rs. 0.50 lakhs only. The reason for low interest income along with the average rate of interest on FD received during FY 2017-18 be submitted.

Reply submitted by SLDC:

It is submitted that interest income on **flexi fix current a/c** of Rs. 0.50 lakhs is considered only for the current account with SBI. Interest on current account with state bank of India is only considered as the Union bank of India has withdrawn the facility of swap a/c from current account w.e.f Aug-16. As most of the transaction of SLDC has been carried out through Union Bank of India, which has withdrawn interest. It is submitted that actual income will be considered in true-up process for FY 19-20. It is also to submit that SLDC is not having Fixed deposit with State bank of India/any other bank, accordingly, the interest received on swap a/c facility available with SBI is only considered. Regarding submission of **Interest Received for FY 2017-18, it is submitted that average rate of interest is calculated as 6.20% p.a.** on average balance of SBI bank account in SLDC books of account during the FY 2017-18. The calculation sheet of Average Interest rate and abstract of SBI Bank of SLDC (A/c code 24.401) is being enclosed herewith as Annexure-IV.

(iv) Issue:

SLDC is required to explain the reason for considering the training expenses under different heads i.e. under employee expenses in Form F-4 and under A&G in Note 13 of financial account.

Reply submitted by SLDC:

It is submitted that training expenses are shown in employee expenses under head "Apprentice and other training" in compliance to the prescribed format of Form F4, as per the regulation for Levy & Collection of Fee and Charges. Whereas the expenditure has been booked under the 76 group in SLDC trail balance so that expenditure has been shown under the A&G in Note 13 of financial account. In order to maintain the consistency between Fee charges regulation format and Note of Financial statement, it is submitted that Hon'ble Commission may kindly allow to modify Form F4 & Form F5, whenever changes in SLDC Fee and Charges regulation may be proposed.

(v) Issue:

In point No. 2 of SLDC's letter No. 906 dated 28.03.2017 enclosed with Annexure VIII of the above referred letter mentions yearly AMC amount of Rs. 47,00,998/-. The calculations and reasons for increasing the same to Rs. 72 lakh be submitted alongwith the details of other expenditures leading to projection of total R&M expenditure of Rs. 196.62 lakhs.

Reply submitted by SLDC:

*It is to submit that the SCADA/EMS system at SLDC, Sub-LDC Indore and backup SLDC/ Sub-LDC Bhopal was commissioned under the project "Replacement/ upgradation of SCADA EMS system at WRLDC and constituents states of WR" executed by PGCIL. The system is in operation since July-2016. The system was under one year guarantee period up to November 2017 and subsequently its maintenance is looked after by its OEM through Annual Maintenance Contract awarded to M/s GE T&D India Ltd., as per the AMC charges financialized by PGCIL during project bidding states. However, the operation and maintenance of system is to be looked after by respective states as per maintenance contract agreement It is to be submitted that the rate of AMC of Rs 4700998/- Per Annum has been decided as per maintenance contract agreement signed by SLDC, MPPTCL and Alstom T&D India Limited (Now known as GE T&D India Ltd) on dated 25.04.2013 (Copy attached with Annexure VIII of this office letter dated 15.01.2018) as per PGCIL contract cc-cs/320-wr1/scada-1755/3/g5/no-iii/4643 DATED 31.03.2013 awarded to M/s Alstom T&D India Ltd. Noida (Now known as GE T&D India Ltd). After implementation of GST, the Fixed AMC amount was enhance to Rs 49,36,968/- Per Annum as per this office amendment order no. 37 dated 12.04.2018. The copy of the same has been enclosed as **Annexure-V**. It is also to*

*submit that the AMC Charges has two component One Fixed Charge (As per Agreement) and Price adjustment (variable in nature and Which are subjected to adjustment based on all India average consumer price Index for Industrial workers as published by labour bureau government of India). The formula of variable charges is mentioned in Appendix -2, page no. 13 of agreement between MPPTCL and Alstom T&D India Limited. The copy of the same has been enclosed as **Annexure-VI**. The presently, the billing of one quarter for the period (15Aug-18 to 14 Nov-18) is come out to Rs 1579608/-. On the basis, of present rate and considering the increase in consumer price index in next year, the rate of 72.00 Lakhs has been considered for FY 2019-20. The details calculation for expected AMC charges for SCADA/EMS system for FY 2019-20 has been enclosed as **Annexure-VII***

*The details of R&M expenditure of Rs. 196.62 lakhs have been attached herewith as **Annexure-VIII**.*

15. Vide its letter dated 18th February' 2019, SLDC confirmed that it has not received any comment/ representation on the petition before public hearing. Vide letter No. 294 dated 5th February' 2019, SLDC submitted that it has published the public notice on the gist of subject petition in newspapers on 12th January' 2019 and 13th January' 2019 in the following newspapers:
- (i) Jabalpur Express (Hindi)
 - (ii) Swadesh Indore (Hindi)
 - (iii) Central Chronicle, Bhopal (English)
16. Public hearing in the matter was held on **12th February' 2019** in the court room of the Commission. Only the representatives of SLDC appeared in the public hearing.

