

**Delhi Electricity Regulatory Commission**  
**Viniyamak Bhawan, 'C' Block, Shivalik, Malviya Nagar, New Delhi – 17**

Ref. F.11(426)/2007-08/DERC/

**Petition No. 27/2008**

**In the matter of:      Annual Revenue Requirement (ARR) of SLDC for 2008-09.**

**AND**

**In the matter of:**

General Manager,  
State Load Dispatch Centre  
33kV Grid S/Station,  
SLDC Building, Minto Road,  
Behind Zakir Hussain College  
New Delhi-110002.

**...Petitioner**

**Vs.**

1. Chief Executive Officer,  
BSES Rajdhani Power Limited  
BSES Bhawan,  
Nehru Place,  
Delhi-110019.
2. Chief Executive Officer,  
BSES Yamuna Power Limited  
Shakti Kiran Building,  
Karkardooma,  
Delhi-110092.
3. Chief Executive Officer,  
North Delhi Power Limited,  
Sub-Station Building, Hudson Lines,  
Kingsway Camp, Delhi-110009
4. New Delhi Municipal Council  
Through its: **Secretary,**  
Palika Kendra, Sansad Marg,  
New Delhi-110001
5. CWE (Utilities)  
Military Engineering Services  
Delhi Cantt.  
New Delhi – 110 010
6. Managing Director  
Indraprastha Power Generation Company Ltd.,  
Himadari, Rajghat Power House,  
New Delhi-110002.
7. Managing Director  
Pragati Power Corporation Ltd. (PPCL),  
Himadari, Rajghat Power House,  
New Delhi-110002.

8. General Manger (Commercial)  
National Thermal Power Corporation  
NTPC, NCR Headquarter,  
Sector -24, Noida , UP-201301.
9. Delhi Transco Limited  
Through its: Chairman & Managing Director,  
Shakti Sadan, Kotla Road,  
New Delhi-110002.

...Respondents

**Coram:**

**Sh. Berjinder Singh, Chairman, Sh. K. Venugopal, Member &  
Sh. Shyam Wadhera, Member.**

Appearance:

1. Sh. A.K. Kaul, GM, SLDC
2. Sh. B.D. Prasad, G.M. Comm. DTL
3. Sh. Ved Prakash, A.M. (F), SLDC
4. Sh. Ashis Kr. Dutta, manager, NDPL
5. Sh. Anurag Bansal, HOG, Legal, NDPL
6. Sh. Amit K. Mishra, Asstt. Manager, BSES
7. Sh. Mukesh Dadhich, Sr. manager, BSES.

**ORDER**

(Date of Order: 14.09.2009)

1. The Petitioner, SLDC filed this Petition (No. 27/2008) for approval of Annual Revenue Requirement for FY 2008-09. SLDC prayed the following:-
  - i) Allow the ARR for the FY 2008-09.
  - ii) Pass any suitable order as deemed fit by the Commission.
2. The SLDC under Section 32 of the Electricity Act, 2003 has to discharge the following functions:-
  - (1) *The State Load Despatch Centre shall be the apex body to ensure integrated operation of the power system in a State.*
  - (2) *The State Load Despatch Centre shall –*
    - (a) *be responsible for optimum scheduling and despatch of electricity within a State, in accordance with the contracts entered into with the licensees or the generating companies operating in that 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.*

- (3) *The State Load Despatch Centre may levy and collect such fee and charges from the generating companies and licensees engaged in intra-State transmission of electricity as may be specified by the State Commission.*

