

**Order**

**On**

**Approval of Business Plan and Multi**

**Year Tariff Petition**

**For**

**State Load Despatch Centre of**

**Uttarakhand**

**For**

**Second Control Period**

**(FY 2016-17 to FY 2018-19)**

**April 5, 2016**

**Uttarakhand Electricity Regulatory Commission**  
**Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra**  
**Dehradun - 248171**



## Table of Contents

<b>1</b>	<b>Background and Procedural History .....</b>	<b>5</b>
<b>2</b>	<b>Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views....</b>	<b>10</b>
2.1	Increase in Expenses .....	10
2.1.1	Stakeholder's Comment .....	10
2.1.2	Petitioner's Response .....	10
2.1.3	Commission's Views.....	10
2.2	Renewable of Open Access.....	11
2.2.1	Stakeholder's Comment .....	11
2.2.2	Petitioner's Response .....	11
2.2.3	Commission's Views.....	11
<b>3</b>	<b>Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Business Plan for second Control Period .....</b>	<b>12</b>
3.1	Statutory Requirement .....	12
3.2	Multi Year Tariff Framework .....	12
3.3	Business Plan for the second Control Period .....	13
3.4	Capital Investment Plan and Capital Expenditure.....	14
3.4.1	Petitioner's Submissions.....	14
3.4.2	Commission's Analysis.....	16
3.5	Financing Plan.....	17
3.5.1	Petitioner's Submissions.....	17
3.5.2	Commission's Analysis.....	17
3.6	Human Resources Plan.....	18
3.6.1	Petitioner's Submissions.....	18
3.6.2	Commission's Analysis.....	18
<b>4</b>	<b>Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on MYT for second Control Period.....</b>	<b>19</b>
4.1	Truing up for FY 2014-15 .....	19
4.2	GFA and Additional Capitalisation .....	20
4.2.1	Opening GFA for FY 2016-17 .....	20
4.2.2	Capitalisation during the second Control Period .....	20
4.3	Debt-equity ratio .....	21
4.4	Annual SLDC Charges .....	21

4.4.1	Operation and Maintenance expenses .....	22
4.4.2	Employee expenses.....	24
4.4.3	R&M expenses.....	25
4.4.4	A&G expenses .....	28
4.4.5	O&M expenses .....	28
4.4.6	Return on Equity.....	29
4.4.7	Depreciation .....	30
4.4.8	Interest on Loans.....	31
4.4.9	Interest on Working Capital.....	32
4.4.9.1	One Month O&M Expenses .....	32
4.4.9.2	Maintenance Spares .....	33
4.4.9.3	Receivables.....	33
4.4.10	Non-Tariff Income .....	33
4.4.11	SLDC Charges .....	34
4.4.12	LDC Development Fund.....	34
4.4.13	Operating Charges.....	35
<b>5</b>	<b>Commission's Directives.....</b>	<b>36</b>
5.1	Compliance of Directives Issued in Tariff Order dated April 11, 2015 .....	36
5.1.1	Project Cost & Transfer of assets from PTCUL to SLDC (Para 4.1) .....	36
5.2	Fresh Directives.....	36
5.2.1	Maintaining the separate details of actual AMC fee paid (Para 4.4.3) .....	36
5.2.2	LDC Development Fund (Para 4.4.12) .....	37
<b>6</b>	<b>Annexures.....</b>	<b>38</b>
6.1	Annexure-1 : Public Notice on SLDC's Proposal for Multi Year Tariff from FY 2016-17 to FY 2018-19 .....	38
6.2	Annexure-2 : Public Notice on SLDC's Proposal for Business Plan from FY 2016-17 to FY 2018-19 .....	39
6.3	Annexure-3 : List of Respondents.....	40
6.4	Annexure-4 : List of Participants in Public Hearings .....	41

## List of Tables

Table 1.1: Publication of Notice .....	7
Table 1.2: Schedule of Hearing.....	7
Table 3.1: Details of OPGW works submitted by SLDC.....	14
Table 3.2: Details of RTU installations submitted by SLDC.....	15
Table 3.3: Capital Expenditure and Capitalisation submitted by SLDC (Rs. Crore) .....	15
Table 3.4: Capital Expenditure and Capitalisation approved by the Commission (Rs. Crore).....	17
Table 3.5: Financing Plan approved by the Commission .....	18
Table 3.6: HR Plan as submitted by SLDC .....	18
Table 3.7: HR Plan approved by the Commission.....	18
Table 4.1: GFA base approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore).....	21
Table 4.2: Financing Plan approved by the Commission .....	21
Table 4.3: Gn approved by the Commission .....	24
Table 4.4: Employee expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	25
Table 4.5: R&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	27
Table 4.6: A&G expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	28
Table 4.7: O&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	29
Table 4.8: Return on Equity approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	30
Table 4.9: Depreciation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	31
Table 4.10: Interest on Loan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	32
Table 4.11: Interest on working capital approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore).....	33
Table 4.12: SLDC Charges approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore) .....	34



**Before**

**UTTARAKHAND ELECTRICITY REGULATORY COMMISSION**

**Petition No.: 35 of 2015**

**And**

**Petition No. 36 of 2015**

**In the Matter of:**

Petition filed by State Load Despatch Centre of Uttarakhand Limited for approval of Business Plan for second Control Period from FY 2016-17 to FY 2018-19.

**AND**

**In the Matter of:**

Petition filed by State Load Despatch Centre of Uttarakhand Limited for determination of Multi Year Tariff for second Control Period from FY 2016-17 to FY 2018-19.

**AND**

**In the Matter of:**

State Load Despatch Centre  
132 kV Sub-Station, H/Q Bldg., Majra,  
Dehradun, Uttarakhand

....Petitioner

**Coram**

**Shri Subhash Kumar**

**Chairman**

**Shri K.P. Singh**

**Member**

**Date of Order: April 5, 2016**

Section 32(3) of the Electricity Act, 2003 (hereinafter referred to as "the Act") allows the State Load Despatch Centre to levy and collect such fee and charges from generating companies and licensees involved in intra-State transmission as may be specified by the Appropriate Commission.

To this end, it is required to file an application for determination of these charges in such manner and alongwith such fee as may be specified by the Appropriate Commission through Regulations.

In accordance with the relevant provisions of the Act, the Commission had notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2011 (hereinafter referred to as “UERC Tariff Regulations, 2011”) for the first Control Period, i.e. FY 2013-14 to FY 2015-16 specifying therein the terms, conditions and norms of operation for licensees, generating companies and SLDC. The Commission had issued the Order dated April 10, 2014 on Aggregate Revenue Requirement for SLDC for FY 2013-14 to FY 2015-16. In accordance with the provisions of the UERC Tariff Regulations, 2011, the Commission had issued the Order dated April 11, 2015 on Aggregate Revenue Requirement for SLDC for FY 2015-16.

Further, in accordance with the relevant provisions of the Act, the Commission has notified Uttarakhand Electricity Regulatory Commission (Terms and Conditions for Determination of Multi Year Tariff) Regulations, 2015 (hereinafter referred to as “UERC Tariff Regulations, 2015”) for the Control Period from FY 2016-17 to FY 2018-19 specifying therein the terms, conditions and norms of operation for licensees, generating companies and SLDC. In compliance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of the UERC Tariff Regulations, 2015, State Load Despatch Centre of Uttarakhand Limited (hereinafter referred to as “SLDC” or “Petitioner”) filed separate Petitions for approval of its Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 (Petition No. 35 of 2015 hereinafter referred to as the “Business Plan Petition”) and Multi Year Tariff Petition (Petition No. 36 of 2015 hereinafter referred to as the “MYT Petition”) on November 30, 2015. SLDC, in its Business Plan Petition, has submitted the Capital Investment Plan, Financing Plan, and HR Plan for the second Control Period. Further, through the MYT Petition, SLDC has submitted the detailed calculations of its projected Aggregate Revenue Requirement for the second Control Period from FY 2016-17 to FY 2018-19 as per the UERC Tariff Regulations, 2015.

The Business Plan Petition filed by SLDC had certain infirmities/deficiencies which were informed to SLDC vide Commission’s letter no. UERC/6/TF-289/15-16/2015/1370 dated December 9, 2015 and SLDC was directed to rectify the said infirmities in the Petition and submit certain additional information necessary for admission of the Business Plan Petition. SLDC vide its letter no. 1888/MD/PTCUL/UERC dated December 16, 2015 submitted most of the information sought by the Commission. Based on the submissions dated December 16, 2015 made by SLDC, the Commission vide its Order dated December 22, 2015 provisionally admitted the Petition for further



processing subject to the condition that SLDC shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

Further, the MYT Petition filed by SLDC also had certain infirmities/deficiencies. The Commission, accordingly, vide its letter no. UERC/6/TF-288/15-16/2015/1371 dated December 9, 2015 directed SLDC to rectify these infirmities/deficiencies and to submit certain additional information necessary for admission of the MYT Petition. SLDC vide its letter no. 1889/MD/PTCUL/UERC dated December 16, 2015 submitted most of the information sought by the Commission. Based on the submission dated December 16, 2015 by SLDC, the Commission vide its Order dated December 22, 2015 provisionally admitted the MYT Petition, with the condition that SLDC shall furnish any further information/clarifications as deemed necessary by the Commission during the processing of the Petition within the time frame, as may be stipulated by the Commission, failing which the Commission may proceed to dispose of the matter as it deems fit based on the information available with it.

This Order, accordingly, relates to the Business Plan Petition and the Multi Year Tariff (MYT) Petition filed by SLDC for approval of Business Plan and determination of Aggregate Revenue Requirement and Multi Year Tariff for the second Control Period from FY 2016-17 to FY 2018-19, and is based on the original as well as subsequent submissions made by SLDC during the course of the proceedings.

Tariff determination being the most vital function of the Commission, it has been the practice of the Commission to elaborate in detail the procedure and to explain the underlying principles in determination of tariffs. Accordingly, in the present Order also, in line with past practices, the Commission has tried to elaborate the procedure and principles followed by it in determining the ARR of SLDC. The ARR of SLDC is recoverable from the beneficiaries. For the sake of convenience and clarity, this Order has further been divided into following Chapters:

Chapter 1 - Background and Procedural History.

Chapter 2 - Stakeholders' Objections/Suggestions, Petitioner's Responses and Commission's Views.

Chapter 3 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on

Business Plan for second Control Period.

Chapter 4 - Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on  
MYT for second Control Period.

Chapter 5 - Commission's Directives.