Fee and Charges for FY 2019-20

17. Capital Cost

Vide order dated 26th April' 2017 in Petition No. 69/2016, the Commission approved the following five year Capex plan of SLDC from FY 2016-17 to FY 2020-21 alongwith the ARR for FY 2017-18. The year wise requirement and availability of fund is as below:

Year wise proposed requirement as well as availability of fund in Rs. Lakhs							
Sr. No	Particulars	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
1	Availability of fund for Capex	160.00	176.00	193.60	212.96	234.26	976.82
2	Previous year Balance	751.22	776.22	856.72	985.32	1168.28	
3	Total Capex Available (1+2)	911.22	952.22	1050.32	1198.28	1402.54	
4	Capex Requirement	135.00	95.50	65.00	30.00	10.00	335.50
5	Cumulative Surplus (3-4)	776.22	856.72	985.32	1168.28	1392.54	

SLDC vide its letter dated 18.02.2019 has revised the information on affidavit and has submitted that updated summary of capital expenditure vis-a vis approved for FY 2016-17 to FY 2020-21 in the five year capex plan as under:

Rs. in lakhs

Summary of Capex Fund Approved and Actual Expenditure				
Year	Opening Balance	Fund Approved during the Year	Actual /Projected Expenditure during the Year	Closing Balance
	A	B	C	D=A+B-C
2016-17	0	135	85.60	49.40
2017-18	49.40	95.5	68.87	76.03
2018-19	76.03	65	68.71	72.32
2019-20	72.32	30	57.00	45.32
2020-21	45.32	10	28.69	26.63
		335.5	308.87	

19. In view of year-wise requirement & availability of fund above, it is noted that the availability of funds is more than the Capex requirement during FY 2019-20. It is further 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 utilize the capex fund available with it.

20. From the information filed by SLDC in Table I & II of its letter dated 15.01.2019, it is observed that the cumulative Capex fund available at end of FY 2017-18 is Rs. 1474.23 lakhs while cumulative expenditure is Rs. 419.10 lakhs. Thus, a balance of Rs. 1474.23(-) 419.10 = Rs. 1055.13 lakhs is available and since **SLDC has not maintained separate account so the interest earned on the capex funds is not available with SLDC**. Regulation 10.3 of the MPERC (Levy and Collection of Fee & Charges by SLDC) Regulations (Revision-I), 2006 provides that:

“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.”

21. In view of above, SLDC is required to comply with the Regulations and open a separate account and transfer the balance of Capex fund as on 01.04.2018 and thereafter, along with accrued interest.

Levy of SLDC Charges:

20. As per clause 9.2 of MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulation, 2004, (Revision - 1, 2006) SLDC charges are to be determined based on the following operating expenses:

- O&M Expenses comprising Employee Cost, Administration and General Charges and Repairs and Maintenance expenses,
- Depreciation on Assets,
- Interest and finance charges, where loans are identified against capital expenditure
- Interest on working capital, if any,
- Return on equity for equity contributions identified for capital expenditure
- Taxes and duties, and
- Capital Cost

Operation and Maintenance Expenses:-

Provision under Regulations:

21. Clause 9.8 of MPERC (Levy and Collection of Fee and Charges by SLDC) Regulations, 2004,(Revision-I, 2006) provides as under:

- (i) *‘Operation and Maintenance or O&M expenses’ shall mean expenditure on manpower, repairs, spares, consumables, office administration and general.*

- (ii) Operation and maintenance expenses shall be determined as per actual expenditure incurred by SLDC.

Employee Cost:-

Petitioner's submission:

22. With regard to the Employee Cost, the petitioner broadly submitted the following in para 6 and 7.1 of the petition:

“The Load Despatch Centre is carrying out the function of system operation and control in the State. The employee position as on 30th September 2018 is total 152 sanctioned posts and 100 working strength in all the cadres which also include one post of Executive Finance and one post of OA-GR-III on contract basis at SLDC, one post of Junior Engineer and one post of OA-GR-III on contract basis posted at Sub-LDC Indore and one post of Testing Attendant on contract basis at Backup SLDC Bhopal & Sub-LDC Indore. It is submitted that The Addl.CE is given current charge of CE, one SE is given current charge of Addl C.E, One EE is given Current charge of SE and also two AEs & two JEs is given current charge of EE & AE respectively. Towards projection of salary for the FY 2019-20, it is submitted that projection toward salary of one executive trainee shall also considered which is likely to posted in SLDC in the month of November-2018.

The detail of sanctioned, working and vacant position in SLDC as on 30-09-2018 is Annexed in Annexure OC1.

The projections of SLDC Fee and Charges for FY 2019-20, under various heads and the information related to various formats of the regulation are mentioned hereunder:-

EMPLOYEE COST :

The employee cost for FY 19-20 has been worked out for the working strength at SLDC & Sub-LDCs as on 30-09-2018 As per recommendations of “Manpower, Certification and Incentive for system operation and ring fencing Load Despatch Centers”, basic level training and specialist level Certification course for Load Despatch system operation is carried out continuously. Accordingly, lumsun projection for training & certification fees for specialist level and management level training programs and various workshop, training etc. has been made during FY 2019-20. 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 2019-20 and it is proposed that the same shall be adjusted in true up, if required to be paid.