3. Earlier SLDC was operated by DTL which was notified by the Govt. of NCT of Delhi as State Transmission Utility. The Commission in its order on the petition for approval of ARR and Multi Year Transmission Tariff for DTL for the year 2007-08 to 2010-11 has directed the DTL to file separate petition for determination of SLDC charges for the subsequent years including detail of actual expenses for the FY 2007-08.
4. Further the Commission has notified the Delhi Electricity Regulatory Commission (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2007 on 18.10.2007. Clause 43 of the said Regulations provides that the annual charges to be recovered by SLDC shall include the component of Return on Equity/Investment and also the following expenses:
  - (i) Employee cost;
  - (ii) Administrative and General Expenses;
  - (iii) Repairs and Maintenance Expenses;
  - (iv) Depreciation;
  - (v) Advance against Depreciation;
  - (vi) Interest and Finance Charges;
  - (vii) Interest on working capital, if any;
  - (viii) Any other expenses incidental to discharging the functions of SLDC as deemed appropriate by the Commission.
5. In view of the above SLDC has filed this petition for approval of ARR for FY 2008-09. Through this petition SLDC had claimed an amount of Rs. 1874.78 lacs towards ARR for the FY 2008-09.
6. The Commission heard this petition on 18.9.2008 and vide its order dated 30.9.2008 sought the additional information/details to determine the ARR in respect of SLDC. The SLDC was also directed to submit a detailed proposal for incentivising efficient working of SLDC.
7. The SLDC placed on record additional information sought by the Commission in reference to the staff strength of SLDC, employee cost, A&G expenses, R&M expenses, Depreciation, etc.

8. The Commission heard this matter again on 29.1.2009 wherein the SLDC was again directed to furnish some more information/details to enable the Commission to approve the ARR for FY 2008-09.

**9. EMPLOYEE COST**

**Staff Strength**

SLDC submitted that out of the sanctioned strength of 230 employees, the present working strength is 147 only. Accordingly, the net employee cost of Rs.1240.45 lacs was estimated for the FY 2008-09. The net employee cost for the FY 2006-07 at actuals expenses was stated to be Rs.475.58 lacs. However, for the FY 2007-08 an amount of Rs.563.84 lacs was estimated based on actual expenses for the first six months and provisional for the remaining six months. The sharp increase in the employee cost has been on account of 40% increase in salary expected on account of recommendations of the 6<sup>th</sup> Pay Commission which are to be given effect from 01.01.2006.

**TABLE - 1**

(Amount Rupees in Lacs)

<b>Particulars/FY</b>	<b>2006-07 (Actuals )</b>	<b>2007-08 (Actuals for 6 months and estimates for 6 months)</b>	<b>2008-09 (projections)</b>
Employee Cost	475.58	563.84	1240.45

SLDC further submitted that in order to justify the sanctioned employee strength with respect to the staff strength of other SLDC/NRLDCs. The details of employees strength of various SLDCs was collected. A comparative statement of which is appended below:-

**TABLE – 2**

<b>State</b>	<b>Staff pattern</b>	
Orissa	Executive – 51 Non-Executive – 55 Total – 106	
Maharashtra	Executive – 56 Non-Executive – 71 Total – 127	
Andhra Pradesh	Executive – 37 Non-Executive – 5 Total – 42	
Gujarat	Executive – 48 Non-Executive – 64 Total – 112	
NRLDC	Executive – 55 Non-Executive – 42 Total – 97	
Delhi	Existing Executive – 52 Non-Executive – 78 Total – 130	Petitioned Executive – 46 Non-Executive – 185 Total – 231

As per the recommendation of the Committee on Manpower Certification and incentives for System Operation and Ring Fencing Load Dispatch Centers set up under the Chairmanship of Gireesh B. Pradhan, Addl. Secretary, Ministry of Power, on 04.02.2008.	Executive – 65 Non-Executive – 50* Total – 115  *The Committee recommendations mention only Executives. As such the ratio of existing executive to non-executive in the present set up of NRLDC has been adopted for arriving at the non-executive requirement.
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SLDC further submitted that they shall endeavour to restrict the number of non-executives with re-deployment in DTL, which is at present also the State Transmission Utility and presently operating SLDC. Accordingly SLDC revised the staff strength from 147 as on 31.3.2008 to 130 as 30.9.2008. The revised employee cost is mentioned below:-

**TABLE - 3**

(Amount Rupees in Lacs)				
Particulars	2006-07 (Actuals)	Previous year (Actuals)	Actual for current year (Apr to Sep)	Estimate for 2008-09 with the existing staff strength
Employee cost	475.58	470.44	259.68	683.71
Less: Employee Expenses capitalized	--	--	--	--
Net Employee Cost	475.58	47.44	259.68	683.71

SLDC further submitted that it has not made any provision to make payment of arrears on account of implementation of revision of pay due to recommendation of 6<sup>th</sup> Pay Commission as the exact claim cannot be quantified. Further, the revised employee cost also includes a provision towards a new leave travel allowance facility extended to the employees by the SLDC in its order dated 28.8.2008.