# 1 Background and Procedural History

In accordance with the provisions of the Uttar Pradesh Reorganization Act, 2000 (Act 29 of 2000), enacted by the Parliament of India on August 25, 2000, the State of Uttaranchal came into existence on November 9, 2000. Section 63(4) of the above Reorganization Act allowed the Government of Uttaranchal (hereinafter referred to as “GoU” or “State Government”) to constitute a State Power Corporation at any time after the creation of the State. GoU, accordingly, established the Uttaranchal Power Corporation Limited (UPCL) under the Companies Act, 1956, on February 12, 2001 and entrusted it with the business of transmission and distribution of electricity in the State. Subsequently, from April 1, 2001, all works pertaining to the transmission, distribution and retail supply of electricity in the area of Uttaranchal were transferred from UPPCL to UPCL, in accordance with the Memorandum of Understanding dated March 13, 2001, signed between the Governments of Uttaranchal and Uttar Pradesh.

Meanwhile, the Electricity Act, 2003 was enacted by the Parliament of India on June 10, 2003, which mandated separate licenses for transmission and distribution activities. In exercise of powers conferred under sub-section 4 of Section 131 of the Act, the GoU, therefore, through Transfer Scheme dated May 31, 2004, first vested all the interests, rights and liabilities related to Power Transmission and Load Despatch of “Uttaranchal Power Corporation Limited” into itself and, thereafter, re-vested them into a new company, i.e. “Power Transmission Corporation of Uttaranchal Limited”, now renamed as “Power Transmission Corporation of Uttarakhand Limited” after change of name of the State. The State Government, further vide another notification dated May 31, 2004 declared Power Transmission Corporation of Uttarakhand as the State Transmission Utility (STU) responsible for undertaking, amongst others, the following main functions:

- a) To undertake transmission of electricity through intra-State transmission system.
- b) To discharge all functions of planning and co-ordination relating to intra-State transmission system.
- c) To ensure development of an efficient, co-ordinated and economical system of intra-State transmission lines.
- d) To provide open access.

A new company in the State was thus, created to look after the functions of intra-State Transmission and Load Despatch, on May 31, 2004. In view of re-structuring of functions of UPCL and creation of a separate company for looking after the transmission related works, the Commission amended the earlier 'Transmission and Bulk Supply License' granted to 'Uttarakhand Power Corporation Limited' and Transmission license was given to PTCUL for carrying out the transmission related works in the State vide Commission's Order dated June 9, 2004.

The State Load Despatch Centre of Uttarakhand has been made operational w.e.f. November 27, 2012. As per Section 32 of the Act, the State Load Despatch Centre is the apex body to ensure integrated operation of the power system in the State. The functions of State Load Despatch Centre as stipulated in the Act are as follows:

- a) be responsible for optimum scheduling and despatch of electricity within the State, in accordance with the contracts entered into within the Licensees or the Generating Companies operating in the State;
- b) monitor grid operations;
- c) keep accounts of the quantity of electricity transmitted through the State grid;
- d) exercise supervision and control over the intra-State transmission system; and
- e) be responsible for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

In exercise of powers conferred to it under Section 61 of the Act, and all other powers enabling it in this behalf, the Commission notified the UERC Tariff Regulations, 2015 on September 10, 2015. These Regulations superseded the UERC Tariff Regulations, 2011.

The Commission vide its Order dated April 10, 2014 issued the Order on approval of ARR for SLDC for the first Control Period from FY 2013-14 to FY 2015-16. Further, the Commission had issued the Order dated April 11, 2015 on Aggregate Revenue Requirement for SLDC for FY 2015-16.

As mentioned earlier also, in accordance with the provisions of the Act and Regulation 8(1) and Regulation 10(1) of the UERC Tariff Regulations, 2015, SLDC is required to file the Business Plan Petition and MYT Petition for determination of Aggregate Revenue Requirement by November 30, 2015. SLDC has filed the Business Plan Petition and MYT Petition for determination of ARR for

the second Control Period from FY 2016-17 to FY 2018-19 alongwith true up for FY 2014-15 on November 30, 2015.

The Business Plan Petition and the MYT Petition were provisionally admitted by the Commission vide two separate Orders dated December 22, 2015. The Commission, through its above Admittance Orders dated December 22, 2015, to provide transparency to the process of tariff determination and give all stakeholders an opportunity to submit their objections/suggestions /comments on the proposals of the SLDC, also directed SLDC to publish the salient points of its Petitions in the leading newspapers. The salient points of the Petitions were published by the Petitioner in the following newspapers:

**Table 1.1: Publication of Notice**

S.No.	Newspaper Name	Date Of Publication
1	Amar Ujala	December 24, 2015
2	Dainik Jagran	December 24 & 25, 2015
3	Hindustan Times	December 25, 2015
4	Times of India	December 26, 2016

Through the above notice, stakeholders were requested to submit their objections/suggestions /comments latest by February 10, 2016 (copy of the notices is enclosed as **Annexure 1 and 2**). The Commission received in all two objections/suggestions/comments in writing on the Petition filed by SLDC. The name of stakeholders who have submitted their objections/suggestions/comments in writing is enclosed as **Annexure-3**.

Further, for direct interaction with all the stakeholders and public at large, the Commission also held public hearings on the Petitions filed by the Petitioner at the following places in the State of Uttarakhand.

**Table 1.2: Schedule of Hearing**

S. No	Place	Date
1	Pithoragarh	February 16, 2016
2	Sitarganj	February 18, 2016
3	Pauri Garhwal	February 23, 2016
4	Dehradun	March 1, 2016

The list of participants who attended the Public Hearing is enclosed at **Annexure-4**.

The Commission also sent the copies of salient features of tariff Petitions to the Members of the State Advisory Committee and the State Government. The salient features of the tariff Petitions submitted by SLDC were also made available on the website of the Commission, i.e.

www.uerc.gov.in. The Commission also organized a meeting with the Members of the Advisory Committee on March 4, 2016, wherein, detailed deliberations were held with the Members of the State Advisory Committee on various issues linked with the Petitions filed by SLDC.

The objections/suggestions/comments, as received from the stakeholders through mail/post as well as during the course of public hearing were sent to the Petitioner for its response. All the issues raised by the stakeholders, Petitioner's response and Commission's views thereon are detailed in Chapter 2 of this Order. In this context, it is also to underline that while finalizing this Order, the Commission has, as far as possible, tried to address the issues raised by the stakeholders.

Meanwhile, based on the scrutiny of the Petitions submitted by SLDC, the Commission vide its letter no. UERC/6/TF-288/15-16/2016/1464 dated January 5, 2016 pointed out certain data gaps in the Petitions and sought following additional information/clarifications from the Petitioner:

#### **Business Plan Petition**

- Scheme wise and year wise Capital Expenditure and Capitalisation during the second Control Period including cost benefit analysis, justification for the scheme, capital structure, and financing plan.
- Preparedness to execute the capital works proposed and plan for monitoring the progress of execution of capex schemes during the second Control Period in terms of the orders placed and funds tie-up.

#### **MYT Petition**

- Remaining balance useful life for each Financial Year.
- Details of un-discharged liability included in the gross block as on April 1, 2015.
- Financial and Physical progress of works to be executed in FY 2015-16.
- Preparedness and status of proposed employees recruitment during the second Control Period.

So as to have better clarity on the data filed by the Petitioner and to remove inconsistency in the data, a Technical Validation Session (TVS) was also held with the Petitioner's officers on January 12, 2016, for further deliberations on certain issues related to the Petitions filed by SLDC. Minutes of above Technical Validation Session were sent to the Petitioner vide Commission's letter no.

UERC/6/TF-288/15-16/2016/1556 dated January 14, 2016, for its response.

The Petitioner submitted the replies to the data gaps vide its letter no. 72/Dir. (Projects)/PTCUL /MYT dated January 11, 2016 and replies to Minutes of TVS vide letter no. 131/Dir. (Projects)/PTCUL/MYT dated January 20, 2016. The submissions made by SLDC in the Petition as well as the additional submissions made during the course of the proceedings have been discussed by the Commission at appropriate places in the Order along with the Commission's views on the same.

## **2 Stakeholders’ Objections/Suggestions, Petitioner’s Responses and Commission’s Views**

The Commission has received two suggestions/objections on SLDC’s Petitions for approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19, and approval of SLDC charges for the second Control Period from FY 2016-17 to FY 2018-19. The list of stakeholders who have submitted objections/suggestions/comments in writing is given at Annexure-3 and the list of Respondents who have participated in the Public Hearings is enclosed at Annexure-4. The Commission has further obtained replies from SLDC on the objections/suggestions/comments received from the stakeholders. For the sake of clarity, the objections raised by the stakeholders and responses of the Petitioner have been consolidated and summarised issue wise. In the subsequent Chapters of this Order, the Commission has kept in view the objections/suggestions/comments of the stakeholders and the replies of the Petitioner while deciding the ARR for SLDC.

### **2.1 Increase in Expenses**

#### **2.1.1 Stakeholder’s Comment**

Dr. V. K. Garg submitted that the ARR proposed for the Control Period from FY 2016-17 to FY 2018-19 is much higher in comparison to the ARR approved for FY 2015-16. The capital expenditure proposed by the Petitioner should be verified.

#### **2.1.2 Petitioner’s Response**

SLDC submitted that the standards of grid practices have become more stringent, and hence, it has to make more sturdy efforts for proper grid monitoring and data acquisition. In order to have a robust monitoring and communication backbone, the capital expenditure has been proposed in the MYT Petition and the Business Plan Petition which includes supply and laying down of approximately 600 km of Optical Power Ground Wire (OPGW) along with Fiber Optical Terminal Equipments (FOTE) and RTU installation at various locations across Uttarakhand.

#### **2.1.3 Commission’s Views**

The Commission would like to clarify that each element of ARR of SLDC has been analyzed in accordance with UERC Tariff Regulations, 2015 and only legitimate costs are being allowed to be



recovered from the consumers.

## **2.2 Renewable of Open Access**

### **2.2.1 Stakeholder's Comment**

Shri S.S. Chopra submitted that the renewal of Open Access should be on yearly basis in place of existing monthly basis and renewal fee of Rs. 60,000 per annum should be allowed to be collected by SLDC in place of Rs. 5,000 per month.

### **2.2.2 Petitioner's Response**

SLDC submitted that the Standing Clearance/No Objection Certificate is issued to an open access consumer as per the provisions specified in the CERC (Open Access in inter-State Transmission) Regulations, 2008. Further, any collective transaction that falls under the purview of short term transaction, is only allowed to any open access consumer on availability of transmission corridor during the particular period or month. However, under the Open Access Regulations there are various provisions under which reservation to transmission corridor can be done. Thus, by allowing open access to any short term open access consumer, who is practicing the collective trade for duration of a complete year, would be against the spirit of CERC Open Access Regulations.

### **2.2.3 Commission's Views**

Inter-State / Intra-State Open Access transactions are governed by CERC (Open Access in inter-State Transmission) Regulations, 2008 / UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 respectively. Hence, the application, procedure, duration, fee & charges and other terms & conditions are in accordance with the aforesaid Regulations based on the nature of open access transaction.

