



**MEGHALAYA STATE ELECTRICITY REGULATORY
COMMISSION (MSERC)**

Tariff Order

For

TRUE UP FOR FY 2013-14

PROVISIONAL TRUE UP OF FY 2014-15

AND

REVISION OF CHARGES FOR FY 2016-17

For

State Load Despatch Centre

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BEFORE

THE MEGHALAYA STATE ELECTRICITY REGULATORY COMMISSION

IN THE MATTER OF:

State Load Despatch Centre
132 KV, NEHU GRID S/S Complex
Shillong-793022

Petitioner

AND

IN THE MATTER OF:

Petition for approval of True up for FY 2013-14,
Provisional True up for FY 2014-15 and
Revision of SLDC charges for FY 2016-17.

Coram

Anand Kumar, Chairman

Date of Order: 30.03.2016.

ORDER

Background and brief history:

1. Background

This Order relates to the petition filed by State Load Despatch Centre (hereinafter referred to as SLDC) on 05.02.2016 for approval of True up for FY 2013-14, Provisional True up for FY 2014-15 and Revision of SLDC charges for FY 2016-17, under the MSERC (Multi Year Tariff) Regulations, 2014, MSERC (Levy and Collection of State Load Despatch Centre Fees and Charges) Regulations, 2009 and the Electricity Act, 2003. Subsequent to the admission of the petition on 10.02.2016, the Commission undertook technical validation. MePTCL (Meghalaya Power Transmission Corporation Limited) was directed to issue public notice giving salient features of the petition in leading newspapers in accordance with the Regulations. The notices were published in the following newspapers seeking public comments on the ARR. Matter was also taken up in the Advisory Committee meeting and

hearing on transmission ARR.

Table 1: Details of Public Notice

| Name of the Newspapers | Date of Publication | Languages |
|-------------------------------|----------------------------|------------------|
| The Shillong Times | 13.02.2016 | English |
| The Shillong Times in Garo | 13.02.2016 | English |
| U Mawphor | 13.02.2016 | Khasi |
| Salantini Janera | 13.02.2016 | Garo |
| Chitylli | 13.02.2016 | Jaintia |

2. State Load Despatch Centre

The State Load Despatch Centre was established under Section 31 of Electricity Act, 2003 (therein after the Act). As per Order No. PER-I/135/92/Part/6 dated 28/06/04, the full fledged SLDC started operation in the year 2004, headed by an officer of the rank of a Superintending Engineer under the control of MeECL. Later, as per Notification No. MeECL/GA/302/2009/36 dt.20.06.2012, the SLDC was entrusted to Meghalaya Power Transmission Corporation Limited from 1st April, 2012. Further as per notification no. Power-79/2009/445 dated 18.06.2013, Government of Meghalaya has notified functional independence of SLDC to enable the ring fencing. The notification mandates that SLDC shall work as a strategic business unit under transmission licensee MePTCL. SLDC has opened a separate account in order to carry out commercial transactions.

The SLDC is the apex body to ensure integrated operation of the power system in the State of Meghalaya and to exercise the statutory functions as provided in section 32 of the Act. Under the said section the SLDC may also levy and collect fees and charges from the generating companies and licensees engaged in intra-state transmission of electricity as may be specified by the State Commission.

3. Statutory Requirements:

The Act requires the State Government to establish a separate SLDC for the purpose of a fair operation and control of intra-state grid. Under section 31, SLDC shall be operated by a Govt. Company/Authority/Corporation as maybe notified by the State Government. In the State of Meghalaya SLDC is maintaining the operation and monitoring of intra-state grid under the control of State Transmission Utility, that is, the MePTCL. However, the complete ring fencing of SLDC could not be achieved as per the Grish Pradhan Committee Report. The Commission advises the management

and the State Government to look into the matter and enforce the recommendations of the Committee so as to meet the requirements as laid down in New Tariff Policy, Renewable Energy Scheduling, enforcement of intra-state ABT and present market conditions.

4. Determination of ARR for Control Period FY 2015-16 to FY 2017-18

The determination of annual revenue requirement of the SLDC for Control Period FY 2015-16 to FY 2017-18 has already been done by the Commission vide its order dated 30.03.2015.