**Commission's Analysis:**

The Commission observed that inspite of SLDC's submission that total staff strength would be reduced to 130 from 147 and SLDC shall further reduce the staff strength by another 20 employees from the C & D category but the SLDC kept the staff strength of 130 for the FY 2008-09. SLDC submitted that further reduction, if any, shall be considered in the next financial year. Thus, the Commission is of the view that the SLDC has not made any reduction in the current year as indicated by them and now it is a fait accompli.

Further, the SLDC has requested the Commission to approve the Employee Expenses of Rs.683.71 lacs. On examination of the break-up of the employee expenses, it was observed that the expenses on account of Salaries, Overtime,

Terminal benefits and Leave Travel Allowances appeared to be higher vis-à-vis the Actual expenses incurred on these Heads of expenditure for the period from April 2008 to December 2008. On being inquired by the Commission, the SLDC submitted that the amount estimated towards Salaries etc. is high as this amount includes the provisional amount of arrears on account of 6<sup>th</sup> Pay Commission recommendations @ 40%. The SLDC has also confirmed that till date no payment has been made on this account. The same shall be recovered by them through truing up mechanism. The SLDC submission that no provision of arrears has been kept as the exact quantum cannot be quantified now, was also not correct as the higher estimate of salary was later confirmed to include a margin of 40% towards 6<sup>th</sup> Pay Commission recommendations.

The Commission is of the view that the amount of salary be allowed without considering the impact on account of 6<sup>th</sup> Pay Commission recommendations since the SLDC has confirmed that no payment has been made till date on this account.

The SLDC further submitted that the sizeable increase in the payment against Leave Travel Allowance was due to the impact of the LTC Policy notified by the DTL on 28.8.2008. However, since the scheme is modified at par with the LTC Policy of Government of India, the anticipated expenses towards this expense would be Rs.2 lacs only. SLDC, subsequently confirmed that the expenditure incurred on LTC is Rs.2,146/- only in the FY 2008-09.

With regard to other allowance & Relief and Staff Welfare expenses, it was observed by the Commission that the proposed expenses are less than or Nil vis-à-vis the actual expenditure incurred for the period from April to December 2008. In such cases, the actual expenditure for the period from April to December 2008 is considered.

In view of the above, The Commission approves the following Employee Expenses of the SLDC for the FY 2008-09:

**TABLE - 4**

*(Amount Rupees in Lacs)*

<b>Particulars</b>	<b>Proposed</b>	<b>Commission Approved</b>
Employee Expenses	683.71	525.81

10. **A & G EXPENSES**

The A & G Expenses proposed by the SLDC for the FY 2006-07, 2007-08 and 2008-09 are as follows:

**TABLE - 5**

*(Amount Rupees in Lacs)*

<b>Particulars</b>	<b>2006-07 (Actuals )</b>	<b>2007-08 (Actuals for 6 months estimates for 6 months)</b>	<b>2008-09 (Projections)</b>
A & G Expenses	99.88	114.64	204.13

The reasons for abnormal hike in the A & G Expenses for the FY 2008-09 have been explained by the SLDC as follows:

- (i) The consultancy charges of Rs. 30 lacs are proposed looking into the criteria specified by the Commission in the Delhi Grid Code. The charges include consultancy charges to establish a backup SLDC in the next fiscal year and, to take care of expenses for development of related software and simulation for system configurations.
- (ii) Conveyance and vehicle hire charges have increased in consideration of the proposed increased in staff pattern as envisaged to run the SLDC as per the approval of Board of Directors of the DTL.