### **3 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on Business Plan for second Control Period**

#### **3.1 Statutory Requirement**

The Commission had notified the UERC Tariff Regulations, 2011 on December 19, 2011 in accordance with the provisions of the Act. The above Regulations were applicable for determination of Tariff for the first Control Period from FY 2013-14 to FY 2015-16. The Commission, further, notified the UERC Tariff Regulations, 2015 on September 10, 2015 applicable for determination of Tariff for the second Control Period from FY 2016-17 to FY 2018-19.

#### **3.2 Multi Year Tariff Framework**

UERC Tariff Regulations, 2015 specifies as follows:

##### ***"4. Multi-year Framework***

*The Multi year tariff framework shall be based on the following: -*

- a) Business plan submitted by the applicant for the entire control period for the approval of the Commission prior to the beginning of the control period;*
- b) Applicant's forecast of expected ARR for each year of the control period, based on reasonable assumptions and financial & operational principles/parameters laid down under these Regulations submitted alongwith the MYT petition for determination of Aggregate Revenue Requirement and Tariffs for first year of the control period;*
- c) Review of control period ending on 31.03.2016 shall also be taken up alongwith the ARR/Tariff petition for the first year of ensuing control period.*
- d) Trajectory for specific parameters as may be stipulated by the Commission based on submissions made by the Licensee, actual performance data of the Applicants and performance achieved by similarly placed utilities;*
- e) Annual review of performance shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable factors and uncontrollable factors;*
- f) Sharing of excess profit or loss due to controllable and uncontrollable factors as per provisions of these Regulations.*

...

### **7. Determination of Baseline**

*The baseline values (operating and cost parameters) for the base year of the control period shall be determined by the Commission based on the approved values by the Commission, the latest audited accounts, estimates for the relevant year, prudence check and other factors considered by the Commission.*

*The Commission may re-determine the baseline values for the base year based on the actual audited accounts of the base year."*

### **3.3 Business Plan for the second Control Period**

Regulation 8 of the UERC Tariff Regulations, 2015 specifies as follows:

#### ***"8. Business Plan***

*(1) An Applicant shall submit, under affidavit and as per the UERC (Conduct of Business) Regulations, 2014, a Business Plan by November 30th, 2015, for the Control Period of three (3) financial years from April 1, 2016 to March 31, 2019,*

*...*

*d) The Business Plan for the State Load Despatch Centre shall be for the entire control period and shall, interalia, contain-*

*(i) Capital Investment Plan including phasing of expenditure and funding pattern;*

*(ii) Estimated budget for the control period;*

*(2) The Applicant shall also submit the details in respect of its manpower planning for the Control period as part of Business Plan.*

*(3) The Commission shall scrutinize and approve the business plan after following the due consultation process."*

In accordance with Regulation 8 of the UERC Tariff Regulations, 2015, the Petitioner submitted the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19. The Petitioner in its Business Plan Petition and subsequent submissions has submitted the Capital Expenditure Plan, Capitalisation Plan, Financing Plan and Human Resources Plan for the second Control Period from FY 2016-17 to FY 2018-19. The Petitioner's submissions and the Commission's analysis on approval of the Business Plan for SLDC for the second Control Period from FY 2016-17 to FY 2018-19 are detailed below.

### 3.4 Capital Investment Plan and Capital Expenditure

#### 3.4.1 Petitioner's Submissions

The submissions of the Petitioner regarding the proposed Capital Expenditure for the second Control Period from FY 2016-17 to FY 2018-19 are as follows:

- PTCUL procured SCADA/EMS system, RTUs, PLCC/PABX and Auxiliary Power Supply System as a part of SLDC project.
- SLDC was established to improve the Power System Operations resulting in effective monitoring and control of power system in Uttarakhand.
- There are two phases under the project: Phase I included the establishment of one SLDC at Dehradun and two no. of Control Centres at Rishikesh and Kashipur; Phase II covers supply and laying of OPGW network over the existing line of PTCUL and installation of RTU and associated accessories at 132 kV and above Substations.
- Phase I of the project has been completed and Phase II will be under implementation during the second Control Period from FY 2016-17 to FY 2018-19.
- The works for OPGW networks has already been awarded and is expected to be completed by January, 2018. The details of supply and laying of OPGW are as shown in the Table below:

**Table 3.1: Details of OPGW works submitted by SLDC**

S. No.	Line Details	Length (Km)
1	132 kV Rishikesh -Majra Line	41.14
2	220 kV Rishikesh - Chamba Line	40.50
3	132 kV Rishikesh- Srinagar Line	78.00
4	400 kV Rishikesh- Kashipur Line	178.00
5	220 kV Kashipur - Berhani Line	53.60
6	220 kV Berhani - Pantnagar Line	35.63
7	220 kV Pantnagar-Kamalwaganja Line	37.32
8	132 kV Kamalwaganja- Haldwani Line	8.40
9	132 kV Haldwani- Bhowali Line	14.06
10	132 kV Bhowali- Almora Line	31.04
11	132 kV Pantnagar- Rudrapur Line	7.60
12	132 kV Rudrapur- Kichha Line	20.31
13	132 kV Kichha- Sitarganj Line	32.15
	<b>Total</b>	<b>577.75</b>

- Work plan of design, engineering, manufacturing, supply, installation, testing and commissioning of RTUs and associated accessories, covers 23 no. of RTUs.

Procurement of RTUs is being taken up as per the technical specification finalized by the Power grid. Work is under pre-tendering phase and will be taken up during the Control Period after budget estimation is done. The details of proposed RTU installations are as shown in the Table given below:

**Table 3.2: Details of RTU installations submitted by SLDC**

SLDC Dehradun	
Sub-LDC Rishikesh	Sub-LDC Kashipur
Name of Sub-station	Name of Sub-station
400 kV S/s Rishikesh (replacement of old RTU)	220 kV S/s Kamalwanganja
220 kV S/s Rishikesh (replacement of old RTU)	132 kV S/s Jaspur
132 kV S/s Jwalapur	132 kV S/s Rudrapur
132 kV S/s Bhupatwala	132 kV S/s ELDECO Sitarganj
132 kV S/s Kotdwar	132 kV S/s Kathgodam
132 kV S/s Bindal	132 kV S/s Almora
132 kV S/s Purkul	132 kV S/s Ramnagar (Nainital)
132 kV S/s IDPL Rishikesh	132 kV S/s Ranikhet
132 kV S/s Srinagar	132 kV S/s Bhowali
132 kV S/s Satpuli	
132 kV S/s Simli	
132 kV S/s Majra	
	Name of HEPs
	Ramganga HEP

- The scope of works and capital investment related to the SLDC project scheme was approved by the Commission vide the Order dated October 23, 2007. The Commission has approved the total Cost of Rs. 51.92 Crore for two phases under the SLDC Scheme. The actual capital expenditure for Phase-I is Rs. 12.33 Crore against the approved capital expenditure of Rs. 16.11 Crore. Under Phase-II the capital expenditure allocated to OPGW works is of Rs. 31.20 Crore. The RTU installation works is under process and is in pre-tendering stage.
- The proposed capital expenditure for Phase-II till FY 2015-16 is Rs. 4.18 Crore.
- The year wise capital expenditure and capitalisation proposed by the Petitioner during the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 3.3: Capital Expenditure and Capitalisation submitted by SLDC (Rs. Crore)**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	Total
Capital Expenditure	14.25	14.30	1.29	<b>29.84</b>
Capitalisation	0.25	31.50	1.29	<b>33.04</b>

### 3.4.2 Commission's Analysis

The Commission sought the preparedness to execute the capital works proposed and planned for monitoring the progress of execution during the second Control Period from FY 2016-17 to FY 2018-19. In reply to the same, SLDC submitted the following:

- OPGW Connectivity in PTCUL is the only project of SLDC running under phase II of ULDC Projects. The monitoring of the project shall be carried out in accordance with the Work Breakdown Structure provided by the contractor. The project is expected to get completed within a period of 30 months from the date of issue of letter.
- As per the work order released under Contract No. 1497 & 1498/CE(C&P)/PTCUL/OPGW-13/2013-14, dated August 1, 2015 work of site survey is under progress. As per the provisions in the contract, the date of completion of OPGW project is August 31, 2018.
- Under the proposed Capex Schemes of SLDC, the work of RTU implementation in various substations/locations of Uttarakhand will be carried out. The proposed project is under pre-tendering phase and the budgetary offers for the same have already been invited to prepare the cost estimates. Once the cost estimates are finalized the tendering process will be started.

Regulation 21 of the UERC Tariff Regulations, 2015 specifies as under:

#### ***"21. Capital Cost and capital structure***

*(1) The Capital cost as determined by the Commission after prudence check in accordance with this regulation shall form the basis of determination of tariff for existing and new projects of the Generating Company, Transmission Licensee, Distribution Licensee and SLDC.*

*(2) The Capital Cost of an existing project shall include the following:*

*a) The capital cost admitted by the Commission prior to 01.04.2016 duly trued up as on 01.04.2016;*

*..."*

The Commission accorded in principle approval for the project **"Construction of SLDC at Dehradun and 2 Nos. Sub-SLDC at Kashipur and Rishikesh"** with a total project cost of Rs. 51.92

Crore vide its Order dated October 23, 2007 on approval of Capital Investment for REC-II Scheme. As against the approved project cost of Rs. 51.92 Crore, the Commission had approved the capitalisation of Rs. 12.33 Crore till FY 2013-14. The Petitioner has claimed a capitalisation of Rs. 0.39 Crore in FY 2014-15 and Rs. 0.60 Crore in FY 2015-16. Hence, the balance cost as on April 1, 2016 out of the approved cost of Rs. 51.92 Crore works out to Rs. 38.60 Crore. As against the same, the Petitioner has claimed the total capitalisation of Rs. 33.04 Crore during the second Control Period from FY 2016-17 to FY 2018-19.

As the total capital expenditure and capitalization proposed by the Petitioner for the second Control Period is within the overall cost approved by the Commission while granting in-principle approval, the Commission for the purpose of approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 has considered the year wise capital expenditure and capitalisation as proposed by the Petitioner. The Commission shall carry out the prudence check of the actual capitalisation while carrying out the truing up for the respective years. The capital expenditure and capitalisation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is shown in the Table below:

**Table 3.4: Capital Expenditure and Capitalisation approved by the Commission (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Opening CWIP	3.20	3.20	17.20	17.20	0.00	0.00
Capital expenditure during the year	14.25	14.25	14.30	14.30	1.29	1.29
Capitalisation during the year	0.25	0.25	31.50	31.50	1.29	1.29
Closing CWIP	17.20	17.20	0.00	0.00	0.00	0.00

### 3.5 Financing Plan

#### 3.5.1 Petitioner's Submissions

The Petitioner submitted that the SLDC Project has been funded by REC under the REC-II Scheme with 70% debt funding and 30% equity funding by the Government of Uttarakhand.

