



**ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)**

TARIFF ORDER

March 29, 2023

**TRUE-UP FOR FY 2021-22, APR FOR FY
2022-23 & revised ARR FOR FY 2023-24**

And

SLDC charges for FY 2023-24

State Load Despatch Centre (SLDC)

Petition No. 19/2022

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List of Abbreviations

A&G	Administrative and General
ABITA	Assam Branch of Indian Tea Association
ADB	Asian Development Bank
AEGCL	Assam Electricity Grid Corporation Limited
AERC	Assam Electricity Regulatory Commission
APDCL	Assam Power Distribution Company Limited
APGCL	Assam Power Generation Corporation Limited
APTEL	Appellate Tribunal for Electricity
ARR	Aggregate Revenue Requirement
AS	Accounting Standards
ASEB	Assam State Electricity Board
BST	Bulk Supply Tariff
CAG/C&AG	Comptroller and Auditor General
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPC	Central Pay Commission
CPI	Consumer Price Index
CSGS	Central Sector Generating Stations
CTU	Central Transmission Utility
CWIP	Capital Work-In-Progress
DA	Dearness Allowance
DISCOM	Distribution Company
EAP	Externally Aided Projects
EPFI	Employees' Pension Fund Investment
FAR	Fixed Asset Register
FCC	Financial Completion Certificate
FINER	Federation of Industry and Commerce of North Eastern Region
FIRR	Financial Internal Rate of Return
GFA	Gross Fixed Assets
GoA	Government of Assam
GPF	General Provident Fund
H1	First Half of the year

H2	Second Half of the year
HRA	House Rent Allowance
IWC/loWC	Interest on Working Capital
kW	kilo Watt
kWh	kilo Watt Hour
LTA	Leave Travel Allowance
MCA	Ministry of Corporate Affairs
MU	Million Units
MW	Mega Watt
MYT	Multi Year Tariff
NERLDC	North Eastern Region Load Despatch Centre
NTPC	NTPC Ltd.
O&M	Operation and Maintenance
PGCIL	Power Grid Corporation of India Limited
PoC	Point of Connection
R&M	Repairs and Maintenance
RoE	Return on Equity
ROI	Rate of Interest
RLDC	Regional Load Despatch Centre
ROP	Revision of Pay
SAC	State Advisory Committee
SBI	State Bank of India
SLDC	State Load Despatch Centre
SLM	Straight Line Method
STOA	Short Term Open Access
STU	State Transmission Utility
TSC	Transmission Service Charges
TVS	Technical Validation Session
WPI	Wholesale Price Index

ASSAM ELECTRICITY REGULATORY COMMISSION

Guwahati

Present

Shri K. S. Krishna, Chairperson

Shri S. N. Kalita, Member

Shri A. Bhattacharyya, Member

Petition No. 19/2022

Assam Electricity Grid Corporation Limited (AEGCL) - **Petitioner**

ORDER

(Passed on March 29, 2023)

- (1) Assam Electricity Grid Corporation Ltd. (AEGCL) filed Petitions for approval of Truing up for FY 2021-22, Annual Performance Review (APR) for FY 2022-23 and revised ARR for FY 2023-24 and determination of SLDC charges for FY 2023-24 for State Load Despatch Centre (SLDC) on November 30, 2022. The same was registered as Petition No. 19/2022.
- (2) The Commission observed that there were few inconsistencies in the Petition. The Commission raised queries in order to clarify the discrepancies, inconsistencies, and data gaps. The Commission sought additional data and clarifications on the Petition vide letter dated December 14, 2022.
- (3) The Commission held an Admissibility Hearing on December 15, 2022 and admitted the Petition (Petition No.19/2022) vide Order dated December 17, 2022 with direction to furnish the additional data and clarifications, as sought vide letter dated December

14, 2022, by December 30, 2022.

- (4) On admission of the Petition (Petition No.19/2022), in accordance with Section 64 of the Electricity Act, 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to facilitate due public participation.
- (5) Accordingly, a Public Notice was issued by the AEGCL inviting objections/suggestions from respondents to be submitted on or before January 21, 2023. The abridged form of the petition and short notice for SLDC was published in seven (7) leading newspapers of the State, as shown in the Table below:

Sl No	Name of Newspaper	Date
1	The Assam Tribune	20.12.2022
2	Amar Asom	21.12.2022
3	Dainik Assam	21.12.2022
4	Dainik Jugasankha	21.12.2022
5	Purbanchal Prahari	21.12.2022
6	Bodosa (Bodo)	23.12.2022
7	Thekar (Karbi)	23.12.2022

- (6) A copy of the Petition and other relevant documents were also directed to be made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL and office of SLDC. A copy of the Petition was also made available on the websites of the Commission and SLDC.
- (7) In response to the Commission's letter dated December 14, 2022, AEGCL submitted their replies to data gaps on December 30, 2022.
- (8) A Technical Validation Session (TVS) was also held on January 11, 2023 at the conference room of the Commission.
- (9) The Petitions were also discussed in the 31st meeting of the State Advisory Committee (SAC) (constituted under Section 87 of the Electricity Act, 2003) held on January 30, 2022 at Bidyut Niyamak Bhawan, Six Mile, Guwahati.

- (10) The Commission received suggestions/objections from one (1) stakeholder on the Petition filed by AEGCL for SLDC. Petitioner was asked to submit its responses to the submissions of the stakeholder. The stakeholder was notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A notice was also published in Newspapers inviting participation from the general public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 28,2023 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petition. The details are discussed in Chapters attached to this Order.
- (11) The Commission, now in exercise of its powers and functions vested under Sections 61, 62, 86 and 181 of the Electricity Act, 2003 and all other powers enabling it in this behalf and taking into consideration the submissions made by the Petitioner, objections and suggestions received from stakeholders and all other relevant materials on record, has approved the Truing up for FY 2021-22, APR for FY 2022-23, revised ARR for FY 2023-24 and Charges for FY 2023-24 for SLDC as detailed in Chapters attached to this Order.
- (12) The Commission directs AEGCL to publish a Public Notice intimating the SLDC Charges before the implementation of this Order, in English and Vernacular newspapers and on the website of AEGCL and SLDC.
- (13) The approved SLDC Charges shall be effective from April 1, 2023 and shall continue until replaced by any subsequent Order of the Commission.
- (14) Accordingly, the Petition Nos. 19/2022 stands disposed of.

Sd/-
(A. Bhattacharyya)
Member, AERC

Sd/-
(S.N. Kalita)
Member, AERC

Sd/-
(K. S. Krishna)
Chairperson, AERC

1 INTRODUCTION

1.1 Constitution of the Commission

1.1.1 The Assam Electricity Regulatory Commission (hereinafter referred to as the AERC or the Commission) was established under the Electricity Regulatory Commissions Act, 1998 (14 of 1998) on February 28, 2001. The first proviso of Section 82(1) of the Electricity Act, 2003 (hereinafter referred as the Act or the EA 2003) has ensured continuity of the Commission under the Electricity Act, 2003.

1.1.2 The Commission is mandated to exercise its powers and functions vested under Sections 61, 62, 86 and 181 of the EA 2003 and all other powers enabling it in this behalf, to determine the ARR and Charges of the State Load Despatch Centre (SLDC).

1.2 Tariff related Functions of the Commission

1.2.1 Under Section 86 of the Act, the Commission has the following tariff related functions:

- a) To determine the tariff for electricity, wholesale, bulk or retail, as the case may be;
- b) To regulate power purchase and procurement process of the distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
- c) To promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.2.2 Under Section 61 of the Act in the determination of tariffs, the Commission is to be guided by the following:

- a) The principles and methodologies specified by the Central Commission for determination of the tariff applicable to generating companies and transmission licensees;
- b) The electricity generation, transmission, distribution and supply are conducted on commercial principles;
- c) Factors that would encourage efficiency, economical use of the resources, good performance, optimum investments, and other matters which the State Commission considers appropriate for the purpose of this Act;

- d) The interests of the consumers are safeguarded and at the same time, the consumers pay for the use of electricity in a reasonable manner based on the cost of supply;
- e) The tariff progressively reflects the cost of supply of electricity at an adequate and improving level of efficiency and also gradually reduces cross subsidies;
- f) The National Power Plans formulated by the Central Government including the National Electricity Policy and Tariff Policy.

1.3 Background

1.3.1 AEGCL is the successor corporate entity of erstwhile ASEB formed pursuant to the notification of the Government of Assam, notified under sub-sections (1), (2), (5), (6) and (7) of Section 131 and Section 133 of the EA 2003 (Central Act 36 of 2003), for the purpose of transfer and vesting of functions, properties, interests, rights, obligations and liabilities, along with the transfer of personnel of the Board to successor entities.

1.3.2 AEGCL own and operates the transmission system previously owned by Assam State Electricity Board (ASEB). AEGCL has started functioning as a separate entity from December 10, 2004.

1.3.3 The State Load Despatch Centre (SLDC) is the apex body constituted vide Section 31 of the EA 2003 and complies with the directions stipulated in Section 33 to ensure integrated operation of the power system in the State of Assam. SLDC, Assam was established in the year 1983 and is located at Kahilipara, Guwahati. SLDC, Assam is presently being operated by AEGCL.

1.3.4 The Commission vide Tariff Order dated 1st March 2019 had directed AEGCL to file separate Aggregate Revenue Requirement Petition for SLDC from FY 2019-20 onwards. Hence, in accordance with the aforesaid directive, a separate ARR Petition is being filed by SLDC from FY 2019-20 onwards.

1.4 Multi Year Tariff Regulations, 2018

1.4.1 The Commission, in exercise of the powers conferred under Section 61 read with Section 181(2) (zd) of the Act, notified the AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2018 (herein after referred as "MYT Regulations, 2018") on July 17, 2018. These Regulations are applicable for Truing up

for Generation, Transmission, SLDC, Wheeling and Retail Supply for the Control Period of three financial years from April 1, 2019 onwards up to March 31, 2022.

1.4.2 Regulation 4.2 of the MYT Regulations, 2018 specifies the MYT framework as reproduced below:

“4.2 The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Companies, Transmission Licensee, SLDC, Distribution Wheeling Business and Retail Supply Business:

...

(vi) Annual Performance review vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors beyond the control of the applicant (uncontrollable items) shall be undertaken by the Commission;

(vii) True up of the past years based on audited annual accounts of the licensees and the Generation companies.

(viii) The mechanism for pass-through of approved gains or losses on account of uncontrollable items as specified by the Commission in these Regulations;

(ix) The mechanism for sharing of approved gains or losses arising out of controllable items as specified by the Commission in these Regulations;

(x) Tariff determination for Generating Companies, SLDC, Transmission Licensee and Distribution Wheeling Business and Retail Supply Business, for each financial year within the Control period based on the approved forecast. The tariff shall be reviewed at the time of the true-up and annual performance review.

(xi) There will be no true-up of the controllable items except on account of Force Majeure events or on account of variations attributable to uncontrollable items. The variations in the controllable items, as defined in regulation 10, over and above the norms specified will be governed by incentive and penalty framework specified in these regulations.

...”

1.5 Multi Year Tariff Regulations, 2021

1.5.1 The Commission, in exercise of the powers conferred under Section 61 read with Section 181(2) (zd) of the Act, notified the AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2021 (herein after referred as “MYT Regulations, 2021”) on July 22, 2021. These Regulations are applicable for Annual Performance Review (APR) and Aggregate Revenue Requirement (ARR) and determination of Tariff for Generation, Transmission, SLDC, Wheeling and Retail Supply for the Control Period of three financial years from April 1, 2022 onwards up to March 31, 2025. These Regulations are applicable to all existing and future Generating Companies, Transmission Licensees and Distribution Licensees within the State of Assam.

1.5.2 Regulation 4.2 of the MYT Regulations, 2021, specifies the MYT framework, as reproduced below:

“4.2 The Multi-Year Tariff framework shall be based on the following elements, for calculation of Aggregate Revenue Requirement and expected revenue from tariff and charges for Generating Companies, Transmission Licensee, SLDC, Distribution Wheeling Business and Retail Supply Business:

...

(vi) Annual Performance review vis-à-vis the approved forecast and categorization of variation in performance as those caused by factors beyond the control of the applicant (uncontrollable items) shall be undertaken by the Commission;

(vii) True up of the past years based on audited annual accounts of the licensees and the Generation companies.

(viii) The mechanism for pass-through of approved gains or losses on account of uncontrollable items as specified by the Commission in these Regulations;

(ix) The mechanism for sharing of approved gains or losses arising out of controllable items as specified by the Commission in these Regulations;

(x) Tariff determination for Generating Companies, SLDC, Transmission Licensee and Distribution Wheeling Business and Retail Supply Business, for each financial year within the Control period based on the approved forecast. The tariff shall be reviewed

at the time of the true-up and annual performance review.