In response to the Commission's Order dated 30.09.2008, SLDC placed on record revised A&G Expenses as follows vide letter dated 14.11.2008:

**TABLE - 6**

*(Amount Rupees in Lacs)*

<b>Particulars</b>	<b>2006-07 (Actuals)</b>	<b>Previous year (Actuals)</b>	<b>Actuals for current year (Apr to Sep)</b>	<b>Estimate for 2008-09 with the existing staff strength</b>
	<b>2006-07</b>	<b>2007-08</b>	<b>2008-09</b>	<b>2008-09</b>
A&G Expenses	99.93	104.51	50.27	134.30

The SLDC justified phenomenal increase in respect of conveyance and vehicle hire charges, books and periodicals, advertisement expenses and water charges. The hiring charges of vehicles provided to SLDC were borne by DTL as per the centralised Order of DTL. Since only two months actual expenses has been transferred through IUT in SLDC, the provision of Rs.12.85 lacs is kept for the FY 2008-09. Similarly a provision of Rs.5 lacs is kept for the entire year for purchasing of books and periodicals, reference books in the over all interest of operating Engineers. SLDC further

submitted that since no bill is received from the Delhi Jal Board so far, a provision of Rs.2 lacs has been made towards water charges.

**Commission's Analysis**

The SLDC requested the Commission to approve the A&G Expenses of Rs.134.30 lacs. It was observed by the Commission that the estimates in respect of some of the Heads of expenditure of A&G expenses were disproportionately higher than the actual expenses for the 9 month period. Those components of A&G Expenses were discussed with the officers of the SLDC; and, in consideration of the actual expenses in respect of the heads, viz., Telephone charges, Postage, Telegram, Telex and Fax Charges, Conveyance & Vehicles Hire charges and Advertisement Expenses, SLDC revised the estimated expenditure to be Rs.10 lacs, Rs.8 lacs and Rs.6 lacs instead of Rs.12.60 lacs, 12.85 lacs and Rs.10 lacs respectively for the above heads. The A&G expenses have been considered accordingly.

In case of Consultancy charges, it was observed that the proposed expenses are Nil vis-à-vis the actual expenditure incurred for the period from April to December 2008. Accordingly, instead of proposed amount of Nil, the actual expenditure is considered.

**TABLE - 7**

(Amount Rupees in Lacs)

Particulars	Proposed	Commission approved
A&G Expenses	134.30	130.08

11. **REPAIR & MAINTENANCE EXPENSES**

In compliance with the Commission's Order dated 30.9.2008, the SLDC placed on record revised R & M Expense as mentioned below:

**TABLE - 8**

(Amount Rupees in Lacs)

Particulars	Year (2006-07)	Year (2007-08)	Current Year April'08 - Sept.'08	Estimates for Year (2008-09)
Consumption of Stores	0.00	0.00	0.00	0.00
Other O&M Expenses	144.08	96.14	102.46	235.75
<b>Total</b>	<b>144.08</b>	<b>96.14</b>	<b>102.46</b>	<b>235.75</b>

**Note:** During the year 2006-07, no expenditure is shown against repair & maintenance of buildings. However, for subsequent years cleaning, sweeping modification etc. has been separately accounted. From 2006-07, the expenditure incurred on this account has been accounted in the A/C head of Plant & Machinery and hence could not be separated.

The SLDC has justified the sharp increase on account of plants and machinery and cable and network for the year 2006-07 and 2007-08. The said expenses are as follows:

#### **A. Plants and Machinery**

These expenses mainly relate to AMC charge of SCADA EMS equipments, RTU and Auxiliary Power supply system under ULDC scheme which are being paid through PGCIL. During the year 2007-08, the amount was to the tune of Rs. 33.88 Lacs whereas the amount is estimated to be Rs. 70.00 lacs for the current year i.e. 2008-09. The AMC of RTU and SCADA EMS was awarded since October 2007. Hence, the amount reflected in previous year was for six months only.