#### 3.5.2 Commission's Analysis

The Commission had approved the means of finance for REC-II Scheme as 70% Debt and 30% Equity from FY 2013-14 onwards. As SLDC project is funded by REC under the REC-II Scheme, the Commission has considered the means of finance as 70% from Debt and 30% from Equity for the approved capitalisation during the second Control Period from FY 2016-17 to FY 2018-19. The

Financing Plan approved by the Commission is shown in the Table below:

**Table 3.5: Financing Plan approved by the Commission**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed	Approved	Claimed	Approved	Claimed	Approved
Capitalisation during the year (Rs. Crore)	0.25	0.25	31.50	31.50	1.29	1.29
Debt (%)	70%	70%	70%	70%	70%	70%
Equity (%)	30%	30%	30%	30%	30%	30%
Debt (Rs. Crore)	0.18	0.18	22.05	22.05	0.91	0.91
Equity (Rs. Crore)	0.08	0.08	9.45	9.45	0.39	0.39

### 3.6 Human Resources Plan

#### 3.6.1 Petitioner's Submissions

The HR plan for the second Control Period from FY 2016-17 to FY 2018-19 as submitted by the Petitioner is as shown in the Table below:

**Table 3.6: HR Plan as submitted by SLDC**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
<b>Opening no. of employees</b>	<b>41</b>	<b>52</b>	<b>59</b>
Recruitment during the year	11	7	5
Retirement during the year	0	0	0
<b>Closing no. of employees</b>	<b>52</b>	<b>59</b>	<b>64</b>

#### 3.6.2 Commission's Analysis

The Commission has considered the HR Plan for the second Control Period from FY 2016-17 to FY 2018-19 as submitted by SLDC for the purpose of approval of Business Plan. The Commission shall consider the actual recruitment and retirement status during the truing up for the respective years. The HR Plan approved by the Commission is shown in the Table below:

**Table 3.7: HR Plan approved by the Commission**

Particulars	FY 2016-17	FY 2017-18	FY 2018-19
<b>Opening no. of employees</b>	<b>41</b>	<b>52</b>	<b>59</b>
Recruitment during the year	11	7	5
Retirement during the year	0	0	0
<b>Closing no. of employees</b>	<b>52</b>	<b>59</b>	<b>64</b>



## **4 Petitioner's Submissions, Commission's Analysis, Scrutiny and Conclusion on MYT for second Control Period**

### **4.1 Truing up for FY 2014-15**

The Petitioner submitted that as SLDC is, still, not incorporated as a separate Company, the accounts of SLDC are audited with the accounts of PTCUL and there is no separate audit of SLDC accounts carried out for FY 2014-15. Hence, truing up for FY 2014-15 for SLDC has not been filed separately.

The Commission had approved the SLDC Charges for FY 2014-15 vide its Order dated April 10, 2014. As the separate Accounts for SLDC are not available which are essential for truing up of ARR in accordance with the Regulations, hence, the Commission has carried out the truing up for FY 2014-15 for PTCUL as a whole.

However, in this regard, Regulation 97 of UERC Tariff Regulations, 2015 specifies as under:

#### ***"97. Levy of SLDC Charges***

*All expenses incurred by the SLDC, established by the State Government under Section 31 of the Act, shall be accounted for separately;*

*Provided that if on the date of publication of these Regulations, the State Transmission Utility (STU) is operating the State Load Despatch Centre and performing the functions under the Act, as provided under sub-clause (2) of Section 31 of the Act, the STU shall maintain separate accounts for expenses related to operation of the State Load Despatch Centre;*

*Provided further that till such time the accounts are not segregated, the STU shall apportion its costs on the basis of an Allocation Statement to be submitted to the Commission with all relevant details."*

**(Emphasis added)**

Hence, the Commission is of the opinion that as accounting of SLDC and SCADA is being done separately, accordingly, SLDC is directed to start preparing its annual statement of accounts separately from FY 2016-17 onwards in accordance with the requirement of the Regulations as referred above.

## **4.2 GFA and Additional Capitalisation**

### **4.2.1 Opening GFA for FY 2016-17**

The Petitioner has considered the opening GFA for FY 2014-15 as Rs. 12.33 Crore. The Petitioner has proposed the GFA addition of Rs. 0.39 Crore in FY 2014-15 and Rs. 0.60 Crore in FY 2015-16. The Petitioner submitted that the closing GFA for FY 2015-16, i.e. Rs. 13.32 Crore has been considered as the opening GFA for FY 2016-17.

The Commission had approved the opening GFA for FY 2014-15 as Rs. 12.33 Crore. Further, the Commission had approved the GFA addition of Rs. 0.40 Crore for “construction of SLDC at Dehradun and construction of 2 Nos. Sub LDC at Kashipur and Rishikesh” in the true up of FY 2014-15 for PTCUL. Hence, the opening GFA for FY 2015-16 approved by the Commission is Rs. 12.73 Crore. The Petitioner has claimed the GFA addition of Rs. 0.60 Crore in FY 2015-16. As the approved capitalisation of SLDC works till FY 2014-15 is well within the approved cost, the Commission has considered the GFA addition of Rs. 0.60 Crore in FY 2015-16. Hence, the closing GFA for FY 2015-16 is Rs. 13.33 Crore. The Commission has considered the closing GFA for FY 2015-16 as the opening GFA for FY 2016-17.

### **4.2.2 Capitalisation during the second Control Period**

The Petitioner has proposed the capitalisation of Rs. 0.25 Crore for FY 2016-17, Rs. 31.50 Crore for FY 2017-18 and Rs. 1.29 Crore for FY 2018-19 as per the Capitalisation Plan submitted in its Petition for approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19.

The Commission, in the approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 as discussed in Chapter 3 has approved the capitalisation of Rs. 0.25 Crore in FY 2016-17, Rs. 31.50 Crore in FY 2017-18 and Rs. 1.29 Crore in FY 2018-19. The Commission has considered the year wise capitalisation for the second Control Period from FY 2016-17 to FY 2018-19 as approved in the Business Plan. The GFA base approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.1: GFA base approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
Opening GFA	13.32	13.33	13.57	13.58	45.08	45.08
GFA addition during the year	0.25	0.25	31.50	31.50	1.29	1.29
Closing GFA	13.57	13.58	45.08	45.08	46.37	46.38

### 4.3 Debt-equity ratio

The Petitioner has proposed the Debt-equity ratio of 70:30 for the proposed capitalisation during the second Control Period as per the Financing Plan submitted in its Petition for approval of the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19.

The Commission, in the approval of Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 as discussed in Chapter 3 has approved the Financing Plan of the approved capitalisation during the second Control Period. The Commission has considered the Financing Plan for the second Control Period from FY 2016-17 to FY 2018-19 as approved in the Business Plan. The Debt and Equity of approved capitalisation during the second Control Period is as shown in the Table below:

**Table 4.2: Financing Plan approved by the Commission**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
Capitalisation during the year (Rs. Crore)	0.25	0.25	31.50	31.50	1.29	1.29
Debt (%)	70%	70%	70%	70%	70%	70%
Equity (%)	30%	30%	30%	30%	30%	30%
Debt (Rs. Crore)	0.18	0.18	22.05	22.05	0.91	0.91
Equity (Rs. Crore)	0.08	0.08	9.45	9.45	0.39	0.39

### 4.4 Annual SLDC Charges

Regulation 99 of the UERC Tariff Regulations, 2015 specifies as follows:

***“99. Annual SLDC Charges***

*The annual charges to be recovered by the SLDC shall include the component of Return on Equity and also the following expenses:*

- (a) O&M expenses;*
- (b) Return on Equity*

- (c) Depreciation;
- (d) Lease Charges
- (e) Interest and Finance charges on Loan Capital;
- (f) Income Tax, if any;
- (g) Interest on working capital, if any;
- (h) Any other expenses incidental to discharging the functions of SLDC as deemed appropriate by the Commission;

The Commission in this Order has approved the SLDC Charges for each year of the second Control Period from FY 2016-17 to FY 2018-19 based on the GFA approved for FY 2014-15 for SLDC works in the truing up for FY 2014-15 for PTCUL, revised GFA for FY 2015-16 and approved capitalisation for FY 2016-17 to FY 2018-19 in the Business Plan for SLDC.

#### **4.4.1 Operation and Maintenance expenses**

The Petitioner submitted that the Operation and Maintenance expenses have been projected based on the actual expenses for FY 2014-15 and as per the methodology prescribed in UERC Tariff Regulations, 2015.

Regarding the Operation and Maintenance expenses, Regulation 100 of the UERC Tariff Regulations, 2015 specifies as follows:

##### ***“100. Operation and Maintenance Expenses***

(1) The O&M expenses for the first year of the Control Period will be approved by the Commission taking into account actual O&M expenses for last five years till Base Year subject to prudence check and any other factors considered appropriate by the Commission.

(2) The O&M expenses for the  $n$ th year and also for the year immediately preceding the Control Period i.e., FY 2015-16 shall be approved based on the formula given below:-

$$O\&M_n = R\&M_n + EMP_n + A\&G_n$$

Where –

- $O\&M_n$  – Operation and Maintenance expense for the  $n$ th year;
- $EMP_n$  – Employee Costs for the  $n$ th year;
- $R\&M_n$  – Repair and Maintenance Costs for the  $n$ th year;
- $A\&G_n$  – Administrative and General Costs for the  $n$ th year;

(3) The above components shall be computed in the manner specified below:

$$EMP_n = (EMP_{n-1}) \times (1+G_n) \times (CPI_{inflation})$$

$$R\&M_n = K \times (GFA_{n-1}) \times (WPI_{inflation}) \text{ and}$$

$$A\&G_n = (A\&G_{n-1}) \times (WPI_{inflation}) + Provision$$

Where -

- $EMP_{n-1}$  – Employee Costs for the (n-1)th year;
- $A\&G_{n-1}$  – Administrative and General Costs for the (n-1)th year;
- Provision: Cost for initiatives or other one-time expenses as proposed by the SLDC and validated by the Commission.
- 'K' is a constant specified by the Commission in %. Value of K for each year of the control period shall be determined by the Commission in the MYT Tariff order based on SLDC's filing, benchmarking of repair and maintenance expenses, approved repair and maintenance expenses vis-à-vis GFA approved by the Commission in past and any other factor considered appropriate by the Commission;
- $CPI_{inflation}$  – is the average increase in the Consumer Price Index (CPI) for immediately preceding three years;
- $WPI_{inflation}$  – is the average increase in the Wholesale Price Index (CPI) for immediately preceding three years;
- $GFA_{n-1}$  – Gross Fixed Asset of the transmission licensee for the n-1th year;
- $G_n$  is a growth factor for the nth year. Value of  $G_n$  shall be determined by the Commission in the MYT tariff order for meeting the additional manpower requirement based on SLDC's filings, benchmarking, and any other factor that the Commission feels appropriate:

*Provided that in case of a SLDC being governed by Government pay structure, the Commission may consider allowing a separate provision in Employee expenses towards the impact of VII<sup>th</sup> Pay Commission.*

*Provided that repair and maintenance expenses determined shall be utilised towards repair and maintenance works only."*

The O&M expenses include Employee expenses, R&M expenses and A&G expenses. In accordance with Regulation 100 of the UERC Tariff Regulations, 2015, the O&M expenses for the first year of the second Control Period shall be determined by the Commission taking into account

the actual O&M expenses of the previous years and any other factors considered appropriate by the Commission. As a separate Tariff Order has not been issued for SLDC for FY 2013-14 and as separate truing up for SLDC has not been carried out in the past, the Commission has considered the actual O&M expenses for SLDC and SCADA units within PTCUL for FY 2014-15 for determining the O&M expenses in accordance with Regulation 100 of the UERC Tariff Regulations, 2015.