Further, it is submitted that the as per Chief Engineer (HR &A), MPPTCL Order No. **म.प्र.पा.ट्रां.क.लि./ई-6/4116** dated 29.12.2017, 7th Pay commission has been implemented from 1st January 2016 . Accordingly, New pay structure has been implemented from the month of Jan-18 and wage revision arrears for the period 01.01.2016 to 31.12.2017 shall be paid in 36 installments. Accordingly, the projection of wage revision arrears for FY 2019-20 has been considered as actual installment is being paid in the FY 2018-19.

The total employee cost works out to Rs. 1315.36 Lakhs (Form-F4). The provisions for vacant posts, terminal benefit on retirement (pension, gratuity and EL encashment on retirement) have not been considered in the projected employee cost and it is proposed that the same shall be adjusted in true up, if required to be paid.”

No provision is made for vacant posts of SLDC and Sub LDCs. However, projection towards one Executive Trainee is considered for FY 2019-20 which is likely to posted in SLDC in the month of November-2018. The projection has been made on the basis of actual basic pay & Grade pay drawn by officer & employee for the month of Septmebr-18 plus one increment for the month of July-19 for FY 19-20 and applicable allowance thereon.

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

- (i) The provision for vacant posts is not considered, necessary adjustment for the same shall be made at a later date, if the vacant post are filled up during ensuing Year.
- (ii) The present rate of DA to Central Government employee is 9% w.e.f July 2018, State government and MPPTCL employee is 7% w.e.f from January 2018. On the basis of above and expected nominal increase in DA during 2019-20, the rate of D.A. has been taken as 12% for first sixth month and 14% for next six month of the FY 2019-20.
- (iii) Medical reimbursement for ensuing Year has been considered @500/- pm per employee.
- (iv) Company Contribution for National Pension Scheme (NPS) @ 10% of Basic plus Grade pay plus DA is being contributed by the company for officers/employees who have been

appointed in Company Cadre. Accordingly NPS provision is made in Employee Cost Projection for ensuing year,

- (v) *The company contribution @ 13.00% (12% Plus Administrative charges) on salary of contract employee is also consider in employee cost for ensuing year towards Provident Fund of Contract Employee.*
- (vi) *The projection towards training expenses have been made considering training requirements for SCADA/ EMS, Wide Area Management PMU's based, Unified real time Dynamic measurement system (URTDSM), Renewable Energy Management Centre (REMC), Wide Band Communication Systems, IT & Computer systems, Cyber Security and Information Security Management System (ISMS), RE forecasting etc. Accordingly, lumpsum projection for training & certification fees for specialist level and management level training programs has also been made during FY 2019-20*
- (vii) *The provision towards Ex-Gratia/ bonus for ARR for FY 2019-20 is not considered, however, it is requested to Hon'ble commission kindly consider, if it is required to pay by SLDC in True- up process for FY 2019-20. Hon'ble Commission in the order for SLDC fee & charges for the previous years has not allowed provisions for Ex-Gratia/ bonus, no such provisions are made in ARR for FY 19-20*
- (viii) *Terminal benefits have not been considered in the ARR as per directives of MPERC in the order for SLDC Fee & charges petition for the FY 2006-07.*

Commission's Analysis:

23. The petitioner has claimed the projected employee expenses of **Rs. 1315.36 Lakhs** for FY2019-20. The component wise break-up of employee cost is given by the petitioner in Format F4 of the petition.
24. Vide Commission's letter dated 21st December' 2018, the petitioner was asked to clarify certain issues on employee related expenses like retirement benefits, basic pay increase, arrears of wage revision, rate of DA and training expenses.
25. By affidavit dated 15th January' 2019, the petitioner filed its detailed reply on the issues communicated to it by the Commission. The response of MPPTCL on all such issues is

mentioned in preceding part of this order. As per CE (HRA), MPPTCL order dated 29.12.2017 7th Pay Commission was to be implemented from 1st January 2016. Accordingly, the provision towards increase in salary due to implementation of 7th Pay Commission has been considered for FY 2019-20.

26. Considering the above, the following employee related expenses are considered in this order for FY 2019-20 are as given below:

Amount (Rs. Lakhs)			
S. No.	Particulars	Claimed	Considered in this order
1	Employee expenses	1315.36	1315.36

Administration and General Expenses:

Petitioner's Submission:

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

"The Administration and General expenses for SLDC, Backup SLDC & Sub LDC for the year 2019-20 works out to Rs. 242.83 Lakhs (Form-F5). The above A&G projection comprises of Electricity Charges, Communication charges, consultancy charges, travelling expenses, Security service charges, Vehicle hire charges, books & stationery, MPERC fee, advertisement expenses, legal charges, corporation tax of SLDC Building at Bhopal, outsourcing expenses and miscellaneous expenses as contingent.