(xi) There will be no true-up of the controllable items except on account of Force Majeure events or on account of variations attributable to uncontrollable items. The variations in the controllable items, as defined in regulation 10, over and above the norms specified will be governed by incentive and penalty framework specified in these regulations.

(xii) The tariff determined by the Commission and the directions given in the MYT order shall be the quid pro quo and mutually inclusive. The tariff determined shall, within the time period specified in the order, be subject to the compliance of the directions by the generating company and the licensees to the satisfaction of the Commission. Non-compliance of directions given in the tariff order may also lead to invocation of the provisions of section 142 of the Act.

(xiii) The tariff determined by the Commission shall continue to operate till it is modified or revised by the Commission.”

1.6 Procedural History

1.6.1 In accordance with Regulation 18 of the MYT Regulations, 2021, AEGCL is required to file an application for true-up for previous year, i.e., FY 2021-22, APR of current year, i.e., 2022-23, and revised ARR and SLDC charges for ensuing year, i.e., FY 2023-24, by 30th November of each year of the Control Period. AEGCL filed the Petition for approval of Truing up for FY 2021-22 for SLDC as per MYT Regulations, 2018 and APR for FY 2022-23, revised ARR for FY 2023-24 and Charges for SLDC as per MYT Regulations, 2021, on November 30, 2022. The same was registered as Petition No. 19/2022.

1.6.2 The Commission observed that there were few inconsistencies in the Petition. The Commission raised queries in order to clarify the discrepancies, inconsistencies, and data gaps. The Commission sought additional data and clarifications on the Petition vide letter dated December 14, 2022.

1.6.3 The Commission held an Admissibility Hearing on December 15, 2022 and admitted the Petition (Petition No 19/2022) vide Order dated December 17, 2022 with direction to furnish the additional data and clarifications, as sought vide letter dated December 14, 2022.

1.6.4 On admission of the Petition (Petition No. 19/2022), in accordance with Section 64 of

the Electricity Act 2003, the Commission directed AEGCL to publish a summary of the ARR and Tariff filings in local dailies to facilitate due public participation.

1.6.5 Further, AEGCL was directed to publish advertisement in few other newspapers stating that the copy of the Petition is made available on their website. A copy of the Petition and other relevant documents were also directed to be made available to the consumers and other interested Parties at the office of the Managing Director of AEGCL, offices of the Deputy General Manager of each circle of AEGCL and office of SLDC. A copy of the Petition was also made available on the websites of the Commission and SLDC.

1.6.6 Accordingly, Public Notice was issued by the AEGCL inviting objections/suggestions from respondents to be submitted on or before January 21, 2023. The abridged form of the petition and short notice for SLDC was published in seven(7) leading newspapers of the State, as shown in the Table below

SI No	Name of Newspaper	Date
1	The Assam Tribune	20.12.2022
2	Amar Asom	21.12.2022
3	Dainik Assam	21.12.2022
4	Dainik Jugasankha	21.12.2022
5	Purbanchal Prahari	21.12.2022
6	Bodosa (Bodo)	23.12.2022
7	Thekar (Karbi)	23.12.2022

1.6.7 In response to the Commission's letter dated December 14, 2022, AEGCL submitted their replies to data gaps on December 30, 2022.

1.6.8 The Commission received suggestions/objections from one (1) stakeholder on the Petitions filed by AEGCL for SLDC. Petitioner was asked to submit its responses to the submissions of the stakeholders. The stakeholders were notified about the place, date and time of Hearing, to enable them to take part in the Hearing. A Newspaper notice was also published inviting participation from the general public as well as the Respondents. The Hearing was held at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 28, 2023 as scheduled. All stakeholders/respondents who participated in the Hearing were given the opportunity to express their views on the Petition.

1.6.9 All the written representations submitted to the Commission and oral submissions made before the Commission in the Hearing and the responses of SLDC have been carefully considered while issuing this Tariff Order. The major issues raised by different consumers and consumer groups along with the response of SLDC, and views of the Commission are elaborated in **Chapter 3** of this Order.

1.7 State Advisory Committee Meeting

1.7.1 A meeting of the State Advisory Committee (SAC) was convened on January 30, 2023 at Bidyut Niyamak Bhawan, Six Mile, Guwahati, and Members were briefed on the Petition of SLDC. The Minutes of the 31st SAC Meeting are appended to this Order as **Annexure 1**.

2 Summary of SLDC's Petition

2.1 Background

2.1.1 SLDC submitted the Petition on November 30, 2022 seeking approval for Truing up for FY 2021-22, Annual Performance Review (APR) for FY 2022-23 and ARR for FY 2023-24 for SLDC. The SLDC Charges are to be recovered from the Assam Power Distribution Company Limited (APDCL), IPPs and other generators, traders and others who utilize the transmission system.

2.2 True-up for FY 2021-22

2.2.1 SLDC submitted True-up for FY 2021-22 based on the audited accounts. The summary of ARR and Revenue Gap/(Surplus) claimed by SLDC for FY 2021-22 is shown in the following Table:

Table 1: True-up for FY 2021-22 (Rs. Crore)

Sl.No.	Particulars	Approved in Order dt 15.02.2021	SLDC Submission
1	O&M Expenses	6.94	5.83
A	Employee Cost	6.07	4.96
B	R&M Expenses	0.43	0.47
C	A&G Expenses	0.34	0.34
2	Training Expenses	0.10	0.06
3	Depreciation	0.10	0.09
4	Interest & Finance Charges	0.12	0.07
5	Interest on Working Capital	0.30	0.24
6	Return on Equity	0.00	-
7	Less: Non-Tariff Income/ Other Income	0.10	0.14
8	Aggregate Revenue Requirement	7.36	6.09
9	Add: Sharing of (Gains)/Loss	-	0.39
10	Aggregate Revenue Requirement after sharing of (Gains)/Loss	7.36	6.48
11	Revenue with Approved Tariff for FY 2021-22	7.36	7.36
12	Revenue Gap /(Surplus) for FY 2021-22	-	(0.88)

2.3 Annual Performance Review for FY 2022-23

2.3.1 SLDC submitted APR for FY 2022-23 based on actual expenses incurred in the first half of FY 2022-23 as shown in the Table below:

Table 2: Annual Performance Review for FY 2022-23 (Rs. Crore)

S. No.	Particulars	Approved in MYT Order. dtd. 21.03.2022	SLDC Estimation
1	O&M Expenses	6.18	7.35
a	Employee Cost	5.29	6.31
b	R&M Expenses	0.54	0.69
c	A&G Expenses	0.35	0.36
2	Depreciation	0.09	0.05
3	Interest & Finance Charges	0.08	0.10
4	Interest on Working Capital	0.26	0.32
5	Return on Equity	0.00	0.00
6	Less: Non-Tariff Income/ Other Income	0.12	0.18
7	Aggregate Revenue Requirement	6.48	7.63
8	Revenue with Approved Tariff for FY 2022-23	6.48	6.48
9	Revenue Gap /(Surplus) for FY 2022-23	-	1.15

2.4 ARR & Tariff Determination for FY 2023-24

2.4.1 SLDC has has Projected the ARR of Rs.10.31 Crore for FY 2023-24 as detailed in the Table below:

Table 3: ARR for FY 2023-24 (Rs. Crore)

S.N.	Particulars	Approved in MYT Order dtd 21.03.2022	SLDC Submission
1	O&M Expenses	6.60	9.74
a	Employee Cost	5.64	7.74
b	R&M Expenses	0.59	1.32
c	A&G Expenses	0.37	0.67
2	Depreciation	0.09	0.16
3	Interest & Finance Charges	0.07	0.16
4	Interest on Working Capital	0.27	0.42
5	Return on Equity	0.00	0.00
6	Less: Non-Tariff Income/ Other Income	0.12	0.18
7	Aggregate Revenue Requirement	6.91	10.31
8	Revenue from Approved Tariff	6.91	6.91
9	Revenue Gap/(Surplus)	-	3.40

2.5 Prayers of SLDC

2.5.1 SLDC, in its Petition, has prayed as under:

- *“Accept the Annual Revenue Requirements and Tariff proposal for SLDC Business respectively in accordance with:*
- *The guidelines outlined in previous AERC Orders passed in various matters relating to SLDC; and*
- *To admit the Tariff Petition as per the provisions of the AERC (MYT) Regulations 2018 for Truing up of FY 2021-22;*
- *To admit the Tariff Petition as per the provisions of the AERC (MYT) Regulations 2021 for APR for FY 2022-23 and ARR for FY 2023-24;*
- *To consider present Petition for further proceedings before Hon'ble Commission;*
- *To approve the total recovery of ARR and revenue gap along with other claims as proposed by SLDC;*
- *To allow the ARR based on assumptions wherever considered, till the segregation of accounts of SLDC is carried out.*
- *To grant any other relief as the Hon'ble Commission may consider appropriate;*

- *To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice;*
- *To condone any error/omission and to give opportunity to rectify the same;*
- *To permit SLDC to make further submissions, addition and alteration to this Petition as may be necessary from time to time.”*

3 Brief Summary of Stakeholders' Comments, Response of the SLDC and Commission's View

3.1.1 The Commission received objections/suggestions from the following one (1) stakeholder on the Petition filed by SLDC.

Sl. No.	Name of Respondent
1.	Federation of Industries and Commerce of North Eastern Region (FINER)

3.1.2 SLDC submitted its responses to the objections/suggestions received from the above stakeholder.

3.1.3 The Commission considered the objections/suggestions received and notified the Respondent to take part in the Hearing process by presenting their views in person before the Commission, if they so desired.

3.1.4 The Commission held Public Hearing at Bidyut Niyamak Bhawan, Six Mile, Guwahati on February 28,2023.

3.1.5 The respondents attended the Hearing and submitted their views/suggestions. All the written representations submitted to the Commission and the oral submission made before the Commission in the Hearing and the responses of SLDC have been carefully considered while issuing this Tariff Order.

3.1.6 The objections/ suggestions made by the stakeholders and responses of the Petitioner are briefly dealt with in this Chapter. The major issues raised by the respondents are discussed below along with the response of the Petitioner (SLDC) and views of the Commission.

3.1.7 The figures quoted in the submissions by the respondents/Petitioner are mentioned by them in their respective submissions. While all the objections/suggestions have been given due consideration by the Commission, only major responses/objections received on the Petition and also those raised during the course of Hearing have been grouped and addressed issue-wise, in order to avoid repetition.

Issue 1: Employee Expenses

Stakeholders' Comments

FINER submitted that in True-up Petition for FY 2021-22, APR for FY 2022-23 and ARR for FY 2023-24 SLDC has considered the additional expenses for increase in number of employees to the tune of Rs. 1 Crore.

However, the Petitioner has not provided any breakup of additional expenditure in terms for increase in number of employee base. FINER requested the Hon'ble Commission that the claimed additional expenditure to the tune of Rs. 1 Crore may only be allowed subject to the prudence check by the Commission.

Response of SLDC

SLDC submits that the actual Employee Costs for FY 2021-22 is higher than normative employee expenses. Further, SLDC submits that the actual break-up of Employee expenses is already provided in the Tariff Petition. Therefore, SLDC requests the Commission to approve the employee cost of Rs. 4.96 Crore for FY 2021-22.

Commission's View

The Employee Expenses approved by the Commission along with the philosophy adopted is detailed in the relevant Chapters.

Issue 2: Repair & Maintenance (R&M) Expenses

Stakeholders' Comments

FINER submitted that the Petitioner in the True-up Petition for FY 2021-22 considered the actual AMC cost of SCADA/EMS under SLDC repair and maintenance to the tune of Rs. 0.42 Crore above normative R&M Expenses. The Petitioner in the APR Petition for FY 2022-23 has along with the normative expenses also claimed expenses towards "AMC cost of SCADA/EMS" and "Firewall AMC, Website Maintenance, Laptop/Desktop AMC, maintenance of Access Control System for Server room" totaling Rs. 0.69 Crore. The Petitioner in the ARR Petition for FY 2023-24 along with the normative expenses has also claimed expenses towards "AMC cost of SCADA/EMS", "Firewall AMC, Website Maintenance, Laptop/Desktop AMC, maintenance of Access Control System for

Server room” and “Additional amount for enhancing Cyber Security” totaling Rs. 1.19 Crore. However, the Petitioner has not provided any documentary evidences of such AMC expenses towards SCADA/ EMS and Firewall AMC, Website Maintenance, Laptop/Desktop AMC, maintenance of Access Control System for Server room and Additional amount for enhancing Cyber Security. FINER requested that the claimed additional expenses may be allowed to the Petitioner only after the prudence check.