#### 4.4.2 Employee expenses

The Petitioner submitted that its employee expenses are linked to the Government approved scales and allowances. The Petitioner also submitted that the employee expenses for FY 2015-16 have been estimated as Rs. 3.57 Crore as against Rs. 3.83 Crore approved by the Commission. Considering the employee expenses of Rs. 3.57 Crore for FY 2015-16, the employee expenses for FY 2016-17 to FY 2018-19 have been estimated as per the UERC Tariff Regulations, 2015 based on the proposed HR Plan and the average CPI inflation for the preceding three years, for each year of the Control Period. Accordingly, the employee expenses for FY 2016-17 have been proposed as Rs. 5.01 Crore for FY 2016-17, Rs. 6.31 Crore for FY 2017-18 and Rs. 7.52 Crore for FY 2017-18.

The actual employee expenses of SLDC and SCADA units in FY 2014-15 are Rs. 3.04 Crore. As discussed above, the Commission has considered the same as the base year employee expenses. The Commission, in the approval of the Business Plan for the second Control Period from FY 2016-17 to FY 2018-19 as discussed in Chapter 3 has approved the HR Plan. Based on the approved HR Plan, the Commission has computed the 'Gn' factor as shown in the Table below:

**Table 4.3: Gn approved by the Commission**

Particulars	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19
Closing no. of employees	37	41	52	59	64
Gn	-	10.81%	26.83%	13.46%	8.47%

The Commission recognizes the need of additional man power in SLDC and has allowed addition to the number of employees as proposed by SLDC. However, if the actual addition to number of employees is lower than the number of employees addition approved in this Order, the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction in Employee expenses on account of controllable factors.

The Commission has calculated the annual increase in CPI (overall) based on the average of preceding three full years for FY 2015-16 as 8.80%. The Commission has considered the same as the

CPI inflation in the computation of employee expenses.

The Government of India, vide Notification No. 1/1/2013-E.III(A) of 28.02.2014 appointed the Seventh Central Pay Commission with specified Terms of Reference. The Seventh Central Pay Commission submitted its report to the Government of India on November 19, 2015. In light of the recommendations of the Seventh Central Pay Commission and the provisions of the UERC Tariff Regulations, 2015, since SLDC is being governed by the Government pay structure, the Commission has considered the impact of Seventh Pay Commission to the tune of 20% of the approved employee expenses. The Commission shall consider the actual impact of Seventh Pay Commission during FY 2016-17 in true up exercise without considering the efficiency gain/loss on account of the same. The normative employee expenses approved by the Commission for FY 2015-16 and for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.4: Employee expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
EMPn-1		3.57	3.67	5.01	5.06	6.31	6.24
Gn		28.99%	26.83%	15.76%	13.46%	9.54%	8.47%
CPIinflation		8.80%	8.80%	8.80%	8.80%	8.80%	8.80%
<b>EMPn = (EMPn-1) x (1+Gn) x (1+CPIinflation)</b>		<b>5.01</b>	<b>5.06</b>	<b>6.31</b>	<b>6.24</b>	<b>7.52</b>	<b>7.37</b>
Add: Impact of Seventh Pay Commission		-	1.01	-	1.25	-	1.47
<b>Total employee expenses</b>	<b>3.83</b>	<b>5.01</b>	<b>6.07</b>	<b>6.31</b>	<b>7.49</b>	<b>7.52</b>	<b>8.84</b>

The overall employee expenses approved by the Commission for the second Control Period of FY 2016-17 to FY 2018-19 is higher than that claimed by SLDC mainly due to the impact of Seventh Pay Commission considered by the Commission, which shall be subject to true up based on actuals.

#### 4.4.3 R&M expenses

The Petitioner submitted that the R&M expenses for the second Control Period from FY 2016-17 to FY 2018-19 have been proposed as per the UERC Tariff Regulations, 2015.

The Petitioner submitted that the Commission had approved R&M expenses of Rs 0.53 Crore and Rs. 0.56 Crore for FY 2014-15 and FY 2015-16 respectively. The SCADA project was commissioned in April, 2013 only and hence, there has been a considerable increase in R&M Expenses as compared to what was approved by the Commission for FY 2014-15. The actual R&M

expenses for FY 2014-15 are Rs. 0.66 Crore and for first 6 months of FY 2015-16 are Rs. 0.23 Crore. The Petitioner has proposed the revised R&M expenses of Rs. 1.54 Crore for FY 2015-16 based on the actual 6 months expenses for FY 2015-16.

The Petitioner submitted that the R&M Expenses for the second Control Period from FY 2016-17 to FY 2018-19 have been projected by escalating the R&M expenses of FY 2014-15 with the average of Wholesale Price Index inflation of previous three financial years. The WPI inflation for FY 2012-13, FY 2013-14 and FY 2014-15 are 7.35%, 5.98% and 2.00% respectively. Based on this, the average increase in wholesale price index works out to 5.11% for the last three years. The K factor has been computed by considering the average of R&M expenses for the past three financial years and opening GFA of the respective years. The percentage value of K has later been escalated with average WPI inflation and treated with the R&M expenses of FY 2014-15 in order to project the R&M expense for the second Control Period from FY 2016-17 to FY 2018-19.

The Petitioner submitted that apart from normative R&M expenses, the SLDC has given an Annual Maintenance Contract to the original executioner of the project for the upkeep and maintenance of the assets created out of the project. The total AMC cost as contracted is taken separately as actual and no inflation is considered on such amount to arrive at total R&M expenses for the SLDC and SCADA divisions. The Petitioner has proposed the R&M expenses of Rs. 1.76 Crore for FY 2016-17, Rs. 1.82 Crore for FY 2017-18 and Rs. 5.05 Crore for FY 2018-19.

The Commission observes that the K factor considered by the Petitioner is 8.49% for FY 2016-17, 8.93% for FY 2017-18 and 9.39% for FY 2018-19. The Commission has approved the K factor for PTCUL as 1.78% based on the average of actual R&M expenses as a percentage of actual opening GFA for the years FY 2012-13 to FY 2014-15. As of now, SLDC function is a part of PTCUL, the Commission does not find the K factor proposed by the Petitioner acceptable. The Commission, in the approval of MYT for the first Control Period from FY 2013-14 to FY 2014-15, had considered the K factor of 2%. As per Regulation 100(3) of UERC Tariff Regulations, 2015, K factor is a constant, hence the Commission has considered it for each year of second Control Period from FY 2016-17 to FY 2018-19 as against the escalation considered by the Petitioner in its computation. Therefore, the Commission in this Order also, has considered the K factor of 2% for determining the R&M expenses for the second Control Period from FY 2016-17 to FY 2018-19.

The Petitioner has placed AMC to the original executioner of the project for the upkeep and



maintenance of the assets created out of the project. The Commission, in the MYT Order for the first Control Period from FY 2013-14 to FY 2015-16 had, while projecting the R&M expenses for FY 2014-15 and FY 2015-16 considered the GFA corresponding to only those assets which have not been covered under the Contract Agreement executed with Areva T&D India Pvt. Ltd. as the AMC fee was payable by the Petitioner to Areva T&D India Pvt. Ltd. and the value of such assets worked out to Rs. 3.14 Crore. In addition, the Commission had separately considered the AMC fee payable for FY 2013-14 to FY 2015-16.

In line with the same methodology, the Commission has considered the approved GFA addition in FY 2014-15 and FY 2015-16 to arrive at the allowable GFA for determining the R&M expenses for FY 2016-17. Thereafter, the Commission has considered the GFA addition as approved for FY 2016-17 and FY 2018-19 to arrive at the allowable GFA for determining R&M expenses for FY 2017-18 and FY 2018-19 respectively. The Commission has calculated the annual increase in values of WPI (overall) based on the average of the preceding three full years for FY 2015-16 as 5.11%. The Commission has considered the same as WPI inflation in the computation of R&M expenses. In addition to the normative R&M expenses determined in accordance with UERC Tariff Regulations, 2015, the Commission has considered the AMC Fee as proposed by the Petitioner for each year of the second Control Period from FY 2016-17 to FY 2018-19. However, **the Commission directs the Petitioner to maintain separate details of actual AMC fee paid and the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction in R&M expenses on account of controllable factors.**

The R&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is shown in the Table below:

**Table 4.5: R&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
K		8.49%	2.00%	8.93%	2.00%	9.39%	2.00%
GFA <sub>n-1</sub>		13.32	4.14	13.57	4.39	45.08	35.90
WPIinflation		5.11%	5.11%	5.11%	5.11%	5.11%	5.11%
<b>R&amp;M<sub>n</sub> = K x (GFA<sub>n-1</sub>) x (1+WPIinflation)</b>		<b>1.19</b>	<b>0.09</b>	<b>1.27</b>	<b>0.09</b>	<b>4.45</b>	<b>0.75</b>
Add: AMC Fee		0.57	0.57	0.55	0.55	0.60	0.60
<b>Total R&amp;M expenses</b>	<b>0.56</b>	<b>1.76</b>	<b>0.66</b>	<b>1.82</b>	<b>0.64</b>	<b>5.05</b>	<b>1.35</b>

#### 4.4.4 A&G expenses

The Petitioner submitted that A&G expenses comprises of rent, rates and taxes, travel and conveyance expenses, consultancy and legal fees, insurance and other administration expenses. The actual A&G expenses for FY 2014-15 are Rs. 0.86 Crore and for first 6 months of FY 2015-16 are Rs. 0.13 Crore. The Petitioner has proposed the A&G expenses of Rs. 0.91 Crore for FY 2015-16 as against Rs. 0.52 Crore approved by the Commission. The Petitioner submitted that the A&G expenses for the second Control Period from FY 2016-17 to FY 2018-19 have been proposed as per the UERC Tariff Regulations, 2015. The Petitioner has proposed the A&G expenses of Rs. 0.96 Crore for FY 2016-17, Rs. 1.01 Crore for FY 2017-18 and Rs. 1.06 Crore for FY 2018-19.