The A&G expenses for the Ensuing Year have been worked out considering the following:-

- (i) *Rates & Taxes:- At present Sub-LDC Bhopal (Back-up SLDC has paid municipal Tax for FY 2017-18 & FY 2018-19. Accordingly, projection towards expenditure for municipal tax is considered for FY 2019-20 with 5% escalation.*
- (ii) ***Insurance:** A lump sump provision of Rs. 0.22 Lakhs has been made towards insurance charges during ensuing year.*
- (iii) ***Telephone Expenses:** The communication facilities provided through common pool services are not considered. However, the expenses towards additional communication facility whose payment is made directly from SLDC/Sub LDC officers are included. The details of the proposed expenses are annexed herewith as Annexure AG1.*
- (iv) ***Consultancy Charges:** The projections towards consultancy charges have been kept for obtaining consultancy services regarding Information Security Management System*

- (ISMS), energy Audit & preparation of scheme for upcoming projects like Wide Area Management System (WAMS)/Wide band Communication system/ Renewable Energy Management System related works, and for building renovation & modernization activity.
- (v) **Travel expenses:** The SLDC official are required to travel for various meeting like OCCM (WRPC & State), RPC, Protection Committee, for hearing MPERC, CERC, Appellate Tribunal & Court cases. The traveling is also required for works related with implementation of various project and attending faults in systems & equipments. The projections towards travel expenses has been taken considering increased travel due to implementation of various new projects like Master telecom project, URTDSM project/REMC project and for various levels of system operation trainings.
- (vi) **Hiring of Vehicle:** Presently five number vehicle are hired for SLDC i.e. one for Chief Engineer (SLDC), one for Additional Chief Engineer /SE (Operation), one for SE(LD:E&T) and one each for Backup SLDC, Bhopal & Sub-LDC Indore. Accordingly, the projection towards hiring of five number vehicle is considered for FY 2019-20.
- (vii) **Security/ Service Charges:** SLDC has already been provided with two armed security guards round the clock deployed through outsourcing. Similarly, one Unarmed security guards round the clock is deployed at Backup SLDC/ Sub-LDC Bhopal. The projection towards security charges for ensuing year has been considered on the basis of prevailing wages for skilled workers for SLDC and unskilled workers for Backup-SLDC / Sub-LDCs Bhopal.
- (viii) **Fee and Subscriptions Books and Periodicals:** - The projection for the FY 2019-20 is taken Rs 2.00 lakhs. The projection is taken mainly the amount towards MPERC Fee and incidental charges if required to pay WRPC charges.
- (ix) **Stationery Expenses:** The stationery expenses has been worked out considering the future increase in requirements due to Generation of various reports, increased responsibilities of Capital works, ABT/OA, EA, regulatory & legal issues etc.
- (x) **Electricity Expenses:** - The projection towards Electricity expense for SLDC, Back-up SLDC, & Sub-LDC Indore of Rs. 108.35 lakhs has been taken as actual expenditure of SLDC and Back-up SLDC Bhopal up to April-18 to Sep-18 and tentative for period Oct-18 to March-19 plus 5% increase there on and Rs. one lakh per month for sub-LDC, Indore.
- (xi) **Work Outsource Expenses:-** The SLDC has taken services of Seven no of computer operators (5 in highly Skill and 2 in skill category and out of highly skill computer

operators 3 operators are working in shift) through Man Power supplier Contract so that the projection towards outsource of Seven no of computer operators for the FY 2019-20 is considered in A&G expenses.

(xii) **Entertainment expenses:** The entertainment expenses have been worked out considering the requirements due to increased responsibilities of SLDC.

(xiii) **Legal Expenses:** The legal expenses have been worked out considering various legal issues and regulatory matters.”

Commission’s Analysis:

28. The petitioner has filed **Rs. 242.83 Lakhs** 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 21st December’ 2018, SLDC was asked to file its clarification under certain heads like Electricity Charges, Manpower Supply Contract, Hiring of Vehicle charges, Telephone/fax charges and Consultancy charges etc.

It is observed that SLDC has claimed Rs. 108.35 lakhs towards Payment of Electricity Charges for offices on the actual expenditure up to April-18 to Sep-18 and tentative for period Oct-18 to March-19 plus 5% increase thereon.

The Commission has considered the Electricity Charges of 108.35 lakhs subject to true up of the amount.

29. By affidavit dated 15th January’ 2019, the petitioner filed its detailed reply on each issue raised by the Commission, and the same has been elaborated in preceding part of this Order. Considering the reply filed by SLDC on this head, the details of Administration and General expenses allowed for FY 2019-20 in this order are given as below:

(Rs. Lakhs)

S. No.	Particular	Claimed	Considered in this order
1.	Administration and general expenses	242.83	242.83

Repair and Maintenance Charges:-

Petitioner's Submission:

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

“The Repair and maintenance expenses for the year 2019-20 are estimated to Rs. 196.62 Lakhs (Form-F6). This includes maintenance charges of SCADA/EMS & Wideband

Communication system, Unified real Time Dynamic Measurement System (URTDSM) system, CCTV BASED Surveillance system, Hot line exchange, Voice logger system, AMC charges for ABT Computer System, Maintenance costs of Auxiliary Power Supply system (UPS, DG Set), maintenance of system support services, maintenance of AC Plant, maintenance of office equipment, maintenance of building (including Backup SLDC at Bhopal & Sub-LDC Indore), Video Conferencing System, Video Projection System, Fire Alarm system, Cyber Security system etc. The provision for civil maintenance works mainly comprise of replacement of doors & doors frames, maintenance of office chambers, improvement/ strengthening of sanitation/ water supply system, development of garden/ landscaping, renovation of False flooring & aluminum partition in SCADA hall of SLDC etc.