5. MSERC Regulations:

MSERC Regulation prescribes that the State Load Despatch Centre is responsible for scheduling and system operation in the State of Meghalaya incorporated under section 31 of the Act. All expenses incurred by the SLDC, shall be accounted for separately. For the discharge of its functions SLDC shall recover the expenses from the Generating Stations monitored and despatched by the SLDC and the Transmission Licensees. The SLDC charges to be recovered shall be determined taking into account the following expenses:

- a) Employee Cost
- b) Administration and general Charges
- c) Repairs and Maintenance Expenses
- d) Depreciation
- e) Interest and finance charges
- f) Interest on working capital, if any
- g) Return on equity/Investments
- h) Any other expenses incidental to discharging the functions of SLDC.

6. True up of SLDC charges for FY 2013-14

The Commission passed its order on determination of ARR for FY 2013-14 on 26.03.2015, the True up for FY 2013-14 has been filed under MSERC Tariff Regulations. The Petitioner has submitted the audited accounts for Transmission Business as MePTCL and SLDC are not segregated and their accounts are common. The following are the details of the actual expenditures segregated by the Petitioner and their comparison with the allowed expenditures.

Table 2: Details of expenditures incurred in FY 2013-14 (Rs. Crore)

| SI No | Items | Approved for FY 2013-14 | Actuals as per audited accounts |
|-------|--|-------------------------|---------------------------------|
| 1 | Employees cost | 0.92 | 1.04 |
| 2 | A & G costs | 0.15 | 0.10 |
| 3 | R & M cost | 0.82 | 0.78 |
| 4 | Depreciation | 0.0169 | 0.02 |
| 5 | Interest and Finance charges | 0 | 0 |
| 6 | Interest on working capital | 0.0524 | 0.05 |
| 7 | Return on equity | 0.0195 | 0.02 |
| 8 | Provision for creation of infrastructure | 1.0 | 0 |
| 9 | Total expenditures | 2.98 | 2.01 |
| 10 | Less Revenue from other income | 0.3552 | 0 |
| 11 | Net ARR | 2.62 | 2.01 |
| 12 | Revenue from Tariff | 2.62 | 2.62 |
| 13 | Net +surplus/ -deficit | | +0.61 |

Since, there is no segregation of accounts of SLDC, the Commission in this Order does not consider the change the ARR as allowed in the earlier Order and continues with same allowance. However, the Commission gives direction to the Licensee to account for the provision for creation of infrastructure fund and deposit the amount in a separate account. The Commission shall review the expenditures in the next tariff filing. Till such time, the ARR of Rs.2.62 Crore will continue. The Commission also directs the Licensee to prepare separate accounts for FY 2016-17.

7. True up of SLDC charges for FY 2014-15

The Commission passed its order on determination of ARR for FY 2014-15 on 10.04.2014. The True up for FY 2014-15 has been filed under MSERC Tariff Regulations. The Petitioner has submitted the audited accounts for Transmission Business as MePTCL and SLDC are not segregated and their accounts are common. The following are the details of the actual expenditures segregated by the Petitioner and their comparison with the allowed expenditures.

Table 3: Details of expenditures incurred in FY 2014-15 (Rs. Crore)

| SI No | Items | Approved for FY 2014-15 | Actuals as per accounts 2014-15 |
|-------|------------------------------|-------------------------|---------------------------------|
| 1 | Employees cost | 1.15 | 1.17 |
| 2 | A & G costs | 0.20 | 0.08 |
| 3 | R & M cost | 0.82 | 1.09 |
| 4 | Depreciation | 0.12 | 0.12 |
| 5 | Interest and Finance charges | 0 | 0 |
| 6 | Interest on working capital | 0.03 | 0.03 |
| 7 | Return on equity | 0.02 | 0.02 |

| SI No | Items | Approved for FY 2014-15 | Actuals as per accounts 2014-15 |
|-------|--|-------------------------|---------------------------------|
| 8 | Provision for creation of infrastructure | 0 | 0 |
| 9 | Total expenditures | 2.34 | 2.51 |
| 10 | Less Revenue from other income | 0 | 0 |
| 11 | Net ARR | 2.34 | 2.51 |
| 12 | Revenue from Tariff | 2.34 | 2.34 |
| 13 | Net +surplus/ -deficit | | -0.17 |

Since, there is no segregation of accounts of SLDC, the Commission as done for FY 2013-14, does not consider the change the ARR as allowed in the earlier Order and continues with same allowance. Since this is the provisional accounts, there is no sanctity of such figures. Till such time, the ARR of Rs.2.34 Crore will continue subject to the adjustments after final true up.