#### **B. Cable and Network**

For the year 2006-07 the amount mainly relates to the AMC charges of communication wide band networks paid through PGCIL in ULDC scheme. However, for the year 2007-08 in addition to AMC charges of wideband network, there were major expenditure incurred towards rerouting of RTUs of ALDC Gazipur to bypass the ALDC in order to save the expenditure towards AMC of the ALDC and integration of new substations into existing network e.g. Geeta Colony, Papankalan-II and shifting of Communication equipments at Wazirabad from make shift Porta cabin to SCADA room. The re-routing of Gazipur S/Stn. Cost Rs. 2 lacs whereas the integration of new S/Stn. Cost is Rs. 15 Lacs. The procurement and repair of Data Cards necessary for Data Communication also cost about Rs. 10 lacs.

In the current year 2008-09, ALDC Bawana, Barnauli RTUs have been re-routed to by-pass the ALDC's for direct reporting to SLDC to save the expenditure in respect of the AMC of said ALDC's till September 2008. It is submitted that ALDC Gopalpur will be re-routed by December 08. The cost towards this project is estimated to be about Rs. 5 lacs. The existing Rajghat to IP PLCC link is planned to be upgraded to fiber optics for efficient trouble free data transfer, which will cost approximately 20 lacs. Fiber optics equipments Gazipur to Patparganj link are to be upgraded as the existing terminal equipments are outdated and the spares are not available. The cost of the equipment is estimated to be about Rs. 25 lacs. The work is already in progress and expected to be completed within this Financial Year. The existing Microwave link between SLDC Minto Road to Gazipur is also planned to be replaced with higher speed 5.7 GHz. Link. The cost is about Rs. 8 lacs. The work is also in progress. During the current year about Rs. 40 lacs to be paid to PGCIL who raised the bill in respect of repair of wideband network cards which were not covered under existing AMC. The AMC of OPGW has also been started in the current year for which about Rs. 15 lacs is required to be paid to PGCIL. The payment is being done on quarterly basis.

Accordingly, the total cost towards Cable and Networks during the current financial year is estimated to be about Rs. 140 lacs against the cost of Rs. 41 lacs for the previous financial year.

**C. Office Equipments**

So far as the other office equipments expenses are concerned, the main expenditure is in respect of maintenance charges of centralized AC plant which is also a part of assets under ULDC scheme.

SLDC further clarified that as per the order of CERC the equipment under ULDC scheme would be handed over to States after the recovery of capital cost at nominal value after 2017 i.e. 15 years after CoD. For maintenance of trouble free data transfer, the AMC which is essential for System Operation activities, the AMC charges and other improvement works not envisaged in ULDC scheme are required to be undertaken by SLDC and the charges are being paid under other O & M Expenses.

**Commission's Analysis**

It is observed by the Commission that an amount of Rs.27 lacs is explained to be an expenditure incurred for the FY 2007-08, whereas it is considered under the expenses of FY 2008-09. On the query of the Commission, it is clarified that the amount of R&M expenses can be considered by the Commission excluding Rs.27 lacs explained for the FY 2007-08. Accordingly, the R&M expenses are determined by deducting Rs. 27 lacs on account of expenditure of FY 2007-08 from the proposed expenses of Rs.235.75 lacs. The Commission hereby approves the following expenses towards the R&M Expenses of the SLDC for the FY 2008-09 after making adjustment for the above stated expense:

**TABLE - 9**

(Amount Rupees in Lacs)

Particulars	Proposed	Commission approved
R&M Expenses	235.75	208.75

12. **DEPRECIATION**

The SLDC has furnished the depreciation (on assets considered by the Commission for SLDC in the Tariff Order for DTL) as follows:

**TABLE - 10**

(Amount Rupees in Lacs)

Particulars	2006-07 (Actuals )	2007-08 (Actuals for 6 months estimates for 6 months)	2008-09 (Projections)
Depreciation	6.95	8.29	9.75

The above depreciation is computed at the rates as per the Company Act 1956. However, the depreciation is not claimed as the entire amount of expenditure on the capital assets is being claimed as revenue expenditure.