The five-year R&M plan of SLDC, Backup SLDC & Sub LDC for FY 18-19 to FY 22-23 is also annexed herewith as Annexure RM1”

Commission’s Analysis:

31. The petitioner filed the Repair and Maintenance expenses of **Rs. 196.62 lakhs**. Detailed breakup of repair and maintenance expenses for FY2019-20 is given in Format F-6 of the petition. Issues raised by the Commission & response filed by SLDC on this head are mentioned in preceding paras of this order.
32. The Commission has observed that the estimated increase in R&M expenses is mainly on account of AMC of SCADA/ EMS system. The projections have been made towards housekeeping of SLDC building and various works proposed by civil department. Considering the reasons filed by petitioner, the R&M expenditure of **Rs. 196.62 lakhs** for FY 2019-20 is allowed in this order subject to true-up.

Return on Equity and Depreciation:

Petitioner's Submission:

33. 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 Rs. 36.01 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 Rs. 22.04 Lakhs based on normative debt to equity ratio as 70:30. The Income Tax provision

are also worked out to Rs. 7.63 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 19-20.

The assets of SLDC (Rs. 242.80 as on 1st June 2005) are included in the assets of MPPTCL and no separate balance sheet is notified for SLDC. As per order passed by MPERC for SLDC fee & Charges for FY 2007-08, the expenses towards Depreciation, Interest on Loan, Return on Equity (ROE) & Income tax shall be payable based on actual equity employed by SLDC/allocated to SLDC. The provisions for Depreciation, ROE & Income Tax were not allowed for FY 2008-09. Accordingly, no provisions are made for ROE, Depreciation & Income Tax in the ARR for FY 2019-20."

Commission's Analysis:

34. The Commission has observed 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 petitioner's submission is accepted and no amount for depreciation and RoE is approved in this Order.

Interest on Working Capital:

Petitioner's Submission:

35. The petitioner broadly submitted the following:

"The interest and finance charges comprise of only one component i.e. Interest on Working Capital (Form F8).

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 Rs. 146.23 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 12.70 % (Base Rate 8.70 % wef 1st April 2018). The IWC works out to Rs. 18.57 Lakhs (Form F8).

The interest and finance charges comprises of only one component i.e. Interest on working capital. The Capex requirement of SLDC shall be met from 50% amount of Scheduling & Operation charges retained for infrastructure development of SLDC as per MPERC (Levy and Collection of Fee and Charges by State Load Despatch Centre)

Regulations, 2004.”

Provisions in Regulation:

36. 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:

37. The Petitioner has filed the interest on working capital of **Rs. 18.57 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.
38. During FY 2019-20, the Operation and Scheduling (O&S) charges are expected to be Rs. 350.00 Lakhs. In the present petition, SLDC has considered 50% of O&S charges i.e. Rs. 175.00 Lakhs 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 **Rs. 1055.13 Lakhs** as on 31/03/2018 with SLDC.
39. By affidavit dated 15th January’ 2019, 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 Rs. 18.57 Lakhs has been projected in ARR in accordance with above regulation.

The cumulative available balance of Capex Fund as on 31.03.2018 is Rs. 1055.13 Lakhs as which calculated from the balance of capex fund as on 31st march 2018 of Rs. 1055.13 lakhs comprises of total amount received towards 50% of Operating Scheduling charges from the period FY 2006-07 to FY 2016-17 of Rs. 1474.23 lakhs as mentioned in Annexure-1 Less actual Capital Expenditure of Rs. 419.10 lakhs as mentioned in Annexure-2,i.e (Rs. 1474.23 lakhs- Rs. 419.10 lakhs= Rs. 1055.13 lakhs).

Looking to the availability of capex fund and proposed capital works at SLDC, **there is no shortage of fund. Accordingly, no working capital is proposed to be raised during FY 2019-20.**

40. 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. In view of the same aforesaid status the Commission has not approved any interest on working capital in past tariff orders also on the above-mentioned reasons. Therefore, the Commission has not considered any interest on working capital for FY 2019-20 also in this order. The Commission has considered the actual expenses incurred by SLDC in its true-up petition for FY 2017-18 filed with this petition. If any expenditure for interest on working capital is found actually incurred by SLDC, such claim may be considered appropriately by the Commission after prudent check while truing up for FY2019-20.

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

Petitioner's submission

41. 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. Some of the Open Access Customers have paid Application processing Fee & Scheduling & Operating charges after deducting TDS. However, the amount of TDS is not claimed by SLDC.”

Commission's Analysis

42. The above claim of SLDC shall be dealt with appropriately in terms of MPERC (Levy and Collection of Fee and charges by State load Despatch Centre) Regulations, 2004, (Revision 1, 2006) as and when these are actually incurred and claimed in the true-up petition.

Income from Other Sources:**Petitioner's Submission:**

43. The petitioner has submitted the following in para 7.9 & 7.10 of the petition:
"Earning of Rs. 247.00 Lakhs has been projected as income from Scheduling & Operation Charges (50% of the total receipt), Connectivity Charges and Application processing fee from Short Term Open Access Customers (STOAC) on the basis of income received in current year. (Form F1).
A lump sum provision for FY 19-20 for Rs 5.0 lakh has been considered in Form F2 towards recoveries of transport facility, Rental for Staff quarter/water charges, recovery for telephone charges & Misc income."