The actual A&G expense of SLDC and SCADA units for FY 2014-15 is Rs. 0.86 Crore. As discussed above, the Commission has considered the same as the base year A&G expenses. The Commission has calculated the annual increase in the values of WPI (overall) based on average of preceding three full years for FY 2015-16 as 5.11%. The Commission has considered the same as WPI inflation for the computation of A&G expenses. Further, UERC Tariff Regulations, 2015 provides for a provision towards the cost of initiatives or other one-time expenses. The Petitioner has not claimed any cost towards such provision.

The normative A&G expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.6: A&G expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2015-16	FY 2016-17		FY 2017-18		FY 2018-19	
	Approved in Tariff Order	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
A&Gn-1		0.91	0.90	0.96	0.95	1.01	1.00
WPIinflation		5.11%	5.11%	5.11%	5.11%	5.11%	5.11%
Provision		0.00	0.00	0.00	0.00	0.00	0.00
<b>A&amp;Gn = A&amp;Gn-1 x (1+WPIinflation) + Provision</b>	<b>0.52</b>	<b>0.96</b>	<b>0.95</b>	<b>1.01</b>	<b>1.00</b>	<b>1.06</b>	<b>1.05</b>

#### 4.4.5 O&M expenses

The O&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.7: O&M expenses approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
Employee expenses	5.01	6.07	6.31	7.49	7.52	8.84
R&M expenses	1.76	0.66	1.82	0.64	5.05	1.35
A&G expenses	0.96	0.95	1.01	1.00	1.06	1.05
<b>Total O&amp;M expenses</b>	<b>7.73</b>	<b>7.68</b>	<b>9.14</b>	<b>9.13</b>	<b>13.63</b>	<b>11.25</b>

#### 4.4.6 Return on Equity

The Petitioner has considered the opening Equity for FY 2014-15 as Rs. 3.39 Crore. Further, the equity addition in FY 2014-15, FY 2015-16 and during each year of the second Control Period has been considered as 30% of the proposed capitalisation for the respective years. The Petitioner has claimed the Return on Equity at the rate of 15.50% on the average equity for the year. Accordingly, the Petitioner has claimed the Return on Equity of Rs. 0.58 Crore for FY 2016-17, Rs. 1.32 Crore for FY 2017-18 and Rs. 2.08 Crore for FY 2018-19.

Regarding the Return on Equity, Regulation 26 of the UERC Tariff Regulations, 2015 specifies as follows:

#### *“26. Return on Equity*

*(1) Return on equity shall be computed on the equity base determined in accordance with Regulation 24.*

*Provided that, Return on Equity shall be allowed on account of allowed equity capital for the assets put to use at the commencement of each financial year.*

*(2) Return on equity shall be computed on at the base rate of 15.50% for thermal generating stations, transmission licensee, SLDC ...”*

The Commission has approved the opening equity of Rs. 3.39 Crore for FY 2014-15. Thereafter, considering the equity additions of Rs. 0.12 Crore in FY 2014-15 and Rs. 0.18 Crore in FY 2015-16, the opening equity for FY 2016-17 works out to Rs. 3.69 Crore. In accordance with the above-stated Regulation, Return on Equity is allowable on the opening equity for the year. Hence, the Commission has determined the Return on Equity for each year of the second Control Period from FY 2016-17 to FY 2018-19 considering the opening equity for the respective year.

The Return on Equity approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.8: Return on Equity approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
<b>Opening Equity</b>	<b>3.69</b>	<b>3.69</b>	<b>3.76</b>	<b>3.76</b>	<b>13.21</b>	<b>13.21</b>
Addition during the year	0.08	0.08	9.45	9.45	0.39	0.39
Closing Equity	3.76	3.76	13.21	13.21	13.60	13.60
Rate of Return	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
<b>Return on Equity</b>	<b>0.58</b>	<b>0.57</b>	<b>1.32</b>	<b>0.58</b>	<b>2.08</b>	<b>2.05</b>

#### 4.4.7 Depreciation

The Petitioner submitted that the asset class wise depreciation has been computed considering the claimed GFA for each year of the second Control Period from FY 2016-17 to FY 2018-19 and based on the rates of depreciation specified in the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has claimed the depreciation of Rs. 1.21 Crore for FY 2016-17, Rs. 2.06 Crore for FY 2017-18 and Rs. 2.94 Crore for FY 2018-19.

Regulation 28 of the UERC Tariff Regulations, 2015 specifies as follows:

##### ***"28. Depreciation***

*(1) The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.*

*Provided that depreciation shall not be allowed on assets funded through Consumer Contribution and Capital Subsidies/Grants.*

*(2) The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.*

*...*

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in Appendix - II to these Regulations.*

*..."*

The Commission has determined the depreciation for the second Control Period from FY 2016-17 to FY 2018-19 considering the approved GFA base and asset class wise rates of depreciation specified in UERC Tariff Regulations, 2015. The depreciation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table given below:

**Table 4.9: Depreciation approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
Depreciation	1.21	1.21	2.06	2.06	2.94	2.94

**4.4.8 Interest on Loans**

The Petitioner has considered the opening loan balance for FY 2016-17 as Rs. 6.99 Crore. The Petitioner has considered the loan addition during each year of the second Control Period from FY 2016-17 to FY 2018-19 equivalent to 70% of the proposed capitalisation for the respective year. The Petitioner has considered the normative repayment for each year equivalent to the depreciation for the year. The Petitioner has claimed the interest on loan by applying the interest rate of 12.55% on the average loan for the year. Accordingly, the Petitioner has proposed the interest on loan of Rs. 0.81 Crore for FY 2016-17, Rs. 2.00 Crore for FY 2017-18 and Rs. 3.13 Crore for FY 2017-18.

Regulation 27 of the UERC Tariff Regulations, 2015 specifies as follows:

***"27. Interest and finance charges on loan capital and on Security Deposit***

*(1) The loans arrived at in the manner indicated in Regulation 24 shall be considered as gross normative loan for calculation of interest on loan.*

*(2) The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.*

*(3) The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year...*

*...*

*(5) The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the project:*

*...*

*(6) The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.*

*..."*

The Commission has considered the opening loan balance for FY 2016-17 as Rs. 6.76 Crore.

The Commission has considered the loan addition during each year of the second Control Period from FY 2016-17 to FY 2018-19 as per the approved Financing Plan. The Commission has considered the normative repayment equivalent to the approved depreciation for each year of the second Control Period from FY 2016-17 to FY 2018-19. The Commission has considered the interest rate of 12.55% applicable for REC II Scheme. The Commission has determined the interest on loan by applying the interest rate of 12.55% on the average loan balance for each year of the second Control Period from FY 2016-17 to FY 2018-19. The interest on loan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table given below:

**Table 4.10: Interest on Loan approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
<b>Opening loan</b>	<b>6.99</b>	<b>6.76</b>	<b>5.96</b>	<b>5.73</b>	<b>25.96</b>	<b>25.72</b>
Addition	0.18	0.18	22.05	22.05	0.91	0.91
Repayment	1.21	1.21	2.06	2.06	2.94	2.94
<b>Closing loan</b>	<b>5.96</b>	<b>5.73</b>	<b>25.96</b>	<b>25.72</b>	<b>23.93</b>	<b>23.69</b>
Average loan	6.48	6.24	15.96	15.73	24.94	24.71
Rate of interest	12.55%	12.55%	12.55%	12.55%	12.55%	12.55%
<b>Interest</b>	<b>0.81</b>	<b>0.78</b>	<b>2.00</b>	<b>1.97</b>	<b>3.13</b>	<b>3.10</b>

#### **4.4.9 Interest on Working Capital**

The Petitioner has submitted that the interest on working capital for the second Control Period from FY 2016-17 to FY 2018-19 has been claimed in accordance with the UERC Tariff Regulations, 2015. Accordingly, the Petitioner has proposed the IWC of Rs. 0.48 Crore for FY 2016-17, Rs. 0.63 Crore for FY 2017-18 and Rs. 0.95 Crore for FY 2018-19.

The Commission has determined the interest on working capital for the second Control Period in accordance with the UERC Tariff Regulations, 2015.

##### **4.4.9.1 One Month O&M Expenses**

The annual O&M expenses approved by the Commission are Rs. 7.68 Crore, Rs. 9.13 Crore and Rs. 11.25 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. Based on the approved O&M expenses, one month's O&M expenses works out to Rs. 0.64 Crore, Rs. 0.76 Crore and Rs. 0.94 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

**4.4.9.2 Maintenance Spares**

The Commission has considered the maintenance spares as 15% of O&M expenses in accordance with UERC Tariff Regulations, 2015, which works out to Rs. 1.15 Crore, Rs. 1.37 Crore and Rs. 1.69 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

**4.4.9.3 Receivables**

The Commission has approved the receivables for two months based on the approved SLDC Charges of Rs. 10.08 Crore, Rs. 13.72 Crore and Rs. 19.51 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively, which works out to Rs. 1.68 Crore, Rs. 2.29 Crore and Rs. 3.25 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively.

Based on the above, the total working capital requirement of the Petitioner for FY 2016-17, FY 2017-18 and FY 2018-19 works out to Rs. 3.47 Crore, Rs. 4.42 Crore and Rs. 5.88 Crore respectively. The Commission has considered the rate of interest on working capital as 14.05% equal to State Bank Advance Rate (SBAR) of State Bank of India as on the date of filing of the MYT Petition and, accordingly, the interest on working capital works out to Rs. 0.49 Crore, Rs. 0.62 Crore and Rs. 0.83 Crore for FY 2016-17, FY 2017-18 and FY 2018-19 respectively. The interest on working capital approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.11: Interest on working capital approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
O&M expenses for 1 month	0.64	0.64	0.76	0.76	1.14	0.94
Maintenance Spares	1.16	1.15	1.37	1.37	2.04	1.69
Receivables equivalent to 2 months	1.60	1.68	2.32	2.29	3.58	3.25
<b>Working Capital</b>	<b>3.40</b>	<b>3.47</b>	<b>4.45</b>	<b>4.42</b>	<b>6.76</b>	<b>5.88</b>
Rate of Interest on Working Capital	14.05%	14.05%	14.05%	14.05%	14.05%	14.05%
<b>Interest on Working Capital</b>	<b>0.48</b>	<b>0.49</b>	<b>0.63</b>	<b>0.62</b>	<b>0.95</b>	<b>0.83</b>

**4.4.10 Non-Tariff Income**

The Petitioner has claimed a non-tariff income of Rs. 0.65 Crore for each year of the second Control Period from FY 2016-17 to FY 2018-19. In the absence of any yardstick for estimating the non-tariff income of the Petitioner, the Commission provisionally accepts the same for the Control Period. The same shall, however, be trued up based on the actual audited accounts for the year.