The SLDC further submitted that there is no requirement against the items given below:

- (i) Advance against depreciation
- (ii) Interest and finance charges
- (iii) Interest on working capital

In compliance with the Commission's Order dated 30.09.2008, SLDC furnished the details of the assets since inception and the revised Depreciation Expenses as follows:

**TABLE - 11**

*(Amount Rupees in Lacs)*

<b>Particulars</b>	<b>Year (2006-07)</b>	<b>Year (2007-08)</b>	<b>Current Year (2008-09)</b>
Depreciation	7.95	8.26	11.21

#### **Commission's Analysis**

The SLDC has not claimed any amount towards the Depreciation for the FY 2008-09 as the entire amount of expenditure on Capital assets is being claimed as Revenue expenditure. However on perusal of the detail of assets furnished by SLDC, it was observed that there is a block of assets which has existed since the FY 2005-06; and, which has also been bifurcated in the MYT Transmission Order, 2008-11 of the DTL to be the assets of the SLDC as on 1<sup>st</sup> April 2007.

The Commission is of the view that ideally the Capital expenditure incurred by the SLDC every year should result in creation/addition of assets and allowance of Depreciation thereon so that in future a reserve is created for replenishment of such assets. This also ensures the physical availability of the assets with the SLDC. However the SLDC has claimed the entire capital expenditure as a part of the 'other expenses' for the FY 2007-08 and 2008-09.

Further, the Commission approves the Capital Expenditure incurred in the FY 2007-08 and FY 2008-09 under the head "Other Expense" as revenue expenditure. However a list of fixed assets be maintained and all Capital Expenditure be booked to Capital Accounts from the next financial year. Accordingly the Commission does not approve any depreciation on the additions of assets in these two years. The Commission also approves Depreciation on the Gross fixed assets (to the tune of Rs.54.22 lacs) existing as on 1 April 2007 in the ARR of FY 2008-09 at the Depreciation rates as per the MYT

Transmission Regulations. The amount per annum on such assets comes to Rs.4.34 lacs per annum.

13. **OTHER EXPENSES**

In compliance with the Commission's Order dated 30.9.2008, SLDC furnished the following additional information in regard to other expenses:

**TABLE - 12**

(Amount Rupees in Lacs)

S. No.	Particulars of Expenses	Previous Year (Actuals) 2006-07	Current Year (Actuals after first six months and estimates for the balance period) 2007-08	Estimates for Ensuring year 2008-09
1.	Computer	3.77	3.00	5.00
2.	Furniture	14.02	25.00	15.00
3.	Office Equipments	5.37	5.00	5.00
4.	SCADA & PLCC	17.70	21.00	21.10
5.	Small Value Assets	0.74	2.00	2.00
6.	Communication	0.00	1.00	1.00
7.	Vehicle	5.02	0.00	0.00
8.	Other Bank Charges + FBT etc.	0.05	102.68	203.00
<b>TOTAL</b>		<b>46.67</b>	<b>159.68</b>	<b>252.10</b>

The reasons for sharp increase in the 'other expenses' have been stated to be the software package for Rs. 73 lacs for Intra-state ABT and a requirement of Rs. 27 lacs for hardware support for uploading the schedules in SLDC website on real time basis.

An amount of Rs. 200 lacs is proposed to be earmarked for the FY 2008-09 for creation of back up SLDC. The present SLDC is operating under the ULDC scheme and with passage of time the system has become old and creating problems. Hence, in case of collapse of the present SLDC system there is no backup available which is essential for safe, secure and economic operations of the integrated grid system.

Though the provision for expenses on account of backup SLDC has been kept, no expenditure is incurred so far and is expected to be incurred next year. The SLDC has developed in-house software for dealing the Intra state ABT operations, was put in use since July 2008. Hence the cost towards development of software demanded by PGCIL is no more required.

### **Commission's Analysis**

The SLDC has claimed an amount of Rs. 252 lacs towards Other Expenses for the FY 2008-09. The heads of expenditure includes Computer, Furniture, Office Equipments, SCADA & PLCC, small value assets, communication, vehicle and Others, which includes Bank charges and FBT. It was informed that the expenditure of Rs.200 lacs provided under the head "Others" on account of SCADA & PLCC shall be incurred next year. They have also informed that till December 2008, the amount incurred towards SCADA & PLCC is Rs.3.58 lacs, which too was incurred at the beginning of the year and no additional expenditure shall be incurred on this account in the FY 2008-09.