Provisions in Regulation:

44. 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:

45. The other Income mainly comprises revenue from other Fee and Charges, Scheduling & Operation charges, Connectivity charges and application processing fee etc. The petitioner filed the following estimated other income for FY 2019-20 :

(Rs. Lakhs)

S. No.	Particulars	Ensuing Year (2019-20)
1	Scheduling & Operation Charges (50% as income)	175.00
2	Connectivity Charges	12.00
3	Application processing fee for STOAC	60.00
	Total	247.00

46. The Commission has observed the following actual other income from the certified Accounts of SLDC for the last six years:

(Amount in Rs. Lakhs)

Particular	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Actual Other income considered in True-up orders	123.14	138.01	151.54	210.12	191.09	277.17	277.13	297.87	365.94

47. Based on the abovementioned position, the Commission has observed that the actual other income has increased from Rs. 123.14 Lakhs during FY 2009-10 to Rs. 365.94 Lakhs during FY 2017-18. Therefore, the Commission has considered Rs. 247.00 Lakhs as SLDC's other income (as claimed by petitioner) for FY 2019-20 in this order. However, the actual other income shall be considered and adjusted appropriately while taking true up exercise for FY 2019-20.

True-up of SLDC Tariff Order for FY 2016-17 based on Financial Statements:**Petitioner's Submission:**

48. The petitioner in para 11 of the petition broadly submitted the following:

“The expenses towards Employee cost, A&G and R&M for FY 2017-18, shown in forms of the petition for FY 19-20, are on the basis of Financial Statements of SLDC for the FY 17-18. 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 17-18 and the figures shown in formats of the petition, is due to following reasons.

(Amount in Lakhs of Rs.)

Particulars	Financial statement Ref.		Petition Ref.		Difference	Remark
	Note	Amount	Form No	Amount		
Employee Cost	11	1077.40	F4	1081.89	-4.49	Explanation 1
A & G Expenses	13	177.40	F5	172.90	4.50	Explanation 2
SLDC charges (excluding True Up charges for FY 2016-17)	9	1595.13	F1	1340.72	254.41	Explanation 3

- 1) *The employee cost of Rs. 1081.89 Lakhs mentioned in Form F4 comprises of actual employee cost of Rs. 1077.40 Lakhs and training expenses of Rs. 4.48 Lakhs and difference of Rs. 0.01 due to rounding off. Further, the training expense Rs. 4.48 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 13 of financial statement. Therefore, actual Employee Cost of Rs. 1081.89 Lakhs as mentioned in Form F4 is claimed for true up.*
- 2) *The A & G expenses of Rs. 177.40 Lakh mentioned in Note 13 of Financial statement comprises of various A&G expenses of Rs. 172.90 Lakhs, the Banking charges of Rs. 0.02 Lakhs and the Training expenses of Rs. 4.48 Lakhs. The A&G expenses Rs. 172.90 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 Rs. 172.90 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 Rs. 1340.72 Lakhs shown in Form F1 includes Rs. 254.42 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 Rs. 508.83 Lakhs are shown in two equal parts, 50% amount as earning in Form F1 (Rs. 254.42 Lakhs) and 50% amount retained for capex (Rs. 254.41 Lakhs). The amount of Rs. 1595.13 Lakhs shown in Note 9 of financial statement include Rs. 508.83 Lakhs towards revenue from total Scheduling & Operating Charges. An increase of Rs. 254.41 Lakhs in Note 9 of financial statement is due to accounting of 100% of Scheduling & Operating charges received during the Financial Year 17-18 of Rs. 508.83 Lakhs. Therefore, the amount of Rs. 1340.72 Lakhs as shown in Form F1, is actual earning for FY 17-18 claimed for true up.

In view of above, expenses approved in ARR of FY 2017-18 vis -a -vis Actual expenses as per financial statement of FY 2017-18 are summarized below for Reconciliation / True- up in the ARR for FY 19-20.

**True up of FY 17-18 accounts with FY 17-18 Order :
Expenses:**

(Amount in Lakhs of Rs.)

Particular	Expenses as allowed in ARR for FY 2017-18	Actual Expenses for FY 2017-18	Differences (Allowed-Actual) to be reconciled
Employee Costs	1081.82	1081.89	-0.07
Administration & general Expenses	113.16	172.90	-59.74
Repairs & Maintenance Expenses	166.19	84.54	81.65
Interest & Finance Charges	0.00	0.02	-0.02
Total	1361.17	1339.35	21.82

Income from other fee & charges:

The revenue from other fee & charges, comprising of Scheduling & Operation Charges, Connectivity Charges, Application Processing fee & Other Income allowed by the Commission

for the FY 2017-18 was Rs. 277.50 Lakhs , the actual income works out to Rs. 365.94 Lakhs as given below :

(Amount in Lakhs of Rs.)

Particular	Income as allowed in ARR for FY 2017-18	Actual income for FY 2017-18	Differences (Allowed-Actual) to be reconciled
50% of Scheduling & Operating Charges.	274.00	254.42	19.58
Connectivity Charges		16.00	-16.00
Application Charges		96.45	-96.45
Sub Total	274.00	366.87	-92.87
Other miscellaneous receipts as mentioned in Form F2	3.50	-0.93	4.43
TOTAL	277.50	365.94	-88.44

Net amount to be reconciled & adjusted in ARR of FY 2019-20 works out to (21.82-(-88.44)) i.e. Rs. 110.26 Lakhs.”