8. Annual Fixed Cost for FY 2016-17

Methodology and Determination of ARR for the FY 2016-17

MSERC Regulation prescribes that the State Load Despatch Centre is responsible for scheduling and system operation in the State of Meghalaya incorporated under section 31 of the Act. All expenses incurred by the SLDC, shall be accounted for separately. For the discharge of its functions SLDC shall recover the expenses from the Generating Stations monitored and despatched by the SLDC and the Transmission Licensees.

In the MYT Order for Control Period FY 2015-16 to FY 2017-18 the Commission has examined the actual expenditure, Revenue for FY 2014-15 and after checking the prudence of the expenditure, the Commission determined ARR for SLDC.

The following are the components of ARR.

9. O&M Expenses

After detailed examination of actual expenses for FY 2014-15, escalation of costs, the Commission has approved the following expenses under O&M for SLDC for FY 2016-17 in the MYT Order.

| Particulars | Amount (Rs. Cr) |
|---------------|-----------------|
| Employee Cost | 1.33 |
| A&G Expenses | 0.15 |
| R&M Expenses | 0.36 |
| Total | 1.84 |

10. Depreciation

In the MYT Order for Control Period for FY 2015-16 to FY 2017-18 the Commission approved Rs. 0.12 Crore towards Depreciation for FY 2016-17.

11. Return on Equity

In the MYT Order for Control Period for FY 2015-16 to FY 2017-18, the Commission has approved Rs. 0.02 Crore for FY 2016-17.

12. Interest on Working Capital

Commission has approved Rs. 0.02 Crore towards Interest on Working Capital for FY 2016-17 in the MYT Order for Control Period FY 2015-16 to FY 2017-18.

13. Annual Revenue Requirement

With the above approved costs and revenue as done in MYT Tariff Order shall continue which will meet out the full requirement of the SLDC as per their Letter dated 18.02.2016. The Commission does not want to change the ARR as per the proposal of the Licensee in order to strengthen the organization to cope up with modern techniques and trainings. The net ARR approved for FY 2016-17 is furnished in Table below:

Table 4: Annual Revenue Requirement approved by the Commission for the FY 2016-17 (Rs. Crore)

| S. No. | Particulars | FY 2016-17 |
|--------|---|-------------|
| 1 | Employee Cost | 1.33 |
| 2 | Administration & General Charges | 0.15 |
| 3 | Repairs and Maintenance Expenses | 0.36 |
| 4 | Depreciation | 0.12 |
| 5 | Interest and Finance Charges | - |
| 6 | Interest on Working Capital | 0.02 |
| 7 | Return on Investments/Equity | 0.02 |
| 8 | Total Revenue Requirement | 2.00 |
| 9 | Less other income | - |
| 10 | Net ARR | 2.0 |
| 11 | Amount Allocated to Generating Stations | 1.0 |
| 12 | Amount Allocated to Transmission Licensee | 1.0 |

14. Recovery of fixed charges:**Commission's Analysis**

The Commission directs SLDC to charge 50% of the approved ARR to MePGCL and MePTCL as indicated above. As far as charges to be recovered from open access

customers shall be as per the Commission's Regulations and orders issued from time to time.

15. Conclusion

With this Order, the Commission has allowed Annual Revenue Requirement for FY 2016-17 to SLDC on the basis of its efficient and prudent functions. Over and above the Annual Revenue Requirement, the Commission had also created a Special Reserve for meeting the objectives as set out by the "**Girish Pradhan Committee**" in making SLDC ring fenced and up gradation/modernization of load despatch centre. This fund is to utilize in technological innovations for managing real time data. The charges for SLDC for Open Access for the FY 2016-17 shall be as per the Commission's Orders and Regulations issued from time to time. The Commission expects the SLDC to complete this task in meeting the requirement of ring fencing in time and within approved budget.

Finally the Commission would like to appreciate the response from MePTCL/SLDC for submitting all required information to the Commission as and when required.

Sd/-
(ANAND KUMAR)
CHAIRMAN, MSERC