#### 4.4.11 SLDC Charges

Based on the above, the SLDC Charges approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 is as shown in the Table below:

**Table 4.12: SLDC Charges approved by the Commission for the second Control Period from FY 2016-17 to FY 2018-19 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18		FY 2018-19	
	Claimed by SLDC	Approved	Claimed by SLDC	Approved	Claimed by SLDC	Approved
O&M expenses	7.73	7.68	9.14	9.13	13.63	11.25
Return on Equity	0.58	0.57	1.32	0.58	2.08	2.05
Depreciation	1.21	1.21	2.06	2.06	2.94	2.94
Interest on Loan	0.81	0.78	2.00	1.97	3.13	3.10
Interest on Working Capital	0.48	0.49	0.63	0.62	0.95	0.83
Less: Non-Tariff Income	0.65	0.65	0.65	0.65	0.65	0.65
<b>SLDC Charges</b>	<b>* 10.16</b>	<b>10.08</b>	<b>* 14.49</b>	<b>13.72</b>	<b>* 22.08</b>	<b>19.51</b>

*\* SLDC in its Petition claimed the SLDC charges as Rs. 9.59 Crore, Rs. 13.94 Crore and Rs. 21.47 Crore for the FY 2016-17, FY 2017-18 & FY 2018-19 respectively which were revised by it subsequently.*

#### 4.4.12 LDC Development Fund

Regulation 98 of UERC Tariff Regulations, 2015 specifies as under:

“

- (1) The SLDC shall create and maintain a separate fund called ‘Load Despatch Centre Development Fund’ (“LDCD Fund”).
- (2) All the other income of SLDC like short term open access charges, registration charges, scheduling and operating charges, etc. shall be deposited into LDCD Fund.
- (3) The SLDC shall be entitled to utilise the money available in the LDCD Fund for creation of new assets, meeting stipulated equity portion in asset creation, margin money for raising loan from the financial institutions and funding of R&D projects.
- (4) The LDCD Fund shall not be utilized for revenue expenditure except to meet the short fall, if any, in the annual charges allowed by the Commission or to meet the contingency expenses which were not foreseen at the time of making the application for fees and charges and are considered necessary for the efficient power system operation. However, such draws from the said fund shall be recouped from the expenditure allowed by the Commission under the respective heads at the time of truing up.
- (5) Any asset created by the SLDC out of the money deposited into the LDCD Fund shall not be entitled for return on equity, interest on loan and depreciation on same principles as in case of grant. SLDC shall submit details of such assets in the CAPEX plan.



- (6) SLDC shall submit the amount accumulated in LDC development fund along with the break-up of sources from where the fund is received. The Commission shall review the LDC development fund every year and issue directions to SLDC for effective utilization of the funds, if required."

**Accordingly, the Petitioner is directed to ensure compliance of the Regulations and create a separate Fund which shall be utilized in accordance with the Regulations.**

#### **4.4.13 Operating Charges**

The Commission vide UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 has specified the Operating Charges in respect of short-term open access customers. Regulation 21 of the UERC (Terms and Conditions of Intra-State Open Access) Regulations, 2015 specify the Operating Charges for the Short-term Open Access customer which is reproduced hereunder:

***"21. SLDC and System Operation Charges:***

***(1) Transactions involving inter-State transmission system***

...

***(b) Short-term open access***

*Regional Load Despatch Centre and State load despatch centre system operation charges as specified by the Central Commission.*

***(2) Transactions not involving inter-State transmission system***

...

***(b) Short-term open access***

*System Operation charge per day or for part of the day shall be payable by a short-term open access customer for each transaction to SLDC as determined by the Commission from time to time.*

*[Explanation: System Operation charge includes fee for scheduling and system operation, energy accounting, fee for affecting revisions in schedule on bonafide grounds and collection and disbursement of charges.]*

In compliance of the aforesaid Regulation 21(2)(b), the Commission has decided to retain the system operation charges of Rs. 3,000 per day or part of the day for each transaction payable to the SLDC by intra-state open access customers with effect from the date of issue of this Order.

## **5 Commission's Directives**

The Commission in its previous Orders had issued a number of specific directions to SLDC with an objective of attaining operational efficiency and streamlining the flow of information, which would be beneficial for the Sector and the Petitioner both in short and long term. This Chapter deals with the compliance status and Commission's views thereon as well as the summary of new directions for compliance and implementation by SLDC.

### **5.1 Compliance of Directives Issued in Tariff Order dated April 11, 2015**

#### ***5.1.1 Project Cost & Transfer of assets from PTCUL to SLDC (Para 4.1)***

The Commission directs the Petitioner to complete the process of transfer of assets from PTCUL to SLDC and submit the details of the same along with APR of FY 2015-16.

#### ***Petitioner's Submissions***

The Petitioner submitted that SLDC has not been formed as a separate company and is still part of PTCUL. The Petitioner submitted that the separation of SLDC will be initiated after the notification of Government of Uttarakhand.

#### ***Fresh Directive***

As accounting of SLDC and SCADA is being done separately, accordingly, SLDC is directed to start preparing its annual statement of accounts separately from FY 2016-17 onwards in accordance with the requirement of the Regulations.

### **5.2 Fresh Directives**

#### ***5.2.1 Maintaining the separate details of actual AMC fee paid (Para 4.4.3)***

The Commission directs the Petitioner to maintain separate details of actual AMC fee paid and the impact of the same shall be adjusted while carrying out the truing up and will not be considered as reduction in R&M expenses on account of controllable factors.

**5.2.2 LDC Development Fund (Para 4.4.12)**

**The Petitioner is directed to ensure compliance of the Regulations and create a separate Fund which shall be utilized in accordance with the Regulations.**


The SLDC Charges approved for FY 2016-17 will be applicable with effect from April 01, 2016 till further orders.

**(K.P. Singh)**  
**Member**

**(Subhash Kumar)**  
**Chairman**

## 6 Annexures

### 6.1 Annexure-1 : Public Notice on SLDC's Proposal for Multi Year Tariff from FY 2016-17 to FY 2018-19

 <b>POWER TRANSMISSION CORPORATION OF UTTARAKHAND LIMITED</b> (A Govt. of Uttarakhand Undertaking) "Vidyut Bhawan" Near ISBT, Crossing Saharanpur Road, Majra, Dehradun-248002 Corporate ID U40101UR2004GOI028675, Tel.No.: 0135-2642006, Fax No.0135-2643460						
<b>Public Notice</b>						
<b>Inviting Comments on the Petition filed by SLDC for approval of the proposed Aggregate Revenue Requirement for FY 2016-17 to FY 2018-19</b>						
<b>Salient Points of the ARR/Tariff Petition</b>						
State Load Despatch Center, which has been made operational for grid control and despatch of electricity and other related works w.e.f. November 27, 2012 in the State of Uttarakhand, has filed a petition before the Commission for approval of Annual Performance Review (APR) of FY 2015-16 and the proposed Aggregate Revenue Requirement (ARR) for FY 2016-17 to FY 2018-19. The summary of SLDC for the aforesaid is given in the following Table:						
<b>Summary of the ARR of SLDC (₹ Crore)</b>						
S. No.	Particulars	UERC Tariff Regulations, 2011		UERC Tariff Regulations, 2015		
		FY 2015-16(APR)		FY 2016-17	FY 2017-18	FY 2018-19
		Approved in the APR Order for FY 2014-15	Revised Estimates	Proposed	Proposed	Proposed
1	Depreciation	1.07	1.18	1.21	2.06	2.94
2	Interest on Long Term Loans	0.85	0.92	0.81	2.00	3.13
3	Return on Equity	0.52	0.56	0.58	1.32	2.08
4	O&M Expenses	4.91	6.01	7.16	8.59	13.03
5	Interest on Working Capital	0.35	0.40	0.48	0.63	0.95
6	<b>Gross Expenditure</b>	<b>7.71</b>	<b>9.09</b>	<b>10.24</b>	<b>14.59</b>	<b>22.13</b>
7	Less: Non Tariff Income	0.26	0.65	0.65	0.65	0.65
8	<b>Net Expenditure</b>	<b>7.45</b>	<b>8.44</b>	<b>9.59</b>	<b>13.94</b>	<b>21.48</b>

2. The recovery of the charges from the beneficiaries has been proposed through suitable fees and charges.

3. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun - 248002, Uttarakhand. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.


4. The proposals are also available at the website of the Commission ([www.uerc.gov.in](http://www.uerc.gov.in)) and at SLDC's website ([www.kslsc.org](http://www.kslsc.org)) and ([www.ptcul.org](http://www.ptcul.org)) also.

5. Objections/suggestions are invited from the consumers and other stakeholders on the above proposals. These may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to [uttaranchalerc@rediffmail.com](mailto:uttaranchalerc@rediffmail.com) as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 10.02.2016.

Letter No- 517/EE(SCADA)/PTCUL  
Date :- 23.12.2015

**Managing Director**

**6.2 Annexure-2 : Public Notice on SLDC's Proposal for Business Plan from FY 2016-17 to FY 2018-19**



**POWER TRANSMISSION CORPORATION OF UTTARAKHAND LTD.**  
 (A Govt. of Uttarakhand Undertaking)  
 "Vidyut Bhawan", Near ISBT Crossing, Saharanpur Road, Majra, Dehradun-248002  
 Corporate ID: U40101UR2004GOI028675 Phone No 0135-2642006 Fax 0135-2643460

**Public Notice**  
**Inviting Comments on the Petition filed by SLDC for approval of the Business Plan for FY 2016-17 to FY 2018-19**

1. State Load Despatch Center, which has been made operational for grid control and despatch of electricity and other related works w.e.f. November 27, 2012 in the State of Uttarakhand, has filed a petition before the Commission for approval of its Business Plan for FY 2016-17 to FY 2018-19 giving details of the activities proposed to be carried out by it during this Control Period.
2. Detailed proposals can be seen free of cost on any working day at the Commission's office or at the office of Managing Director, Power Transmission Corporation of Uttarakhand Limited, Vidyut Bhawan, Saharanpur Road, Majra, Near ISBT, Dehradun - 248002, Uttarakhand. Relevant extracts can also be obtained from the above mentioned offices of the Petitioner.
3. The proposals are also available at the website of the Commission ([www.uerc.gov.in](http://www.uerc.gov.in)) and at SLDC's website ([www.ukslhc.org](http://www.ukslhc.org)) and ([www.ptcul.org](http://www.ptcul.org)) also.
4. Responses/suggestions, if any, are sought from the consumers and other stakeholders on the above proposals. Responses may be sent to the Secretary, Uttarakhand Electricity Regulatory Commission, either in person, or by post at Vidyut Niyamak Bhawan, Near I.S.B.T., P.O. Majra, Dehradun-248171 or through e-mail to [uttaranchalerc@rediffmail.com](mailto:uttaranchalerc@rediffmail.com) as a statement of objections or comments with copies of the documents and evidence in support thereof so as to reach the Secretary by 10.02.2016.