Commission's Analysis:

49. Vide letter No. 1842 dated 21.12.2018, the Commission raised issues of miscellaneous receipts, income from O&S Charges, connectivity charges, A&G Charges and Employee Cost mentioned by SLDC in this petition . In response, SLDC vide its affidavit dated 15.01.2019 submitted the issue-wise response as mentioned in previous part of this order and also revised its claim for true up for FY 2017-18. SLDC broadly submitted as under:

*“In true up for FY 2017-18, SLDC has claimed wage revision arrears of SLDC official. However, it was informed by finance section of MPPTCL that theses expenditure has been debited against Provision made of wage revision in Head office, as the booking of wage revision is not shown under the head employee cost so that **SLDC has withdraw amount of Rs 17.42 lakhs wage revision arrears from true up for FY 2017-18** as shown in financial statement under note 10 of employee benefit expenses. Accordingly Form F-1,F-4 & T1c has been replaced and True-up table as mentioned in page no. 11 & 12 of the Petition may be read as follow:-*

True up of FY 17-18 accounts with FY 17-18 Order:**Expenses:***(Amount in Lakhs)*

<i>Particular</i>	<i>Expenses as allowed in ARR for FY 2017-18</i>	<i>Actual Expenses for FY 2017-18</i>	<i>Differences (Allowed-Actual) to be reconciled</i>
<i>Employee Costs</i>	1081.82	1064.47	17.35
<i>Administration & general Expenses</i>	113.16	172.90	-59.74
<i>Repairs & Maintenance Expenses</i>	166.19	84.54	81.65
<i>Interest & Finance Charges</i>	0.00	0.02	-0.02
<i>Total</i>	1361.17	1321.93	39.24

Income from other fee & charges:

The revenue from other fee & charges, comprising of Scheduling & Operation Charges, Connectivity Charges, Application Processing fee & Other Income allowed by the Commission for the FY 2017-18 was Rs. 277.50 Lakhs , the actual income works out to Rs. 365.94 Lakhs as given below :

(Amount in Lakhs.)

<i>Particular</i>	<i>Income as allowed in ARR for FY 2017-18</i>	<i>Actual income for FY 2017-18</i>	<i>Differences (Allowed-Actual) to be reconciled</i>
<i>50% of Scheduling & Operating Charges.</i>	274.00	254.42	19.58
<i>Connectivity Charges</i>		16.00	-16.00
<i>Application Charges</i>		96.45	-96.45
<i>Sub Total</i>	274.00	366.87	-92.87
<i>Other miscellaneous receipts as mentioned in Form F2</i>	3.50	-0.93	4.43
TOTAL	277.50	365.94	-88.44

Net amount to be reconciled & adjusted in ARR of FY 2019-20 works out to (39.24- (-88.44)) i.e. **Rs. 127.68 Lakhs.**

It is requested to Hon'ble commission kindly accept SLDC submission and allow change in petition."

50. The Commission has considered the above revised submission of SLDC and allowed the net amount of **Rs. 127.68 lakhs** accordingly against the True-up of FY 2017-18 to be reconciled and adjusted in ARR of FY 2019-20 in this order.

Summary of Annual Revenue Requirement:

51. Based on all aforesaid analysis, the Commission has approved the following Annual Revenue Requirement of SLDC for FY 2019-20 in this order:

Summary of the ARR as approved by the Commission for FY 2019-20:

(Rs. in Lakhs)

Sr. No.	Particulars	As filed initially by SLDC	As approved by MPERC
1	Net Employee Expenses (excluding Terminal Benefits)	1315.36	1315.36
2	Net A&G expenses	242.82	242.83
3	Net R&M expenses	196.62	196.62
4	Depreciation	0.00	0.00
5	Interest on Loans	0.00	0.00
6	Interest on Working Capital	18.57	0.00
7	Return on Equity	0.00	0.00
8	Income Tax	0.00	0.00
9	Total revenue expenditure	1773.38	1754.81
10	(Less) Other Income	(-)252.00	(-)252.00
11	Net Revenue Expenditure	1521.38	1502.81
12	Total True up amount (a+b)	(-)110.26	(-)127.68
	a. True-up amount for 2017-18 (Emp. cost/ A&G/ R&M exp./ Int. & Fin charges)	*(-)21.82	(-)39.74
	b. True-up amount for 2017-18 (O&S/Connectivity/Application/Misc. Charges)	(-)88.44	(-)88.44
13	Net ARR for FY 2018-19	1411.12	1375.13

* True up amount for FY 2017-18 was revised by SLDC vide its affidavit dated 15.01.2019.