Accordingly, the Commission approves an amount of Rs. 34.58 lacs after making the above stated adjustments towards the Other Expenses for the FY 2008-09.

#### 14. **OTHER INCOME**

The Commission observed that the SLDC has not considered "Other Income" as per Delhi Electricity Regulatory Commission (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2007. SLDC was advised that the details of Other Income, if any, may be placed before the Commission. The SLDC placed on record details pertaining to other Income which indicates an income of Rs.125 lacs for the FY 2008-09 towards scheduling charges of Short Term Open Access, Application charges for Inter-State Open Access transactions which are directly received by the SLDC from the Open Access Customers. The Registration fee of Rs.1 lac is not considered as income by the SLDC as the same was not paid by the MES till the time records were placed before the Commission. The Commission will decide the manner of utilization of other Income of SLDC separately.

The summary of ARR for 2008-09 as proposed by SLDC and as approved by the Commission is indicated in **Table-13**.

**TABLE - 13**

*(Amount - Rupees in lacs)*

<b>Particulars</b>	<b>Proposed by the SLDC</b>	<b>Approved by the Commission</b>
Employee Cost	683.71	525.81
Administration Expenses	134.30	130.08
Repair & Maintenance Expenses	235.75	208.75
Depreciation	11.21	4.34
Advance against Depreciation	0.00	0.00
Interest & Finance charges	0.00	0.00
Interest on Working Capital	0.00	0.00

Other Expenses	252.00	34.58
Prior Period Adjustments	0.00	0.00
Total Revenue Requirements	1316.97	903.56
Add Return on Investment/Capital	0.00	0.00
Less Other Income (Fee etc.)	0.00	0.00
Less Interest & Other Expenses Capitalised	0.00	0.00
<b>Net Annual Revenue Requirements</b>	<b>1316.97</b>	<b>903.56</b>

15. **REBATE**

SLDC submitted that the beneficiaries deduct 2% rebate on the bills raised by the SLDC on the plea that the draft BPTA to be executed with DTL by the beneficiaries provides:

*"that Payment of bills of transmission charges shall be made by NDMC through a letter of credit on presentation for which a rebate of 2 % shall be allowed. If the payment is made by any other mode (such as through EFT/ECS/RTGS/Demand Draft/Pay Order/A/c Payee Cheque etc.) but within a period of one month of presentation of bills by the Transmission Licensee, a rebate of 1 % shall be allowed. However actual receipt of payment in DTL's account would be considered as the date of payment through Cheque /DD etc. Further in case Beneficiary opts any of these mode of payment other then LC mode, even then Beneficiary would be required to furnish LC of the required amount as payment security mechanism (PSM) as detailed in various articles of this agreement.*

*In absence of LC of required amount for more than 7 (seven) days (as per clause A.5.1(f) of this agreement) during the month, the rebate as mentioned under Art A.4 (c) shall be disallowed for any bill/payment made during that month. "*

In the draft BPTA 1% rebate on Presentation of the bill is mentioned but it is not known why 2 % rebate is deducted.

SLDC further submitted that since the revenue requirement of SLDC is to be borne by the beneficiaries in full, therefore, no rebate should be deducted. As such the Commission is requested not to allow any rebate on the bills raised by SLDC.

**Commission's Analysis**

The Commission is of the considered view that the ARR of the SLDC is the reimbursement of the amount actually spent and therefore, the question of deduction of any rebate does not arise. The DERC (Levy and Collection of Fee and Charges by State Load Despatch Centre) Regulations, 2007 also does not contain any provision regarding rebate on reimbursement of expenses of the SLDC. It is not out of place to mention here that rebate is being deducted only by the NDPL, BRPL and BYPL. The Commission, therefore, directs that payment of bills raised by the SLDC shall be made strictly in accordance with the SLDC Regulations and no rebate on such bills shall be deducted by the Discoms.