Response from SLDC

SLDC submitted that the actual AMC cost of SCADA/EMS amounting to Rs. 0.42 crore has been considered as per the Audited Annual Accounts for FY 2021-22. SLDC also submits that the actual expense incurred for AMC of SCADA / EMS and Firewall AMC, Website Maintenance, etc. amounts to Rs. 0.25 Crore during H1 of FY 2022-23 and estimation for H2 of FY 2022-23 has been made at Rs.0.38 crore. Hence, total AMC cost of SCADA/EMS for FY 2022-23 has been considered as Rs. 0.55 Crores and firewall AMC, Website Maintenance, etc., has been considered as Rs. 0.08 crores which needs to be considered under R&M Expense. SLDC has considered the same amount for FY 2023-24. Hence, AMC cost of SCADA/EMS has been considered as Rs. 0.55 Crores and firewall AMC, Website Maintenance, etc., has been considered as Rs. 0.08 Crore for FY 2023-24. Further, details of additional amount for enhancing Cyber Security (Rs.0.56 Crore) have been provided in the Tariff Petition. SLDC requests the Commission to approve the same.

Commission’s View

The AMC of SCADA/EMS, firewall AMC, Website Maintenance is a mandatory R&M Expense of SLDC. As stated by SLDC in its response, AMC of SCADA/EMS has been removed from AEGCL R&M Expenses and approved under SLDC R&M Expenses. The R&M Expenses approved by the Commission is detailed in the relevant Chapters.

Issue 3: A&G Expenses

Stakeholders’ Comments

FINER submitted that the Petitioner in the ARR Petition for FY 2023-24 along with the normative A&G expenses has also claimed expenses towards “Provision for

Additional Expenses” amounting to Rs. 0.3 Crore. However, the Petitioner has not provided any documentary evidences of such Provision for Additional Expenses. FINER requested the Commission that the claimed expenses over and above the normative expenses to the tune of Rs. 0.3 Crore may be allowed to the Petitioner only after due prudence check.

Response of SLDC

SLDC requests the Hon’ble Commission for creation of provision for additional expenses. The normative A&G expenses are not sufficient to meet the basic requirements and daily operations of the SLDC offices, such as the electricity expenses for the SLDC offices amount to Rs. 0.36 Crore per year and the vehicle expenses for senior officials of SLDC also needs to be managed from the above expenses.

In view of the above, SLDC requests the Commission to approve the proposed A&G expenses for FY 2023-24.

Commission’s View

Commission approves the provision for additional expenses. The A&G Expenses approved by the Commission is detailed in the relevant Chapters.

Issue 4: Sharing of Gain/(Losses) of O&M Expenses

Stakeholders’ Comments

FINER submitted that in True up petition for FY 2021-22 SLDC has claimed actual O&M expenses higher than the normative O&M Expenses. In such regard, there is a significant variation in the Petitioner’s claim vs actual Employee expenses which depict the inefficiencies at the end of the Petitioner. FINER requested to disallow the sharing of loss on account of O&M Expenses.

Response from SLDC

SLDC submits that actual O&M Expenses is higher than normative O&M expense, the loss of Rs. 1.17 Crores shall be shared and accordingly Rs. 0.39 Crore shall be passed on through ARR for FY 2021-22 in accordance with Regulation 12 of AERC (MYT Regulations), 2018.

Commission's View

The sharing of Gain/(Losses) of O&M Expenses is approved as per Regulations and is detailed in the relevant Chapter.

Issue 5: Depreciation

Stakeholders' Comments

The Petitioner has added the depreciation on assets created out of consumer contribution/ grants. The basis on which the grants have been considered has nowhere substantiated in the Petition. Such an approach is not in line with the provisions laid down in the Tariff Regulation. Further, the petitioner has not furnished the statement of grants (opening balance, addition to grants). Moreover, the Depreciation added during the year is provided but the methodology of the computation of Depreciation is not explained in the Petition.

Response of SLDC

SLDC submits that the methodology adopted in regard to the calculation of depreciation of assets is in accordance with MYT Regulations. Further, the detail computation has already been submitted to the Hon'ble Commission. Hence, SLDC requests the Hon'ble Commission to approve the depreciation after excluding assets funded through grant as provided in the Tariff Petition along with the detailed calculation.

Commission's View

The Depreciation has been approved as per MYT Regulations and is detailed in the relevant Chapters.

Issue 6: Interest on Working Capital

Stakeholders' Comments

FINER submitted that the Petitioner has claimed the Rs.0.24 Crore, Rs. 0.32 Crore and Rs. 0.42 Crore for FY 2021-22, FY 2022-23 and FY 2023-24 respectively. FINER pleads that in line with the submissions made in the preceding sections, the

allowable Interest on Working Capital are Rs. 0.18 Crore, Rs. 0.20 Crore and Rs. 0.22 Crore for FY 2021-22, FY 2022-23 and FY 2023-24 respectively.

Response of SLDC

SLDC submitted that detailed computation of IoWC is shown in SLDC's petition. SLDC has adopted methodology for calculation of IoWC as per MYT Regulations. SLDC requested the Commission to approve the same.

Commission's View

The Commission has approved IoWC in accordance with the provisions of the applicable MYT Regulations, as detailed in the relevant Chapters.

Issue 7: Training & Capacity Building Expenses

Stakeholders' Comments

FINER submitted that SLDC has claimed expenses towards Training and Capacity building to the tune of Rs. 0.06 Crore in the FY 2021-22. While the Respondent appreciates the initiatives taken by the Licensee to build the capacity of its manpower but is also appreciable that no provision of Tariff Regulations 2018 allows expenses towards training and manpower capacity building explicitly. Recognition of Training expenses over and above the allowable O&M Expenses is not appropriate. The respondent humbly submits that such expenses be not allowed in addition to the allowable O&M Expenses.

Response of SLDC

SLDC submits that the details of training and capacity building expenses amounting to Rs. 0.06 Crore in FY 2021-22 (as per the Audited Annual Accounts) has already been submitted in the SLDC Tariff Petition and request the Commission to approve the same because this has not been claimed under A&G Expenses.

Commission's View

The approved Training Expenses are detailed in the relevant Chapters.

4 Truing up for FY 2021-22

4.1 Methodology for Truing Up

- 4.1.1** The Commission had approved the ARR and Tariff for SLDC for FY 2021-22 in the Tariff Order dated February 15, 2021.
- 4.1.2** SLDC submitted the Truing-up Petition for FY 2021-22 based on audited annual accounts, allocation of expenses and revenue between AEGCL and SLDC, and provisions of MYT Regulations, 2018, wherever applicable. SLDC has sought true-up for FY 2021-22 with the Revenue Gap/(Surplus) to be recovered/(adjusted) during FY 2023-24.
- 4.1.3** The Commission approves the relevant cost parameters through approval of the ARR at the beginning of the year, keeping in view the data available at that point of time. The cost approvals for each of the items are based on projection of expenses and revenue before beginning of the year and the provisions of MYT Regulations, 2018. The projections might vary over the course of the year.
- 4.1.4** The actual cost/values for certain elements/parameters may vary as against the approved cost during the year due to various controllable and uncontrollable factors. The Licensee may end up with higher or lower expenditure, as the case may be, at the end of the year as against the approved cost.
- 4.1.5** The Commission analyses the actual expenditure for the previous year based on the audited Annual Accounts of the Utility and allows/disallows the recovery of the actual expenditure through the ensuing year's tariff, subject to prudence check.
- 4.1.6** In the present Chapter, the Commission has carried out the Truing up of SLDC for FY 2021-22 based on the submissions of SLDC, audited annual accounts for FY 2021-22, allocation of expenses and revenue between Transmission and SLDC, and provisions of MYT Regulations, 2018. The Commission has approved the sharing of gains and losses on account of controllable factors between SLDC and its beneficiaries, in accordance with Regulation 12 of the MYT Regulations, 2018.

4.2 O&M Expenses

4.2.1 SLDC submitted the O&M expenses of SLDC for FY 2021-22 comprising following heads:

- a) Employee expenses
- b) R&M expenses
- c) A&G expenses

The claim of SLDC under various heads of O&M expenses are discussed below:

4.2.2 Employee Expenses

SLDC submitted that Employee Expenses comprise salaries, dearness allowance, terminal benefits in the form of pension and gratuity funding. SLDC has claimed Rs. 4.96 Crore towards normative employee expenses for FY 2021-22, as against employee expenses of Rs. 6.07 Crore approved in the Tariff Order dated February 15, 2021.

4.2.3 Repairs and Maintenance (R&M) expenses

SLDC submitted that it has been carrying out R&M activities to maintain the assets in a more efficient way. SLDC has claimed normative R&M expenses of Rs. 0.47 Crore for FY 2021-22, as against R&M expenses of Rs. 0.43 Crore approved in the Tariff Order dated February 15, 2021.

4.2.4 Administrative and General (A&G) expenses

SLDC submitted that Administrative expenses mainly comprise rents, telephone and other communication expenses, professional charges, conveyance and traveling allowances, other charges. SLDC has claimed normative A&G expenses of Rs. 0.34 Crore for FY 2021-22, as against A&G expenses of Rs.0.34 Crore approved in the Tariff Order dated February 15, 2021.

4.2.5 Expenses towards Training and Capacity Building

SLDC submitted the details of training held in FY 2021-22. SLDC has incurred an expense of Rs. 0.06 Crore for training and capacity building of employees in FY 2021-22 against the approved amount of Rs. 0.10 crore.

Commission's Analysis

4.2.6 The O&M Expenses for FY 2021-22 were allowed on normative basis in the Tariff Order in accordance with Regulation 103 of the MYT Regulations, 2018. SLDC has claimed the normative O&M expenses as per the formula specified in the MYT

Regulations, 2018, as shown in the Table below:

Table 2: Normative O&M Expenses for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in order dtd.15.02.21	SLDC Submission
	O&M Expenses	6.94	5.83
a	Employee Cost	6.07	4.96
b	R&M Expenses	0.43	0.47
c	A&G Expenses	0.34	0.34
d	Training Expenses	0.10	0.06

4.2.7 For the purpose of truing up for FY 2021-22, the Commission has computed the O&M Expenses on normative basis as per Regulation 103 of the MYT Regulations, 2018. The variation between normative O&M expenses and actual O&M Expenses has been considered under sharing of gains and loss on account of controllable items as per Regulation 12 of the MYT Regulations, 2018.

Employee Expenses

4.2.8 For computation of normative employee expenses for FY 2021-22, the Commission has adopted the following approach:

- The normative employee expenses approved after true up for FY 2020-21 for SLDC in MYT Order dated March 21,2022 have been considered as base expenses for FY 2021-22;
- CPI inflation has been computed as average increase of CPI for the period from FY 2018-19 to FY 2020-21, which works out to 6%;
- The growth factor of 1.00% has been considered as per the Tariff Order.
- Additional Expense of Rs. 1 Crore has been approved in Tariff Order dtd. February 15, 2021.

4.2.9 The normative employee expenses approved in the true-up for FY 2021-22 are shown in the following Table:

Table 3: Approved Employee Expenses for FY 2021-22 (Rs. Crore)

Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after true-up
Base Employee Cost (n-1)	4.76	3.70	3.70

Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after true-up
CPI Inflation	5.35%	6.00%	6.00%
Growth Factor	1.00%	1.00%	1.00%
Normative Employee Cost for FY 2021-22	5.07	3.96	3.96
Additional Expense for increase in No. of Employees (T.O dt.15.02.2021)	1.00	1.00	1.00
Normative Employee Expenses	6.07	4.96	4.96

R&M Expenses

4.2.10 For computation of R&M Expenses for FY 2021-22, the Commission has considered the following approach:

- WPI inflation has been computed as average increase of WPI index for the period from FY 2018-19 to FY 2020-21, which works out to 2.41%;
- The K-factor for FY 2021-22 in Tariff Order dated 15 February, 2021 has been approved as 0.96%, and the same K-factor has been considered for computation of normative R&M Expenses for FY 2021-22;
- AMC Cost of SCADA/EMS has been approved separately after removing it from normative R&M Expense of AEGCL.