Allocation of Annual SLDC Charges:

52. In form F1 of its petition, SLDC has filed Capacity allocation of 16566.18MW for FY 2019-20. MPPTCL filed Petition No.02 of 2016 for Multi Year Transmission Tariff for the control period of FY 2016-17 to FY 2018-19. The Commission passed an order on the aforesaid petition on 10th June' 2016, wherein the transmission capacity has been considered as 16296.18 MW for FY 2018-19. Allocation of Transmission capacity between four No. Long term open access customers is as hereunder:

S. No.	Customers	FY 2016-17		FY 2017-18		FY 2018-19	
		Capacity MW	Amount Rs. Crores	Capacity MW	Amount Rs. Crores	Capacity MW	Amount Rs. Crores
1	MP Poorva Kshetra VVCL Jabalpur	4474.12	690.79	4562.21	754.21	4857.35	818.78
2	MP Madhya Kshetra VVCL Bhopal	4766.10	735.87	4859.94	803.43	5174.34	872.21
3	MP Paschim Kshetra VVCL Indore	5733.40	855.22	5846.29	966.49	6224.49	1049.23
4	MP AKVN SEZ – Pithampur	14973.62	2311.89	15268.44	2524.12	16256.18	2740.21
		40	6.18	40	6.61	40	6.74
Total -		15013.62	2318.06	15308.44	2530.74	16296.18	2746.96

53. Consequent to the allocation of 200MW power from Ministry of Power (MoP) for Traction Sub Stations of Indian Railways in the state of Madhya Pradesh from Ratangiri Gas and Power Pvt. Ltd (RGPPL), Maharashtra, M.P. Power Transmission Company Ltd. Jabalpur had filed the petition (**Petition No. 70 of 2016**) for revision of Transmission charges to be recovered from the long term use of the transmission system for the control period of FY 2016-17 to FY 2018-19 determined vide Commission's MYT order passed on 10th June' 2016.
54. Vide its order dated 26th April' 2017 in Petition No. 70/2016, the Commission revised the allocation of transmission capacity and charges amongst three Discoms, SEZ Indore & WCL as given below:

S. No.	Customers	FY 2016-17		FY 2017-18		FY 2018-19	
		Capacity MW	Amount (Rs. in Crores)	Capacity MW	Amount (Rs. in Crores)	Capacity MW	Amount (Rs. in Crores)
1	MP Poorva Kshetra VVCL, Jabalpur.	4474.12	681.72	4562.21	744.47	4857.35	808.85
2	MP Madhya Kshetra CCVL, Bhopal.	4766.10	726.20	4859.94	793.07	5174.34	861.64
3	MP Paschim Kshetra VVCL, Indore.	5733.40	873.58	5846.29	954.03	6224.49	1036.51
4	MP AKVN SEZ – Pithampur	40.00	6.09	40.00	6.53	40.00	6.66

5	WCR on behalf of Railways	200.00	30.47	200.00	32.64	200.00	33.30
Total -		15213.62	2318.06	15508.44	2530.74	16496.18	2746.96

55. In para 12 of the petition, SLDC stated that as per supplementary agreement executed with WCR on 18.12.2017, the transmission capacity has been enhanced to 270 MW for Railways. Thus, the total transmission capacity has now been considered as 16496.18 MW + 70 MW = **16566.18 MW** for FY 2019-20.
56. With the above contention, SLDC has requested the Commission to consider adjustment of excess/ short recovery of amount from all Long Term Open Access Customers including Western Central Railways during FY 2017-18 and 2018-19. In view of the submission made by SLDC and the revised allocation of transmission capacity and charges amongst all five Long Term Open Access Customers considered by the Commission in its order in Petition No. 70/2016 and also the bills raised by SLDC to all three Discoms and SEZ, Indore during FY 2017-18 and 2018-19, the request for adjustment of excess/ short recovery of amount by SLDC from all Long Term Open Access Customers during FY 2017-18 and 2018-19 is considered by the Commission in this order.
57. 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 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 for FY 2019-20 as under:

Annual SLDC Charges for Long - Term Open Access Customers for FY 2019-20

Sr. No	Particulars	Long-Term Open Access customers				WCR	Total
		East Discom	West Discom	Central Discom	SEZ Indore		
1	Total annual SLDC charges (Rs. Lakhs)						1375.13
2	Long-term allocation of Transmission Capacity (MW) (as per Multi-year transmission tariff order in Petition 02-2016 for FY 2016-17 to FY 2018-19) & Order on P-70/2016 dated 26 th April'2017	4857.35	6224.49	5174.34	40.00	270.00	16566.18

3	Annual SLDC charges payable by Long-Term Open Access customers (Rs.Lakhs)	403.200	516.683	429.512	3.323	22.412	1375.13	
4	Annual SLDC charges payable by Long-Term Open Access customers (Rs./MW)							Rs. 8300.827 per MW

Summary of Fees and Charges:

58. 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.
59. The following table summarizes the fees and charges approved by the Commission for use of SLDC services:

Applicability and levy of various SLDC fees and charges for FY 2019-20

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 (Rs.)	Yes/No	Frequency	Amount (Rs.)	Yes/No	Frequency	Amount (Rs.)
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	8300.827 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	--	--

60. The Fees and Charges determined in this order shall be effective from 1st April' 2019 till 31st March' 2020. 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 the bills of SLDC charges to the Long Term Open access customers other than renewable sources w.e.f. 1st April' 2019 onwards and shall also provide information to the Commission in support of having complied with this order.

Ordered Accordingly

(Mukul Dhariwal)
Member

(Dr. Dev Raj Birdi)
Chairman

Place:- Bhopal

Dated:- 07th March'2019