16. **PROPOSAL FOR INCENTIVIZING EFFICIENT WORKING OF SLDC**

The SLDC has informed that the Committee on Man Power Certifications and Incentives for System Operation and ring fencing of Load dispatch Centers has recommended for incentivization of Load Despatch Centers by treating the same at par with Air Traffic Control (ATC) under mission control activities. The Govt. of India, Ministry of Power has also appointed the task force for implementation of each and every recommendation of the Committee. The Govt. of Delhi has also under taken in the meeting Chaired by Secretary (Power), Gol on 07.10.2008 convened specially for the purpose for drawing out action plan in respect of implementation of the recommendation of the Committee that the recommendations of the Committee would be implemented in Delhi in letter and spirit.

17. **TRUE-UP FOR THE F.Y. 2007-08**

As per the provisional tariff order for DTL dated 09.05.2007, the Commission has approved Rs.190.44 crores as provisional Annual Transmission charges for the FY 2007-08. The provisional tariff order also stipulated that the DTL shall bifurcate the total expenses into Wheeling charges and SLDC charges, which was done by DTL as Rs.178.4232 crores per annum as provisional wheeling charges and Rs.12.068 crores per annum as SLDC charges for the FY 2007-08.

The Commission has approved the following SLDC charges in the MYT Transmission Order for the FY 2007-08. The Commission has also directed the DTL to file a separate petition for determination of SLDC charges for the subsequent years, including details of actual expenses for the FY 2007-08. The actual SLDC charges submitted by the SLDC are also mentioned below opposite the column “Approved in the MYT Order”:

**TABLE - 14**

*(Amount- Rupees in Lacs)*

<b>Particulars</b>	<b>Approved in the MYT Order</b>	<b>Actual Expenses</b>
Employee expenses	495	470.44
A&G Expenses	151	104.51
R&M Expenses	104	96.14
Depreciation	4	8.29
Other expenses	0	27.11
Prior period expenses	0	4.06
<b>Total Revenue Requirements</b>	<b>755</b>	<b>710.55</b>

**Commission’s Analysis**

The SLDC has submitted the actual expenditure for the FY 2007-08. However, the accounts on the basis of which the information is submitted are not audited. On

being enquired, SLDC informed that only DTL accounts are audited. The accounts of SLDC as segregated from DTL are also reportedly not placed before the Board for information/comments and approval. In the absence of such an authentication of the amount of expenditure proposed to be spent as actual, the accuracy of the figures cannot be established.

The Commission is of the view that the purpose for which true up exercise is done fails, if the audited accounts do not exist for true up of the figures. Further, if the accounts of the DTL are audited as a whole, the Audit Report must mention about the amount attributable towards SLDC, head-wise. This being the first year, the Commission approves the figures submitted by the SLDC for True-up of FY 2007-08. From the year 2008-09, the SLDC is directed to file true up petition along with the audited accounts.

Accordingly, against the claimed ARR of Rs.710.55 lacs as submitted by the SLDC for the FY 2007-08, ARR of Rs.706.50 lacs is arrived at as indicated in **Table - 15**.

**TABLE - 15**

(Amount - Rupees in lacs)

Particulars	Actuals 2007-08	Commission approved
Employee Cost	470.44	470.44
Administration Expenses	104.51	104.51
Repair & Maintenance Expenses	96.14	96.14
Depreciation	8.29	4.34
Advance against Depreciation	0.00	0.00
Interest & Finance charges	0.00	0.00
Interest on Working Capital	0.00	0.00
Other Expenses	27.11	27.01
Prior Period Adjustments	4.06	4.06
Total Revenue Requirements	710.55	706.50
Add Return on Investment/Capital		
Less Other Income (Fee etc.)	0.00	0.00
Less Interest & Other Expenses Capitalised	0.00	0.00
<b>Net Annual Revenue Requirements</b>	<b>710.55</b>	<b>706.50</b>

Sd/-  
(Shyam Wadhera)  
MEMBER

Sd/-  
(K. Venugopal)  
MEMBER

Sd/-  
(Berjinder Singh)  
CHAIRMAN