Letter No. 518/EE (Scada)/PITCUL/  
Date : 23/12/2015

**Managing Director**

**" Save Electricity in the interest of Nation."**

### 6.3 Annexure-3 : List of Respondents

Sl.	Name	Designation	Organization	Address
1.	Dr. V.K. Garg	-	-	A-24/E, DDA Flats, Munirka, New Delhi-110067
2.	Sh. S.S. Chopra	Manager (Electrical)	M/s Hindustan National Glass & Industries Ltd.	Post Off.-Virbhadra, Rishikesh-249202, Uttarakhand

#### 6.4 Annexure-4 : List of Participants in Public Hearings

##### List of Participants in Hearing at Pithoragarh on 16.02.2016

Sl. No.	Name	Designation	Organization	Address
1.	Sh. Chandra Bhanu Gupta	-	M/s Gupta Trading Company	Siltham Road, Distt. Pithoragarh
2.	Sh. Manoj Chauhan	-	M/s Chauhan Medical Store	Gandhi Chowk, Distt. Pithoragarh
3.	Sh. Harish Kapri	-	Jila Panchayat Office	Gandhi Chowk, Distt. Pithoragarh
4.	Sh. Manoj Bisht	-	-	Near Mostamanu, Chandak, Tehsil & Distt. Pithoragarh
5.	Sh. Pawan Kumar Joshi	District President	Udhyog Vyapaar Mandal	Simalgair Bazaar, Distt. Pithoragarh
6.	Sh. Pawan Joshi	-	M/s Satkar Sweets	Simalgair Bazaar, Distt. Pithoragarh
7.	Sh. Pankaj Kadayat	-	M/s Pankaj Enterprises	Siltham, Distt. Pithoragarh
8.	Sh. Mahendra Valdiya, S/o Sh. Ram Singh Valdiya	-	-	Near Shiv Temple, Chandrabhaga (Valdiya Bhawan) P.O. Echoli, Distt. Pithoragarh
9.	Sh. Tula Singh	-	-	Village-Talli Saar, P.O.-Khati Gaon, Distt. Pithoragarh
10.	Sh. Mahesh Ch. Matholiya	-	-	Simlagair Bazaar, Distt. Pithoragarh
11.	Sh. Laxman Singh Vaseda	-	-	Vaseda Colony, Near Nagar Palika, Distt. Pithoragarh
12.	Sh. Naveen Chandra Joshi	-	-	G.I.G. Road, Vrindawan Complex, Distt. Pithoragarh
13.	Sh. Raju Mall	-	M/s Uttaranchal Gifts	Parwati Bazaar, Siltham, Distt. Pithoragarh

**List of Participants in Hearing at Sitarganj on 18.02.2016**

Sl. No.	Name	Designation	Organization	Address
1.	Sh. R.S. Yadav	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar-244713
2.	Sh. R.K. Mishra	-	M/s India Glycols Ltd.	A-1, Industrial Area, Bazpur Road, Kashipur, Distt. Udham Singh Nagar-244713
3.	Sh. P.K. Gupta	-	M/s Innovative Textiles Ltd.	B-8, Phase-1, ESIP, Sitarganj, Distt. Udham Singh Nagar
4.	Sh. V. K. Aggarwal	-	M/s Balaji Action Buildwell	Plot No: C-34 & C-34(a) to (d), ESIP, Sitarganj, Distt. Udham Singh Nagar
5.	Sh. Rajiv Gupta	-	M/s Kashi Vishwanath Steels Pvt. Ltd.	Narain Nagar Industrial Estate, Bazpur Road, Kashipur-244713, Distt. Udham Singh Nagar
6.	Sh. P.C. Aggarwal	-	M/s Kashi Enterprises	B-25-29, Industrial Estate, Nainital Road, Kashipur-244713, Distt. Udham Singh Nagar
7.	Sh. R.K. Gupta	Secretary General (KGCCI)	M/s Gujarat Ambuja Exports Ltd.	C-50, ELDECO SIDCUL, Industrial Park, Sitarganj-262405, Distt. Udham Singh Nagar
8.	Sh. R.K. Saxena	-	M/s Parle Biscuits Pvt. Ltd.	Plot No. D-10, ESIP, Sitarganj, Distt. Udham Singh Nagar
9.	Sh. Durgesh Mohan	-	M/s Sitarganj Sidcul Industries Welfare Association	B-108, ESIP, Sitarganj, Distt. Udham Singh Nagar
10.	Sh. S.K. Garg	-	M/s BST Textile Mills Pvt. Ltd.	Plot. No. 9, Sector-9, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
11.	Sh. J.N. Singh	-	M/s Ganesha Ecosphere Ltd.	Plot No. 6, Sector-2, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar
12.	Sh. Jeet Singh Cheema	-	Bhartiya Kisan Union	Dhakiya No.-2, P.O.-Dhakiya No. 1 Kashipur, Distt. Udham Singh Nagar
13.	Sh. Kuldeep Singh Cheema	Advisor Member	State Council-Uttarakhand	Dhakiya Kalan, P.O.-Dhakiya No.-1, Tehsil Kashipur, Distt. Udham Singh Nagar
14.	Sh. Balkar Singh Fauji	-	-	Village-Raipur Khurd, P.O. Kashipur, Distt. Udham Singh Nagar



**List of Participants in Hearing at Pauri on 23.02.2016**

<b>Sl. No.</b>	<b>Name</b>	<b>Designation</b>	<b>Organization</b>	<b>Address</b>
1.	Sh. Kamal Singh	-	-	Village-Sarna, P.O.-Chopdiyun, Block - Pabau, Patti-Ghurdaursyun, Distt. Pauri Garhwal
2.	Sh. Mohan Singh Rawat	-	-	Saraswati Sadan, Near Police Line, Distt. Pauri Garhwal
3.	Smt. Vinita Rawat	-	-	M.I.C. Road, Distt. Pauri Garhwal
4.	Sh. Mukesh Joshi	-	-	Village- Joshiyada, P.O.-Parsundakhal, Patti-Paidalsyun, Distt. Pauri Garhwal
5.	Sh. Jagdish Singh	-	-	Village-Rithai, P.O.-Kandara, Patti-Paidalsyun, Distt. Pauri Garhwal
6.	Sh. Ghanshyam Singh Rana	-	-	Village-Thali, P.O.-Chandola Rai, Patti-Nandalsyun, Distt. Pauri Garhwal
7.	Sh. Ravindra Bhandari	-	-	Village & Post Nisni, Patti-Paidalsyun, Distt. Pauri Garhwal
8.	Sh. Prem Singh Negi	-	-	Village-Daang, P.O.-Toli, Patti-Kapolsyun, Distt. Pauri Garhwal
9.	Sh. Vinod Bisht	Sabhasad	Nagar Palika	Pauri, Distt. Pauri Garhwal
10.	Sh. Suraj	-	-	Village-Chaufanda, P.O.-Chaplodi, Patti-Balikandarsyun, Distt. Pauri Garhwal
11.	Sh. Arvind	-	-	Mamgai Bhawan, Laxmi Nagar Road, Distt. Pauri Garhwal-246001
12.	Sh. Bhagwan Verma	-	-	Kandai Road, Pauri, Distt. Pauri Garhwal
13.	Sh. Manoj Singh	-	-	Jhandi Chaur, Uttari Kotdwar, Distt. Pauri Garhwal
14.	Sh. Sukhdev Badoni	-	-	Laxmi Narayan Mandir, Pauri, Distt. Pauri Garhwal
15.	Sh. Mahaveer Singh Negi	-	-	Rajkiya Allopathic Chikitsalaya, P.O.-Saankarsain, Patti- Balikandarsyun, Distt. Pauri Garhwal
16.	Sh. Gandhi Singh Negi	-	-	Village-Gandhigram Kadud, Patti-Sitonsyun, Distt. Pauri Garhwal

**List of Participants in Hearing at Dehradun on 01.03.2016**

Sl. No.	Name	Designation	Organization	Address
1	Sh. Virat Seth	-	M/s Tata Motors Ltd.	Plot No. 1, Sector-1, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar-263145
2	Sh. Devesh Pant	-	M/s Tata Motors Ltd.	Plot No. 1, Sector-1, IIE, SIDCUL, Pantnagar, Distt. Udham Singh Nagar-263145
3	Sh. Pankaj Gupta	President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
4	Sh. Rajiv Agarwal	Sr. Vice-President	M/s Industries Association of Uttarakhand	C/o Satya Industries, Mohabbewala Industrial Area, Dehradun
5	Sh. K.L. Sundriyal	-	-	4(4/3), New Road, Near Hotel Relax, (Amrit Kauri Road), Dehradun
6	Sh. T.S. Bhandari	Director	M/s Himalayan Resorts Pvt. Ltd.	16-Tagore Villa, Dehradun
7	Sh. Mahesh Sharma	General Secretary	M/s Uttarakhand Industrial Welfare Association	Off. G-31, UPSIDC, Industrial Area, Selaqui, Dehradun, Uttarakhand
8	Sh. Gulshan Rai Khanduja	-	Sh. Ganesh Roller Floor Mills	Mohabbewala Industrial Area, Subhash Nagar, Dehradun-248001
9	Sh. Man Singh	General Manager (Engg.)	M/s Alps Industries Ltd.	1-A, Sector-10, Integrated Industrial Area, SIDCUL, Roshnabad Road, Haridwar-249403, Uttarakhand
10	Sh. Shakeel A. Siddiqui	General Manager (Commercial)	M/s Kashi Vishwanath Textile Mill Ltd.	Works : 5th Km. Stone, Ramnagar Road, Kashipur-244713, Distt. Udham Singh Nagar
11	Sh. Manish Garg	-	Madhu Gupta & Co.	51/510, New Hyderabad, Lucknow
12	Sh. Munish Talwar	Head-Electrical & Instrumentation	M/s Asahi India Glass Ltd.	Integrated Glass Plant, Village-Latherdeva Hoon, Manglaur-Jhabrera Road, P.O. Jhabrera, Tehsil Roorkee, Distt. Haridwar
13	Sh. Vijay Singh	Member	Bhartiya Kisan Club	Village-Delna, Post-Jhabreda, Roorkee, Haridwar-247665
14	Sh. Arvind Jain	Member	Tarun Kranti Manch (Regd.)	6-Ramleela Bazaar, Dehradun
15	Sh. Katar Singh	President	Bhartiya Kisan Club	Village-Sabatwali, P.O.-Jhabreda, Tehsil Roorkee, Distt. Haridwar
16	Sh. Gagan Arora	-	-	89/1/1, Race Course, Near Rose Mount School, Dehradun
17	Sh. Nanda Dutt Madhwal	-	-	100/25, Ballupur Road, Dehradun
18	Sh. Biru Bisht	-	-	Mohanpur, Post Off.-Premnagar, Dehradun-248007
19	Sh. Vishwamitra	-	-	36-Panchsheel Park, Chakrata Road, P.O.-New Forest, Dehradun-248006
20	Sh. V.S. Bhatnagar	-	-	98/3, Bell Road, Near Jr. Hiltons School, Clementown, Dehradun