4.2.11 The normative R&M expenses approved in the true-up for FY 2021-22 is shown in the following Table:

Table 4: Approved R&M Expenses for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after true-up
1	Opening GFA for previous year	5.044	4.980	5.11
2	Closing GFA for previous year	5.424	5.146	5.28
3	Average GFA for previous year	5.23	5.063	5.20
4	K Factor	0.96%	0.96%	0.96%
5	WPI Inflation	2.96%	2.41%	2.41%
6	Normative R&M Expenses	0.052	0.05	0.05

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after true-up
7	AMC Cost of SCADA/EMS	0.382	0.42	0.42
9	Normative R&M Expenses	0.434	0.47	0.47

A&G Expenses

4.2.12 For computation of A&G expenses for FY 2021-22, the Commission has adopted the following approach:

- The normative A&G expenses approved after True-up for FY 2020-21 for SLDC in Tariff Order dated February 15, 2021 have been considered as base expenses for computation of normative A&G expenses for FY 2021-22;
- WPI inflation has been computed as average increase of WPI index for period from FY 2018-19 to FY 2020-21, which works out to 2.41%.

4.2.13 The normative A&G expenses approved in the true-up for FY 2021-22 is shown in the following Table:

Table 5: Approved A&G Expenses for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after true-up
1	A&G Expenses for Previous year	0.33	0.33	0.33
2	WPI Inflation	2.96%	2.41%	2.41%
3	Normative A&G Expenses for the year	0.34	0.34	0.34

4.2.14 As regards the Training Expenses, in the Tariff Order dated February 15, 2021, the Commission had approved additional amount of Rs. 10 Lakh as training expenses for SLDC for FY 2021-22. The Commission has verified that Training Expense of Rs. 6 Lakhs has been incurred by SLDC in FY 2021-22. The Commission approves Training Expenses of Rs 0.06 Crore for SLDC in the True - up FY 2021-22.

4.2.15 The normative O&M expenses approved by the Commission for FY 2021-22 are shown

in the following Table:

Table 6: Normative O&M Expenses approved by Commission for SLDC for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	SLDC Submission	Approved after True up
1	Employee Expenses	6.07	4.96	4.96
2	R&M Expenses	0.43	0.47	0.47
3	A&G Expenses	0.34	0.34	0.34
4	Training Expenses	0.10	0.06	0.06
Total		6.94	5.83	5.83

4.2.16 Further, Regulation 10.2 of the MYT Regulations, 2018 specifies *O&M Expenses (excluding terminal liabilities with regard to employees on account of changes in pay scales or dearness allowance due to inflation)* as a controllable factor. Hence, for undertaking sharing of gains or losses, the Commission has excluded the terminal liabilities from normative as well as actual Employee Expenses. Accordingly, terminal liabilities are allowed on actual basis.

4.2.17 The sharing of gains/(losses) on account of O&M Expenses is shown in the following Table:

Table 7: Sharing of gains/(losses) for O&M Expenses for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Actual	Normative	Gains/ (Losses)	Gains/(Losses) to be shared with APDCL
		A	B	c=b-a	d=c x 1/3
1	Employee Cost	5.87	4.96	(0.91)	-
2	Less: Terminal Liabilities	0.75	0.75	-	
3	Employee Cost excluding Terminal Liabilities	5.12	4.21	(0.91)	(0.30)
4	R&M Expenses	0.61	0.47	(0.14)	(0.05)
5	A&G Expenses	0.46	0.34	(0.12)	(0.04)
Total		6.19	5.02	(1.17)	(0.39)

Note: No sharing of gains or losses has been considered for Terminal liabilities.

4.2.18 Normative O&M expenses are lower than actual expenses; the loss of Rs. 0.39 Crore has been shared and passed on through the ARR.

4.3 Capitalisation

4.3.1 SLDC submitted the actual Capitalisation for FY 2021-22 as shown in the following Table:

Table 8: Actual Capitalisation (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	Actual
1.	Capitalisation	0.895	0.33

4.3.2 SLDC submitted that all new addition of assets is created by funding from loan. The funding of capitalisation is shown in the following Table:

Table 9: Funding of Capitalisation for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 15.02.2021	SLDC Submission
1	Grant	0.00	0.00
2	Equity	-	-
3	Debt	0.895	0.33
4	Total Capitalisation	0.895	0.33

Commission's Analysis

4.3.3 The scheme-wise capital expenditure was approved by the Commission in the Tariff Order dated February 15, 2021. In the Order, the Commission had approved capital expenditure and capitalisation based on information regarding latest status of works of SLDC.

4.3.4 The Commission in the Tariff Order dated February 15, 2021 had approved capitalisation of Rs. 0.895 Crore for FY 2021-22, against which SLDC has submitted capitalisation of Rs. 0.33 Crore. For the purpose of truing up, the Commission has considered the actual capitalisation for FY 2021-22 based on the audited accounts, certified SLDC allocation statement and Trial Balance. As regards the funding of capitalisation, the Commission has considered the actual funding as submitted by

SLDC.

4.3.5 In view of the above, the Capitalisation and it's funding as approved by the Commission in the true-up for FY 2021-22 is shown in the following Table:

Table 10: Capital Expenditure and Capitalisation for FY 2021-22 approved by Commission (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 15.02.2021	SLDC Submission	Approved after true-up
1	Capitalisation	0.895	0.33	0.33
	Funding of Capitalisation			
2	Grant	-	-	-
3	Equity	-	-	-
4	Debt	0.895	0.33	0.33
5	Total	0.895	0.33	0.33

4.4 Depreciation

4.4.1 The Commission had approved the Depreciation of Rs. 0.10 Crore for FY 2021-22 in the Order dated February 15, 2021. As against this, SLDC has claimed depreciation of Rs. 0.09 Crore in the True-up for FY 2021-22.

Commission's Analysis

4.4.2 The Commission has considered the opening GFA for FY 2021-22 as per the closing GFA value approved for FY 2020-21 vide the Tariff Order dated March 21, 2022. The Commission has computed depreciation as per scheduled rates specified in the MYT Regulations, 2018.

4.4.3 As per Regulation 32 of the MYT Regulations, 2018, the total depreciation during the life of the asset shall not exceed 90% of the original cost of the asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation in excess of 90% of the original cost of asset under different asset heads.

4.4.4 In line with the approach adopted in the previous Orders and as specified in Regulation 32 of the MYT Regulations, 2018, the Commission has not considered the depreciation on assets funded through grants or capital subsidy, for FY 2021-22. The depreciation

approved in the truing up for FY 2021-22 is given in the Table below:

Table 11: Depreciation approved for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2018
1	Land owned under full ownership	-	-	-	-
	Land under lease	-	-	3.34%	-
2	Building	0.35	-	3.34%	0.00
3	Hydraulic	-	-	5.28%	-
4	Other Civil Works	0.04	-	3.34%	
5	Plant & Machinery	4.65	0.16	5.28%	0.25
6	Lines & Cable Net work	0.07	-	5.28%	0.00
7	Vehicles	-	-	9.50%	-
8	Furniture & Fixtures	0.08	0.07	6.33%	0.01
9	Office Equipment	0.09	0.09	6.33%	0.01
10	Grand Total	5.28	0.33		0.271
14	Less: Depreciation for Grants/ Consumer Contribution				0.19
15	Net Total				0.08

The Commission accordingly approves Depreciation of Rs. 0.08 Crore for FY 2021-22 after truing up.

4.5 Interest and Finance Charges

4.5.1 The Commission had approved Interest and Finance Charges of Rs. 0.12 Crore for FY 2021-22 in the Order dated February 15, 2021. As against this, SLDC has claimed Interest and finance charges of Rs. 0.07 Crore for FY 2021-22.

Commission's Analysis

4.5.2 The Commission has approved Interest on loan capital for FY 2021-22 on normative basis in accordance with Regulation 34 of the MYT Regulations, 2018.

4.5.3 Accordingly, the Commission has considered the opening net normative loan as on April 1, 2021 as Rs. 0.83 Crore, based on the closing normative loan balance approved in the true-up for FY 2020-21, against SLDC's submission as Rs. 0.61 Crore. The addition of loan has been considered equal to debt portion of capitalised works as

approved in this Order. The loan repayment has been considered equivalent to depreciation approved in this Order.

4.5.4 As per MYT Regulations, 2018, weighted average rate of interest shall be computed based on outstanding loan as on April 1, 2021. SLDC submitted that the interest on the loans has been computed @10.08% as approved by the Commission vide Tariff Order dated February 15, 2021. The average interest rate has been taken same as AEGCL i.e., 9.92% for computation of interest on loan capital.

4.5.5 The Interest on loan capital approved by the Commission after truing up for FY 2021-22 is shown in the following Table:

Table 12: Approved Interest on loan Capital for FY 2021- 22(Rs. Crore)

Particulars	Approved in order dt. 15.02.2021	SLDC Submission	Approved after true-up
Net Normative Opening Loan	0.83	0.61	0.61
Addition of normative loan during the year	0.90	0.33	0.33
Normative Repayment during the year	0.10	0.09	0.08
Net Normative Closing Loan	1.63	0.85	0.86
Interest Rate	10.08%	10.08%	9.92%
Interest Expenses on Loan	0.12	0.07	0.07
Finance Charges			
Total Interest and Finance Charges	0.12	0.07	0.07

The Commission approves Interest on loan as Rs 0.07 Crore in the truing up for FY 2021-22.

4.6 Return on Equity

4.6.1 SLDC has claimed the Return on Equity as NIL for FY 2021-22. SLDC has submitted that as there is no separate equity infusion for SLDC, hence, no Return on Equity is claimed for FY 2021-22.

Commission's Analysis

4.6.2 The Commission has approved the Return on Equity in accordance with Regulation 33

of the MYT Regulations, 2018. The Commission has considered the addition of equity equivalent to equity portion of capitalised works as approved in this Order, which is Nil. Therefore, the approved Return on Equity at 15.50% is shown in the Table below:

Table 13: Return on Equity approved by the Commission for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in order dtd. 15.02.2021	SLDC Submission	Approved after true-up
1	Equity (Opening Balance)		-	-
2	Net additions during the year		-	-
3	Less: Reduction during the year		-	-
4	Equity (Closing Balance)		-	-
5	Average Equity		-	-
6	Rate of Return on Equity		15.50%	15.50%
7	Return on Equity	-	-	-

The Commission approves the Return on Equity as NIL after Truing up for FY 2021-22.

4.7 Interest on Working Capital (IoWC)

4.7.1 The Commission had approved normative IoWC of Rs. 0.30 crore in the Tariff Order dated February 15, 2021. SLDC submitted that IoWC has been calculated on normative basis as per the provisions of MYT Regulations, 2018. The rate of interest is the average of SBI MCLR rate as on April 1, 2021 plus 300 basis points. SLDC has claimed IoWC of Rs. 0.24 Crore in the Truing up for FY 2021-22, as shown in the following Table:

Table 14: Interest on Working Capital for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 15.02.2021	SLDC Submission
1	O&M expenses for 1 month	0.58	0.49
2	Maintenance spares @ 15% of O&M expenses	1.04	0.87
3	Receivables for two months	1.39	1.03
4	Total Working Capital	3.01	2.39
5	Rate of Interest	10.00%	10.00%
6	Interest on Working Capital	0.30	0.24

Commission's Analysis

4.7.2 The Commission has computed normative IoWC in accordance with Regulation 36 of the MYT Regulations, 2018. The rate of Interest has been considered equal to SBI MCLR (One-Year Tenor) prevalent during FY 2021-22 plus 300 basis points, i.e., 10.00%.

4.7.3 For computation of working capital requirement, the normative O&M Expenses and actual revenue billed as receivables have been considered. IoWC approved by the Commission in the truing up for FY 2021-22 is shown in the following Table:

Table 15: IoWC for FY 2021-22 as approved by the Commission (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 15.02.2021	SLDC Submission	Approved after true-up
1	O&M expenses for 1 month	0.58	0.49	0.49
2	Maintenance spares @ 15% of O&M expenses	1.04	0.87	0.87
3	Receivables for two months	1.39	1.03	1.23
4	Total Working Capital	3.01	2.39	2.59
5	Rate of Interest	10.00%	10.00%	10.00%
6	Interest on Working Capital	0.30	0.24	0.26

Accordingly, the Commission approves Interest on Working Capital of Rs. 0.26 Crore for FY 2021-22 after truing up.

4.8 Net Prior Period Expenses/(income)

4.8.1 SLDC has claimed net prior period expenses as NIL for FY 2021-22 based on the Audited Accounts.

Commission's Analysis

4.8.2 The Commission approves the Net Prior Period Income as NIL after Truing-up for FY 2021-22.

4.9 Income Tax

4.9.1 SLDC has claimed NIL Income Tax as per the audited accounts for FY 2021-22.

Commission's Analysis

4.9.2 The Commission has not considered any Income Tax in the truing up for FY 2021-22.

4.10 Non-Tariff Income

4.10.1 The Commission had approved Non-Tariff Income (NTI) of Rs. 0.10 Crore in the Tariff Order dated February 15, 2021 for FY 2021-22.

4.10.2 SLDC submitted that the amount of NTI comprises mostly of income from SLDC charges paid by IEX, which is under head of Other Miscellaneous Receipt. SLDC submitted that it has considered the actual NTI of Rs. 0.14 Crore earned during FY 2021-22 in the truing up, as shown in the Table below:

Table 16: NTI for FY 2021-22 (Rs. Crore)

Particulars	Approved in order dt. 15.02.2021	SLDC Submission
Interest from Banks		0.03
Rental from Contractors/Others		0.02
Other Miscellaneous Receipt		0.09
Total	0.10	0.14

4.10.3 SLDC requested the Commission to approve the NTI amounting to Rs. 0.14 Crore in the true-up for FY 2021-22.

Commission's Analysis

4.10.4 The Commission has verified the head-wise NTI from the Audited Accounts of AEGCL for FY 2021-22.

4.10.5 The Commission has therefore, considered the NTI in the truing up for FY 2021-22, as Rs. 0.14 Crore, based on the Audited Accounts, as shown in the Table below:

Table 17: NTI approved by the Commission for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt 15.02.2021	SLDC Submission	Approved after true-up
1	Miscellaneous Receipts		0.09	0.09
2	Rent from Contractors/Suppliers/Others		0.02	0.02
3	Interest from Banks		0.03	0.03
	Total	0.10	0.14	0.14

4.11 Status of SAMAST Fund

4.11.1 The Commission notes that it has allowed a fund of Rs. 5 Crore to SLDC in the ARR of FY 2020-21 over and above its ARR requirement to meet its funding requirements for metering of all the interconnection points for segment-wise proper energy accounting under SAMAST Project. SLDC has not incurred any investment against this fund in FY 2020-21 and FY 2021-22. The Commission in its Tariff Order dated 21 March, 2022 mentioned that, this fund would be treated as a special fund to SLDC from which Investment towards relevant projects could be drawn in immediate basis. The Commission have allowed this fund so that SLDC could expeditiously utilise this Fund to accelerate implementation of SAMAST. However, SLDC has failed to utilise this Fund in FY 2020-21 and FY 2021-22. The Commission is of the opinion that any Fund remaining idle with AEGCL would be subject to holding cost, i.e., the amount in the Fund would be increased to factor in the holding cost, as and when the Fund is utilised.

Thus, the Commission has computed the nominal interest the SLDC fund would incur to SLDC and have added the same to the SAMAST fund to be utilised by SLDC as and when it requires.

Table 18: Status of SAMAST fund at the end of FY 2021-22 (Rs. Crore)

Particulars	2020-21	2021-22
Opening amount of fund	-	5.25
Addition during the year	5.00	-
Utilisation during the year	-	-
Closing amount of fund	5.00	5.25

Particulars	2020-21	2021-22
Working capital interest rate	10.05%	10.00%
Interest on SAMAST fund parked with SLDC	0.25	0.53
Total amount of Fund available with SLDC for utilisation at the end of FY 2021-22	5.78	

SLDC is directed to expeditiously utilise this special fund other-wise the Commission would attach a cost to SLDC for non-utilisation of consumer contributed fund to accelerate implementation of SAMAST.

4.12 ARR after Truing Up of FY 2021-22

4.12.1 Considering the above heads of expense and revenue as per the Audited Accounts for FY 2021-22 and after due prudence check, the net ARR and Revenue Gap/(Surplus) approved after true-up for FY 2021-22 is shown in the following Table:

Table 19: ARR approved after Truing up for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.2021	Proposed by SLDC	Approved after true-up
1	O&M Expenses	6.94	5.83	5.83
a	Employee Cost	6.07	4.96	4.96
b	R&M Expenses	0.43	0.47	0.47
c	A&G Expenses	0.34	0.34	0.34
d	Training Expenses	0.10	0.06	0.06
2	Depreciation	0.10	0.09	0.08
3	Interest & Finance Charges	0.12	0.07	0.07
4	Interest on Working Capital	0.30	0.24	0.26
5	Return on Equity	-	-	-
6	Income Tax			
7	Less: Non-Tariff Income	0.10	0.14	0.14
8	Aggregate Revenue Requirement	7.36	6.09	6.10
9	Add: Sharing of (Gains)/Loss	-	0.39	0.39
10	ARR after Sharing (Gains)/Losses	7.36	6.48	6.49
11	Revenue with Approved Tariff	7.36	7.36	7.36
12	Revenue Gap/(Surplus)	-	(0.88)	(0.87)

4.12.2 The Commission has approved ARR after sharing of (Gains)/Losses and Incentive after Truing-up for FY 2021-22 as Rs. 6.49 Crore. After considering the Revenue at approved Tariff, the Revenue Surplus of Rs. 0.87 Crore is approved after truing up for FY 2021-22. This Surplus, with associated holding cost, has been considered for adjustment in the net ARR of APDCL during FY 2023-24.

5 Annual Performance Review for FY 2022-23

5.1 Methodology for Annual Performance Review

5.1.1 The Commission approved the ARR for FY 2022-23 in the Tariff Order dated March 21, 2022.

5.1.2 SLDC submitted the APR for FY 2022-23 comparing actual performance during April to September (H1) and revised estimates for October to March (H2) of FY 2022-23 with figures approved for FY 2021-22 vide Tariff Order dated March 21, 2022. AEGCL clarified that the GFA of SLDC has been segregated from AEGCL's GFA and is filed separately under SLDC's True up Petition for FY 2021-22, APR Petition for FY 2022-23 and ARR for FY 2023-24.

5.1.3 In the present Chapter, the Commission has analysed the submission of all the elements of ARR vis-à-vis approved values in the Tariff Order for FY 2022-23. The Commission has computed the Revenue Gap/(Surplus) as an indication of the performance in FY 2022-23. No sharing of gains/(losses) has been undertaken at this stage and the same shall be considered at the time of Truing up for FY 2022-23.

5.2 Operation and Maintenance Expenses

5.2.1 SLDC submitted that O&M expenses for FY 2022-23 comprise employee expenses, R&M expenses, and A&G expenses, and have been computed on normative basis. The share of SLDC in the O&M expenses as claimed in the true-up for FY 2021-22 have been considered as the base expenses. The average WPI and CPI have been considered as 5.32% and 5.89%, respectively. The normative O&M expenses submitted by SLDC for FY 2022-23 are shown in the Table below:

Table 20: Normative O&M Expenses Projected by SLDC for FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order dt. 21.03.2021	SLDC Submission
1	O&M Expenses	6.18	7.35
a	<i>Employee Expenses</i>	<i>5.29</i>	<i>6.31</i>
b	<i>R&M Expenses</i>	<i>0.54</i>	<i>0.69</i>
c	<i>A&G Expenses</i>	<i>0.35</i>	<i>0.36</i>

5.2.2 SLDC also submitted the revised estimates of each component of O&M expenses for

FY 2022-23, based on the actual expenses in the first six months and estimates for the remaining six months. The claim of SLDC under various heads of O&M expenses is discussed below.

5.2.3 Employee Expenses

SLDC submitted that the normative employee cost for FY 2021-22 has been considered as base employee cost for FY 2022-23. The Gn (Growth Factor) of SLDC has been considered as 1.00% as approved by the Commission in the Tariff Order dated March 21, 2022. SLDC submitted that Commission approved Rs. 1 Crore in Tariff Orders dated March 01, 2019 and March 07, 2020 towards additional expense for increase in number of employees. SLDC is not able to meet its actual employee expense if employee expense is approved on normative basis. Hence, SLDC requested the Commission to approve the additional expense of Rs. 1 Crore and normative Employee Expenses amounting to Rs. 6.31 Crore as shown in the above Table.

5.2.4 R&M Expenses

SLDC submitted that the AMC cost for SCADA / EMS has been transferred from AEGCL accounts to SLDC from FY 2019-20 onwards. During H1 of FY 2022-23, the AMC cost incurred was Rs. 0.28 Crore and the same amount has been projected for H2 of FY 2022-23. Hence, total AMC cost for FY 2022-23 has been considered as Rs. 0.55 Crore, which needs to be considered under R&M Expenses. SLDC submitted that considering WPI of 5.32% and “K” factor of AEGCL as 1% as approved by the Commission in the MYT Order dated March 21, 2022, SLDC has estimated normative R&M expenses of Rs. 0.69 Crore for FY 2022-23.

5.2.5 A&G Expenses

SLDC has considered the A&G expenses approved for FY 2021-22 in the Tariff Order dated March 21, 2022, as the base A&G expenses. SLDC requested the Commission to approve the normative A&G expenses amounting to Rs. 0.36 Crore.

5.2.6 Expenses for Training and Capacity Building

SLDC submitted that post Covid-19 pandemic, SLDC is putting efforts to train its officers to meet the requirements and transformation in the power sector with cyber-security, GNA regulation etc. During H1 of FY 2022-23 the expenses incurred is Rs. 0.02 Crore and from November'22 onwards SLDC is planning to execute various trainings with expected expense

of Rs. 0.05 Crore.

However, the same has not been considered separately in the ARR and included under A&G Expenses. SLDC requested the Commission to approve the above-mentioned amount as training expenses for FY 2022-23.

Commission's Analysis

5.2.7 The Commission has approved the O&M Expenses for SLDC on normative basis in the Tariff Order as per MYT Regulations, 2021. SLDC has submitted O&M expenses based on previous year's O&M expenses and applicable increase towards Salaries, Dearness Allowance, etc.

Employee Expenses

5.2.8 For computation of normative employee expenses for FY 2022-23, the Commission has adopted the following approach:

- a) The normative employee expenses approved for SLDC for FY 2021-22 in this Order have been considered as base expenses for FY 2022-23;
- b) CPI inflation has been computed as average increase of CPI for the period from FY 2019-20 to FY 2021-22, which works out to 5.89%;
- c) Growth factor of 1% has been considered as approved in the MYT Order;
- d) The additional employee expenses of Rs. 1 Crore claimed by SLDC for increase in number of employees has been considered.

5.2.9 The normative employee expenses approved for FY 2022-23 is shown in the following Table:

Table 21: Approved Employee Expenses for FY 2022-23 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved after APR
Base Employee Cost (n-1)	4.96	4.96	4.96
Avg CPI rate of preceding three years	5.53%	5.89%	5.89%
Growth Factor	1.00%	1.00%	1.00%
Normative Employee Cost	5.29	5.31	5.31
Additional Expense for increase in No. of Employees (T.O. dt 07.03.20)	-	1.00	1.00
Normative Employee Cost	5.29	6.31	6.31

R&M Expenses

5.2.10 For computation of normative R&M Expenses for FY 2022-23, the Commission has considered the following approach:

- a) WPI inflation for computation of R&M Expenses works out to 5.32% as per MYT Regulations, 2021, based on average increase of WPI for the period from FY 2019-20 to FY 2021-22;
- b) K-factor has been considered as 1%, as approved in the MYT Order;
- c) AMC Cost of SCADA/EMS has been approved separately after removing it from normative R&M Expense of AEGCL.
- d) Firewall AMC, Website Maintenance, etc., of Rs. 0.08 Crore has also been approved separately as these expenses are essential expenses required to be incurred by SLDC.

5.2.11 The normative R&M expenses approved for FY 2022-23 is shown in the following Table:

Table 22: Approved R&M Expenses for FY 2022-23 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved after APR
Opening GFA for previous year	5.28	5.15	5.28
Closing GFA for previous year	5.53	5.48	5.61
Average GFA for previous year	5.41	5.31	5.45
K Factor	1%	1.00%	1.00%
WPI Inflation	4.13%	5.32%	5.32%
R&M Expenses	0.06	0.06	0.06
AMC Cost for SCADA/EMS	0.38	0.55	0.42
Firewall AMC, Website Maintenance etc.	0.10	0.08	0.08
R&M Expenses – SLDC	0.54	0.69	0.56

A&G Expenses

5.2.12 For computation of A&G expenses for FY 2022-23, the Commission has adopted the

following approach:

- a) The normative A&G expenses approved for SLDC after true up for FY 2021-22 in this Order have been considered as base expenses for computation of normative A&G expenses for FY 2022-23;
- b) As discussed in earlier para, the Commission has considered the WPI inflation of 5.32%.

5.2.13 The normative A&G expenses approved for FY 2022-23 is shown in the following Table:

Table 23: Approved A&G Expenses for FY 2022-23 (Rs. Crore)

Particulars	Approved in MYT Order dt. 21.03.2022	SLDC Submission	Approved after APR
A&G Expenses for Previous Year	0.34	0.34	0.34
WPI Inflation	4.13%	5.32%	5.32%
A&G Expenses-SLDC	0.35	0.36	0.36

5.2.14 As regards Training Expenses, the Commission has considered the amount of Rs. 0.07 Crore towards training expenses for SLDC for FY 2022-23. Training expense has been considered separately in the ARR for FY 2022-23.

5.2.15 In view of the above, the Commission approves the O&M expenses in the APR for FY 2022-23 as shown in the following Table:

Table 24: Approved O&M Expenses for FY 2022-23 (Rs. Crore)

Particulars	Approved in MYT Order dt. 21.03.2022	SLDC Submission	Approved after APR
Total O&M Expenses	6.18	7.35	7.29
Employee Expenses	5.29	6.31	6.31
R&M Expenses	0.54	0.69	0.56
A&G Expenses	0.35	0.36	0.36
Training Expenses	-	-	0.07

5.3 Capitalisation

5.3.1 The Commission had approved capitalisation of Rs. 10.30 Crore for FY 2022-23 for SLDC in the MYT Order dated March 21, 2022. SLDC submitted that it expects to incur capitalisation of Rs. 15.54 Crore in FY 2022-23, which includes Rs. 15.25 Crore for plant & machinery, Rs. 6 Lakh for furniture & fixtures, Rs. 21 Lakh for office equipment and IT equipment. SLDC submitted that the Rs. 15.25 Crore is envisaged to be funded through Consumer Contribution and Grants and Rs. 0.29 Crore is to be funded through Loan.

Commission's Analysis

The Commission has provisionally considered capitalisation as claimed by SLDC. The funding capitalisation is considered as submitted by SLDC.

5.4 Depreciation

5.4.1 The Commission had approved the Depreciation of Rs. 0.09 Crore for FY 2022-23 in the Tariff Order dated March 21, 2022. As against this, SLDC has claimed depreciation of Rs. 0.05 Crore in the APR for FY 2022-23.

5.4.2 SLDC submitted that it has calculated Depreciation taking into consideration of opening balance of assets and provisional capitalisation during FY 2021-22. SLDC has computed Depreciation for assets excluding those funded through grant mechanism.

Commission's Analysis

5.4.3 The Commission has considered the opening GFA for FY 2022-23 equivalent to the closing GFA for FY 2021-22 as approved in this Order. The Commission has computed depreciation as per scheduled rates specified in the MYT Regulations, 2021.

5.4.4 As per MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of Asset. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has not considered the depreciation on assets funded through grants or capital subsidy, for FY 2022-23.

5.4.5 The depreciation provisionally approved for FY 2022-23 in APR is given in the Table below:

Table 25: Depreciation approved for FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2021
1	Land owned under full ownership			-	-
2	Land under lease	-		3.34%	-
3	Building	0.35	-	3.34%	-
4	Hydraulic	-	-	5.28%	-
5	Other Civil Works	0.04	-	3.34%	-
6	Plant & Machinery	4.82	15.25	5.28%	0.66
7	Lines & Cable Network	0.07	0.02	5.28%	-
8	Vehicles	-	-	9.50%	-
9	Furniture & Fixtures	0.16	0.06	6.33%	0.01
10	Office Equipment	0.19	0.21	6.33%	0.01
11	Grand Total	5.61	15.54		0.692
15	Less: Depreciation for Grants				0.60
	Net Total				0.10

The Commission provisionally approves Depreciation of Rs. 0.10 Crore in the APR for FY 2022-23.

5.5 Interest and Finance Charges

5.5.1 The Commission had approved Interest and Finance Charges of Rs. 0.08 Crore for FY 2022-23 in the MYT Order dated March 21, 2022. As against this, SLDC has claimed Interest and finance Charges of Rs. 0.10 Crore for FY 2022-23.

Commission's Analysis

5.5.2 The Commission in the MYT Order dated March 21, 2022 had approved the Interest and Finance Charges of Rs. 0.08 Crore, on normative basis for FY 2022-23 as per MYT Regulations, 2021. The closing net normative loan of Rs. 0.86 Crore for FY 2020-21 has been considered as the net normative loan as on April 1, 2022. The addition of loan has been considered equal to debt portion of capitalised works as approved in this Order. The loan repayment has been considered equivalent to Depreciation

approved in this Order.

5.5.3 As per MYT Regulations, 2021, weighted average rate of interest shall be computed based on actual outstanding loan as on April 1, 2022. The weighted average interest rate has been considered as 9.92%, equal to the interest rate considered for AEGCL, for computation of interest on loan capital for SLDC.

5.5.4 The Interest on loan capital as approved by the Commission for FY 2022-23 is shown in the following Table:

Table 26: Approved Interest on loan Capital for FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order dt. 21.03.2022	SLDC Submission	Approved after APR
1	Net Normative Opening Loan	0.73	0.85	0.86
2	Addition of normative loan during the year	0.05	0.29	0.29
3	Normative Repayment during the year	0.09	0.05	0.10
4	Net Normative Closing Loan	0.75	1.10	1.06
5	Interest Rate	10.08%	10.08%	9.92%
6	Interest Expenses	0.08	0.10	0.10
7	Finance Charges			-
8	Total Interest and Finance Charges	0.08	0.10	0.10

The Commission provisionally considers Interest on loan Capital of Rs. 0.10 Crore in the APR for FY 2022-23.

5.6 Return on Equity

5.6.1 The Commission approved the RoE as NIL for FY 2022-23 in the MYT Order dated March 21, 2022. As against this, SLDC has claimed NIL RoE for FY 2022-23.

Commission's Analysis

5.6.2 The Commission has considered zero addition of equity against capitalisation during FY 2022-23. Accordingly, the Commission considers RoE as NIL in APR for FY 2022-23.

5.7 Interest on Working Capital (IoWC)

5.7.1 The Commission approved IoWC of Rs. 0.26 Crore for FY 2022-23 in the MYT Order dated March 21, 2022. As against this, SLDC has claimed normative IoWC of Rs. 0.32 Crore for FY 2022-23, calculated as specified in MYT Regulations, 2021.

Commission's Analysis

5.7.2 The Commission has computed IoWC in accordance with MYT Regulations, 2021. The rate of Interest has been considered equal to SBI Base Rate/MCLR Rate prevalent in the first six months of 2022 plus 300 basis points, i.e., 10.58%. Further, receivables have been considered equal to the revenue approved for FY 2022-23 in the Tariff Order. IoWC approved by the Commission for FY 2022-23 is shown in the following Table:

Table 27: IoWC for FY 2022-23 as approved by the Commission (Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order dt. 21.03.2022	SLDC Submission	Approved after APR
1	O&M expenses for 1 month	0.52	0.61	0.60
2	Maintenance spares @ 15% of O&M Expenses	0.93	1.10	1.088
3	Receivables for two months	1.16	1.27	1.08
4	Total Working Capital	2.61	2.99	2.77
5	Rate of Interest	10.00%	10.58%	10.58%
6	Interest on Working Capital	0.26	0.32	0.29

Accordingly, the Commission approves IoWC of Rs. 0.29 Crore in the APR for FY 2022-23.

5.8 Non-Tariff Income

5.8.1 SLDC has considered NTI of Rs. 0.18 Crore for FY 2022-23, by considering NTI in H2 of FY 2021-22 equal to half of the NTI in H1 of FY 2021-22. The NTI comprises income

from Open Access applications and SLDC charges paid by IEX.

Commission's Analysis

5.8.2 The Commission provisionally considers Non-Tariff Income of Rs. 0.18 Crore. The actual NTI shall be considered at the time of truing up for FY 2022-23, subject to prudence check.

Table 28: NTI approved by the Commission for FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Approved in MYT Order dt. 21.03.2022	SLDC Submission	Approved after APR
1	Profit on Sale of Fixed Assets		0.00	0.00
2	Interest from Banks		0.02	0.02
3	Rental from contractors/others		0.00	0.00
4	Other Miscellaneous receipts		0.16	0.16
	Total	0.12	0.18	0.18

5.9 ARR after Annual Performance Review of FY 2022-23

5.9.1 Considering the above heads of expense and revenue, the net ARR approved after APR for FY 2022-23 is shown in the following Table:

Table 29: ARR approved after APR for 2022-23 (Rs. Crore)

Sl. No.	Particulars	MYT Order. dtd. 21.03.2022	Proposed by SLDC	Approved after APR
1	O&M Expenses	6.18	7.35	7.29
1.1	Employee Cost	5.29	6.31	6.31
1.2	R&M Expenses	0.54	0.69	0.56
1.3	A&G Expenses	0.35	0.36	0.36
1.4	Training Expenses	-	-	0.07
2	Depreciation	0.09	0.05	0.10
3	Interest & Finance Charges	0.08	0.10	0.10
4	Interest on Working Capital	0.26	0.32	0.29
5	Return on Equity	-	-	-
6	Less: Non-Tariff Income/ Other Income	0.12	0.18	0.18
7	Aggregate Revenue Requirement	6.50	7.63	7.60

5.10 Revenue Gap/(Surplus) for FY 2021-22

5.10.1 SLDC has claimed Revenue Gap of Rs. 1.15 Crore after APR for FY 2022-23.

Commission's Analysis

5.10.2 The Commission has computed the Revenue Gap/(Surplus) arising out of APR for FY 2022-23 as shown in the following Table:

Table 30: Revenue Gap/(Surplus) after APR for FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Proposed by SLDC	Approved in APR
1	Net ARR	7.63	7.60
2	Revenue with Approved Tariff	6.48	6.50
3	Revenue Gap/(Surplus)	1.15	1.10

5.10.3 The APR reveals a Gap of Rs. 1.10 Crore for FY 2022-23. It is only indicative, in the absence of Audited Annual Accounts for FY 2022-23. It will be considered during the Truing up process for FY 2022-23, after the Audited Annual Accounts are made available.

6 Revised ARR of SLDC for FY 2023-24

6.1 Introduction

6.1.1 This Chapter deals with the determination of revised ARR of SLDC for FY 2023-24 in accordance with the provisions of MYT Regulations, 2021.

6.2 Operation and Maintenance Expenses

6.2.1 SLDC submitted that O&M expenses of SLDC for FY 2023-24 have been computed on the basis of revised estimates for FY 2022-23 and consist of following heads:

- a) Employee expenses
- b) R&M expenses
- c) A&G expenses

The claim of SLDC under various heads of O&M expenses are discussed below:

6.2.2 Inflation Indices

6.2.3 SLDC submitted that the average increase in the WPI for the immediately preceding three years gives the WPI for the Base year. Since the WPI data is currently available till FY 2021-22, the Inflation factor could be computed till FY 2022-23. Hence, the resulting average WPI of 5.32% has been considered for projecting the O&M expenses for FY 2023-24.

6.2.4 SLDC submitted that the average increase in the CPI for the immediately preceding three years gives the CPI for the base year. Since the CPI data is currently available till FY 2021-22, the Inflation factor could be computed till FY 2022-23. Hence the resulting average CPI of 5.89% has been considered for projecting the O&M expenses for FY 2023-24.

Employee Expenses

6.2.5 SLDC submitted that the employee cost for the previous year has been considered as the base. The Growth Factor of SLDC has been considered as 1.00% for FY 2023-24. SLDC have also prayed for additional expense of Rs 1 Crore for increase in number of employees as have been approved in previous Tariff orders to meet the legitimate expenses to be paid for salaries. SLDC has accordingly projected the normative

employee expenses for FY 2023-24 as Rs. 7.74 Crore.

R&M Expenses

6.2.6 SLDC submitted that the AMC cost of SCADA / EMS has been transferred from AEGCL Accounts to SLDC from FY 2019-20 onwards. The projected AMC cost amounting to Rs. 0.55 Crore and Firewall AMC, Website Maintenance, Laptop/Desktop AMC, and maintenance of Access Control System for Server room amounting to Rs. 0.08 Crore have been considered for FY 2023-24. SLDC has submitted that it is very necessary for any organization to be very vigilant and always remain up-to date in matter of Cyber Security as now-a-days Cyber Attack in Many PSU's and Government organizations has been a very common phenomenon. SLDC comes under Power & Energy sector and hence considered as Critical Information Infrastructure by NCIIPC(National Critical Information Infrastructure Protection Centre).Therefore, to cope with the existing Cyber threats and remain updated various steps need to be undertaken which require financial involvement. Further, it has been clearly mentioned in CEA (Cyber Security in Power Sector) Guidelines, 2021 under Article 1(j) that the responsible Entity shall allocate sufficient Annual budget for enhancing Cyber Security posture, enhanced year over year. In this regard, SLDC requests the Commission to approve the amount of Rs. 0.56 crore towards Cyber Security as requested over and above the R&M expenses for FY 2023-24.

K Factor for FY 2023-24

6.2.7 SLDC proposed a 'K' factor of 1% for FY 2023-24 as approved in the MYT Order.

6.2.8 SLDC has accordingly projected the normative R&M expenses for FY 2023-24 as Rs. 1.32 Crore.

A&G Expenses

6.2.9 SLDC has projected the normative A&G expenses for FY 2023-24 as Rs.0.67 Crore. SLDC prayed for creation of provision for additional expenses because normative A&G Expenses are not sufficient to meet the requirements and daily operations of SLDC offices such as electricity bills which amounts to Rs. 0.36 Crore annually.

Expenses towards Training and Capacity Building

6.2.10 SLDC submitted the details of training programs planned for FY 2023-24.

6.2.11 SLDC claimed NIL expenses for Training and Capacity Building for FY 2023-24.

Commission's Analysis

6.2.12 The Commission has computed the O&M Expenses for FY 2023-24 on normative basis as per Regulation 102 of the MYT Regulations, 2021. Any variation between normative O&M expenses and actual O&M Expenses shall be considered under sharing of gains and loss on account of controllable items as per Regulation 10 of MYT Regulations, 2021 at the time of truing up for respective year.

6.2.13 For computation of employee expenses for FY 2023-24, the Commission has adopted the following approach:

- a) The employee expenses allowed in the APR for FY 2022-23 have been considered as base expenses;
- b) CPI inflation has been computed as average increase of CPI for the period from FY 2020-21 to FY 2022-23 (upto December, 2022), which works out to 5.18%;
- c) Considering the projected increase in number of employees over the Control Period, growth factor of 1% has been considered. The Commission is of the opinion that an additional expense of Rs. 1 Crore will be allowed for FY 2023-24.

6.2.14 The normative employee expenses approved for FY 2023-24 is shown in the following Table:

Table 8-3: Approved Employee Expenses for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
Base Employee Cost (n-1)	5.29	6.31	6.31
Avg CPI rate of preceding three years	5.53%	5.89%	5.18%
Growth Factor	1.00%	1.00%	1.00%
Normative Employee Cost	5.64	6.74	6.70
Additional Expense for increase in No. of Employees	-	1.00	1.00
Normative Employee Cost	5.64	7.74	7.70

6.2.15 For computation of R&M Expenses for FY 2023-24, the Commission has considered the following approach:

- a) WPI inflation has been computed for FY 2023-24 based on available data, which works out to 8.02%;
- b) K-factor governs the relationship between R&M expenses and Gross Fixed Assets. The Commission has considered the K-factor for FY 2023-24 as proposed by SLDC as 1%;
- c) Rs. 0.42 Crore AMC Cost of SCADA/EMS has been approved separately after removing it from normative R&M Expense of AEGCL;
- d) Firewall and Laptop AMC, Website maintenance, etc., have provisionally been allowed separately.
- e) The Commission has allowed the additional amount of Rs. 0.56 Crore towards cyber security as proposed by SLDC.
- f) SLDC is directed to submit detailed explanation of the expenses along with audited documentary evidence at the time of True up of FY 2023-24. The Commission would verify the prudence of these expenses at the time of true up.

6.2.16 The normative R&M expenses approved for FY 2023-24 is shown in the following Table:

Table 31: Approved R&M Expenses for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
Opening GFA for previous year	5.53	5.48	5.61
Closing GFA for previous year	15.83	21.02	21.15
Average GFA for previous year	10.68	13.25	13.38
K Factor	1.00%	1.00%	1.00%
WPI Inflation	4.13%	5.32%	5.32%
R&M Expenses	0.11	0.14	0.14
AMC Cost for SCADA/EMS	0.38	0.55	0.42
Firewall AMC,Website Maintenance etc.	0.10	0.08	0.08
Additional expense for cyber		0.56	0.56

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
security enhancement			
R&M Expenses – SLDC	0.59	1.32	1.20

6.2.17 For computation of A&G expenses for FY 2023-24, the Commission has adopted the following approach:

- The A&G expenses approved after APR for FY 2022-23 have been considered as base expenses;
- WPI inflation has been computed for FY 2023-24 based on available data, which works out to 8.02%.
- Commission has approved provision for additional expenses amounting to Rs. 0.30 Crore as claimed by SLDC.

6.2.18 The approved A&G expenses for FY 2023-24 is shown in the following Table:

Table 32: Approved A&G Expenses for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
A&G Expenses for Previous Year	0.35	0.36	0.36
WPI Inflation	4.13%	5.32%	8.02%
Provision for Additional Expenses	-	0.30	0.30
Normative A&G Expense	0.37	0.67	0.68

6.2.19 In view of the above, the Commission approves the O&M expenses for FY 2023-24 as shown in the following Table:

Table 33: Approved O&M Expenses for FY 2023-24(Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
O&M Expenses	6.60	9.74	9.58
<i>Employee Cost</i>	<i>5.64</i>	<i>7.74</i>	<i>7.70</i>
<i>R&M Expenses</i>	<i>0.59</i>	<i>1.32</i>	<i>1.20</i>
<i>A&G Expenses</i>	<i>0.37</i>	<i>0.67</i>	<i>0.68</i>

6.3 Capitalisation

6.3.1 In accordance with Regulation 6 of AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations, 2021 SLDC has submitted the projected capital expenditure and Capitalisation for FY 2023-24.

6.3.2 The Commission had approved capitalisation of Rs. 0.02 crore for FY 2023-24 for SLDC in the MYT Order dated March 21, 2022. SLDC submitted that it had revised the capital investment plan based on the current scenario. The scheme-wise capitalisation along with funding pattern proposed by SLDC are as follows:

- a) **Civil Works:** SLDC submitted that Rs. 0.60 Crore estimated amount may be spent for Renovation of Ground floor and First floor of SLDC building, Repairing of the Garage, Outdoor painting of SLDC building, Refurbishment of the office chambers to accommodate the Officers, repairing of the approach road to SLDC and placing interlocking concrete block pavements.
- b) **Lines and Network:** SLDC submitted that it plans to spend Rs. 0.02 Crore towards Procurement & installation of new 33/0.4kV Transformer and accessories
- c) **Furniture & Fixtures:** SLDC submitted that it plans to spend Rs. 0.06 Crore towards procurement of furniture at SLDC Office.
- d) **Office equipment:** SLDC submitted that it plans to spend Rs. 0.45 Crore for AC installation at Server room, SCADA rooms, control rooms with treatment.
- e) **IT Equipment:** SLDC submitted that it plans to spend Rs. 0.06 Crore for Laptops, Desktop and printers for SLDC.

6.3.3 SLDC submitted that the funding of Capital Expenditure is mostly envisaged through Loan. Capitalisation details for SLDC of FY 2023-24 is as shown in the following Table:

Table 34: Capital Expenditure and Capitalisation (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission
Civil works		0.60
Lines, Cable Networks etc.		0.02
Furniture & Fixtures	0.02	0.06
Office Equipment		0.45
IT Equipment		0.05
Total Capitalisation	0.02	1.18

Commission's Analysis

6.3.4 The Commission has deliberated the capitalisation amount claimed by SLDC

6.3.5 The Commission has considered Capitalisation of Rs. 60 Lakhs for Civil works, Rs. 2 Lakhs for Lines and Cable Network, Rs. 6 Lakhs for Furniture and Fixtures, Rs. 45 Lakhs for Office Equipment and Rs. 6 Lakhs for IT Equipment. The entire capitalisation of Rs. 1.18 Crore has been considered to be funded through debt in line with rationale submitted by SLDC.

Table 35: Capitalisation approved by the Commission for the Control Period (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
Civil works		0.60	0.60
Lines, Cable Networks etc.		0.02	0.02
Furniture & Fixtures	0.02	0.06	0.06
Office Equipment		0.45	0.45
IT Equipment		0.05	0.05
Total Capitalisation	0.02	1.18	1.18

6.4 Depreciation

6.4.1 SLDC submitted that depreciation has been computed as per MYT Regulations, 2021

for FY 2023-24. Depreciation has been calculated taking into consideration the opening balance of assets at the beginning of the year and the projected capitalization during the year. The Closing Gross Block of Fixed Assets for FY 2022-23 has been considered as the opening balance of assets for FY 2023-24. As specified in MYT Regulations, 2021, depreciation is calculated as per Straight Line Method (SLM) considering depreciation on opening Fixed Asset to the extent of 90% of the Asset Value. The Depreciation on assets created through Grant has been reduced before arriving at Net depreciation.

6.4.2 SLDC claimed the depreciation of Rs. 0.16 Crore for FY 2023-24 against approved depreciation of Rs. 0.09 Crore in MYT Order dated March 21, 2022.

Commission's Analysis

6.4.3 For computation of depreciation, the Commission has considered the closing GFA for FY 2022-23 as approved in this Order, as the Opening GFA for FY 2023-24. The capitalisation approved for the year has been considered as asset addition during the year. The Commission has considered the scheduled depreciation rates as specified in MYT Regulations, 2021.

6.4.4 As per Regulation 32.1 of the MYT Regulations, 2021, the total depreciation during the life of the asset shall not exceed 90% of the original cost of GFA. The Commission has computed the depreciation separately for assets added under each asset head in each year. The Commission has disallowed the depreciation on assets where depreciation is in excess of 90% of the original cost of asset under different asset heads.

6.4.5 In view of the above, the Commission has approved depreciation for FY 2023-24 as per MYT Regulations, 2021, as given in the Tables below:

Table 8-11: Depreciation approved for FY 2023-24 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
1	Land & Rights	-			-
	Land under lease	-			-
2	Building	0.35		3.34%	-
3	Hydraulic	-		5.28%	-

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
4	Other Civil Works	0.04	0.60	3.34%	0.01
5	Plant & Machinery	20.07	-	5.28%	1.06
6	Lines & Cable Network	0.09	0.02	5.28%	0.01
7	Vehicles	-	-	9.50%	-
8	Furniture & Fixtures	0.22	0.06	6.33%	0.02
9	Office Equipment	0.39	0.50	6.33%	0.04
10	Grand Total	21.15	1.18		1.132
11	Asset excluding Land				
12	Less: Depreciation for Grants				1.00
13	Net Depreciation				0.13

6.4.6 The Commission approves depreciation of Rs. 0.13 Crore for FY 2023-24.

6.5 Interest on Loan Capital

6.5.1 SLDC has considered the closing net normative loan for FY 2022-23 as per its submissions, as the opening net normative loan for FY 2023-24. SLDC submitted that the loan addition during FY 2023-24 has been considered as per the CAPEX funding plan. The normative repayment has been considered equal to the depreciation. The weighted average interest rate on the actual loan portfolio works out to 10.08% for FY 2023-24.

6.5.2 Accordingly, SLDC has projected the Interest and Finance Charges for FY 2023-24 as Rs. 0.16 Crore against approved Rs. 0.07 Crore in MYT Order dated March 21, 2022.

Commission's Analysis

6.5.3 The Commission has considered the opening net normative loan for SLDC as on April 1, 2023 as Rs 1.06 Crore, based on the closing net normative loan approved in the APR for FY 2022-23. The addition of loan has been considered equal to debt portion of capitalized works as approved by the Commission in this Order. The loan repayment

has been considered equivalent to depreciation approved in this Order.

6.5.4 As per MYT Regulation, 2021 weighted average of interest shall be computed based on actual outstanding loan as on April 1, 2021. The weighted average interest rate has been considered as 9.92%, same as actual taken for FY 2021-22 and FY 2022-23.

Table 36: Approved Interest on Loan for FY 2023-24 (Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by the Commission
Net Normative Opening Loan	0.75	1.10	1.06
Addition of normative loan during the year	0.02	1.18	1.18
Normative Repayment during the year	0.09	0.16	0.13
Net Normative Closing Loan	0.68	2.12	2.10
Interest Rate	10.08%	10.08%	9.92%
Interest Expenses on Loan	0.07	0.16	0.16
Finance Charges			
Total Interest and Finance Charges	0.07	0.16	0.16

6.6 Return on Equity

6.6.1 SLDC has claimed NIL RoE for FY 2023-24 as SLDC has not envisaged any equity addition.

Commission's Analysis

6.6.2 The Commission has considered NIL RoE for FY 2023-24 in the absence of any equity for SLDC.

6.7 Interest on Working Capital

6.7.1 The Commission approved IoWC of Rs. 0.27 Crore for FY 2023-24 in the MYT order dated March 21, 2022. As against this, SLDC has claimed IoWC of Rs. 0.42 Crore for

FY 2023-24.

Commission's Analysis

6.7.2 The Commission has computed normative IoWC in accordance with the MYT Regulations, 2021. The rate of Interest has been considered equal to State Bank of India MCLR (One Year Tenor) prevalent during last 6 months plus 300 basis points i.e.,10.58%. IoWC approved by the Commission for FY 2023-24 is shown in the following Table:

Table 37: IoWC approved by the Commission for FY 2023-24(Rs. Crore)

Particulars	Approved in MYT Order. dt. 21.03.2022	SLDC Submission	Approved by Commission
O&M expenses for 1 month	0.55	0.81	0.80
Maintenance spares @ 15% of O&M	0.99	1.46	1.44
Receivables for two months	1.15	1.72	1.68
Total Working Capital	2.69	3.99	3.92
Rate of Interest	10.00%	10.58%	10.58%
Interest on Working Capital	0.27	0.42	0.41

6.8 Income Tax

6.8.1 SLDC submitted that as per MYT Regulations, 2021, Income Tax shall be reimbursed as per actual Income Tax paid, based on the documentary evidence submitted at the time of truing up. SLDC has not claimed any Income Tax for FY 2023-24.

6.8.2 Commission's Analysis

6.8.3 The Commission has not considered any provision towards Income Tax. The actual Income Tax paid shall be considered based on the documentary evidence submitted during true-up.

6.9 Non-Tariff Income

6.9.1 The Commission approved NTI of Rs. 0.12 Crore for FY 2023-24 in the MYT order dated March 21, 2022. As against this, SLDC has NTI of Rs. 0.18 Crore for FY 2023-

24. The projected income consists of SLDC charges paid by IEX.

Commission's Analysis

6.9.2 The Commission approves the Non-Tariff Income of Rs. 0.18 Crore for FY 2023-24. The actual Non-Tariff income shall be considered at time of truing up, subject to prudence check.

6.10 Summary of ARR for FY 2023-24

6.10.1 The summary of ARR as submitted by SLDC and as approved by the Commission for FY 2023-24 is given in the Table below:

Table 38: ARR of SLDC for FY 2023-24 as approved by the Commission (Rs. Crore)

Sl. No.	Particulars	MYT Order. dtd. 21.03.2022	Proposed by SLDC	Approved by the Commission
1	O&M Expenses	6.60	9.74	9.58
1.1	<i>Employee Cost</i>	5.64	7.74	7.70
1.2	<i>R&M Expenses</i>	0.59	1.32	1.20
1.3	<i>A&G Expenses</i>	0.37	0.67	0.68
2	Depreciation	0.09	0.16	0.13
3	Interest & Finance Charges	0.07	0.16	0.16
4	Interest on Working Capital	0.27	0.42	0.41
5	Return on Equity	-	0.00	0.00
6	Less: Non-Tariff Income/ Other Income	0.12	0.18	0.18
7	Aggregate Revenue Requirement	6.91	10.31	10.11

6.10.2 The Commission approves the ARR of Rs. 10.11 Crore for FY 2023-24 as against Rs. 10.31 Crore projected by SLDC.

7 Annual SLDC Charges for FY 2023-24

7.1 Cumulative Revenue Gap/(Surplus) and Net ARR for recovery

7.1.1 SLDC submitted the cumulative Revenue Gap/(Surplus) after Truing up of FY 2021-22 and APR of FY 2022-23 and based on the revised ARR of FY 2023-24, as shown in the Table below:

Table 39: Revenue Gap/(Surplus) for FY 2021-22 with carrying cost (Rs. Crore)

Particulars	Amount
Revenue Gap/(Surplus) for FY 2021-22	(0.88)
Carrying/(Holding) cost on Revenue Gap/(Surplus) for FY 2021-22	(0.18)
Total Revenue Gap/(Surplus)	(1.06)

Commission's Analysis

7.1.2 For computation of cumulative Revenue Gap/(Surplus), the Commission has considered the Revenue Gap/(Surplus) after truing up of FY 2021-22 as approved in this Order, along with Carrying/(Holding)Cost. No Revenue Gap/(Surplus) arising out of APR of FY 2022-23, is proposed to be recovered through tariff in FY 2023-24, in accordance with the MYT Regulations, 2021.

7.1.3 The Revenue Gap/(Surplus) approved for recovery in FY 2023-24 is shown in the Table below:

Table 40: Revenue Gap/(Surplus) for FY 2021-22 approved for recovery/adjustment in FY 2023-24 (Rs. Crore)

Sl. No.	Particulars	Tariff Order	SLDC	Approved after truing up
1	Net ARR	7.36	6.48	6.49
2	Revenue from SLDC Charges	7.36	7.36	7.36
3	Gap/(Surplus)	-	(0.88)	(0.87)
4	Carrying/(Holding) cost	-	(0.18)	(0.18)

7.1.4 The Commission has computed the carrying/ (Holding) cost as shown in the following Table:

Table 41: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2021-22 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2021-22	FY 2022-23	FY 2023-24
1	Opening Balance	-	(0.87)	(0.87)
2	Recovery /(Addition) during year	0.87	-	(0.87)
3	Closing balance	(0.87)	(0.87)	-
4	Rate of Interest (%)	10.00%	10.58%	10.58%
5	Carrying /(holding) Cost	(0.04)	(0.09)	(0.05)
	Total Gap/(Surplus) including Carrying/(Holding) Cost	(1.06)		

7.1.5 The total Revenue Surplus including Holding Cost works out to Rs 1.06 Crore.

Pass through of Surplus to APDCL

7.1.6 The Commission approves the cumulative Revenue Surplus of SLDC as Rs 1.06 Crore. This Surplus is to be passed through to APDCL in twelve monthly equal instalments of Rs 0.09 Crore in FY 2023-24 as adjustment to the monthly bills.

7.2 SLDC tariff for FY 2023-24

7.2.1 ARR of SLDC approved for FY 2023-24 is Rs. 10.11 Crore, which is allocated to APDCL as single user.

7.2.2 However, the SLDC charges to be charged for any other Long-term/Medium-term user are as given below:

Table 42: SLDC Charges approved by the Commission for FY 2023-24

Sl. No.	Particulars	UoM	Amount
1	Net ARR – SLDC	Rs. Crore	10.11
2	Maximum Contracted Capacity	MW	2592.44
3	SLDC Charges for LTOA/MTOA Consumers	Rs./MW/day	106.84

Approved SLDC charges to be recovered from APDCL for FY 2023-24 is Rs. 10.11 Crore.

The approved SLDC charges for Long-term/Medium-term Users of Transmission System for FY 2023-24 are Rs.106.84 per MW per day.

7.2.3 The annual SLDC charges as determined by the Commission shall be recovered from

APDCL. The SLDC shall furnish necessary monthly bills at the rate of one twelfth of the annual charges as approved by the Commission, to APDCL for each billing month within seven days after the last day of the preceding month. APDCL shall make payment to the SLDC, within one month of the date of receipt of the bill.

7.2.4 The Short-term open access customers using the intra-State transmission system shall pay only such scheduling charges to the SLDC as approved by the Commission in accordance with AERC (Terms and Conditions for Open Access) Regulations 2018. This revenue shall be adjusted against the ARR.

7.3 Applicability of Tariff

7.3.1 The approved Transmission tariff and SLDC charges for FY 2023-24 shall be effective from April 1, 2023 and shall continue until replaced by and subsequent Order of the Commission.

Sd/-
(A. Bhattacharya)
Member, AERC

Sd/-
(S.N. Kalita)
Member, AERC

Sd/-
(K.S. Krishna)
Chairperson, AERC

8 Directives

The Commission has issued certain directives to SLDC in the past Orders, with an objective of achieving operational efficiency and streamlining the flow of information, which would be beneficial to the sector and the Petitioner, both in the short-term and long-term.

As regards the directives issued by the Commission in the Tariff Order dated March 21, 2022 SLDC has submitted the report to the Commission on compliance. The Commission has reviewed the compliance of directives submitted by SLDC, and the status is as follows:

Directive 1: Capacity Building of SLDC

The Commission directs SLDC to submit the Training Calendar to the Commission for FY 2022-23 within 30th April, 2022.

Status:

SLDC has submitted the training calendar for FY 2022-23 to the Commission on 07.07.2022

Commission's views

Noted.

Directive 2: SLDC Website updating

Commission directs SLDC to upload the details of Open Access consumers, revenue from Open Access, procedure for seeking Open Access, available TTC and ATC, outage management and other reports like transmission availability, Power position, Energy Report, etc., on their website from time to time.

Status:

SLDC has submitted the new website of SLDC under SAMAST project is under development stage. The information related to the details of Open Access; available TTC&ATC will be available after hosting the new website. Moreover, the same information is also available in the present website. FAT for new website has been approved for SLDC. Also, reports like transmission availability, Power position, Energy Reports are updated in the present website. The option regarding details of revenue from Open Access consumers is not available in the present website but the same has been taken care of in the new website.

Commission's views

Noted.

Directive 3: Status Report of Individual Projects

The Commission directs SLDC to provide status reports on half-yearly basis on the database of individual projects with following details:

- (i) Details/Scope of Project including activities, Tender Results etc.;
- (ii) Start date of Project;
- (iii) Scheduled completion date of Project;
- (iv) Funding Plan;
- (v) Cost-Benefit-Analysis of the Project (if the Asset is expected to increase accuracy of the energy accounting, Actual increment in accuracy)
- (vi) Present Status of Project, indicating physical progress in percentage terms and in monetary terms;
- (vii) Status of Capitalisation in a compiled manner, i.e., individual project-wise and Scheme-wise Capitalisation, along with the comparison of project-wise and Scheme-wise approved capital cost;
- (viii) Whether the intended benefits of the Project have been achieved, etc.

Status:

SLDC submitted that the SLDC is maintaining the database on the individual projects and same has been submitted on 30th November,2022 along with SLDC Tariff petition for True Up for FY 2021-22.

Commission's views

Noted.

New Directives

SLDC is directed to submit the status of compliance of above Directives to the Commission at the end of each quarter. The Commission will review the status in the month following the end of the quarter.

**Sd/-
(A. Bhattacharyya)
Member, AERC**

**Sd/-
(S.N. Kalita)
Member, AERC**

**Sd/-
(K. S. Krishna)
Chairperson, AERC**

9 Annexures-1

Minutes of the 31st Meeting of the State Advisory Committee

Venue: AERC Conference Hall.

Day/Dated: Monday, 30th January, 2023

List of members/special invitees: At Annexure-1 (Enclosed)

The 31st Meeting of the State Advisory Committee (SAC) was chaired by the Hon'ble Chairperson, AERC, Kumar Sanjay Krishna, IAS, (Retd.).

At the onset, Hon'ble Chairperson, AERC welcomed all members and invitees. Hon'ble Chairperson informed that the utilities have submitted Tariff petitions for True up for FY 2021-22, Annual Performance Review for FY 2022-23 and Aggregate Revenue Requirement for FY 2023-24. The Commission directed the petitioners to publish the petition in abridged form for information of the public and for comments/suggestions. In response to the petitions, several stakeholders submitted their views. The Hon'ble Chairperson informed that a public hearing on the tariff petitions will be held in the month of February. Shri Krishna observed that the State Advisory Committee has an important advisory role to play and requested the members to give constructive views and suggestions to enable the Commission to complete tariff determination process within the timeline. The Hon'ble Chairperson informed that as MD, APDCL could not be present in the meeting, another meeting with APDCL would be held very soon so that more meaningful discussions on the proposed APDCL tariff hike and increase in power purchase cost etc, could take place. Thereafter, the agenda items were taken up for discussion in seriatim.

The important points raised by the members during the discussions are briefly recorded below.

Agenda Item No 2: Brief presentation on Action Taken Report of AEGCL, APGCL and APDCL

APGCL

A brief presentation by Mr. Jayjeet Bezbaruah, Assistant Director (Engg) on action taken report of APGCL, AEGCL followed by comment and views from the Members.

During the presentation on action taken report of APGCL, Shri Dilip Sarma Member opined that conversion of grants to equity by APDCL will lead to substantial increase in the Retail Tariff. Shri Subodh Sharma, Member mentioned that while it may be legitimate to convert the grants into equity but it should not be allowed as the cost of retail Tariff which will ultimately burden the consumers. Thereby, Shri Sharma requested AERC to look into the whole issue from the retail consumer's perspective.

The Hon'ble Chairperson, AERC clarified that conversion of grant to equity pertains to all the three utilities and has been claimed in the respective tariff as Return on Equity by each utility. The Hon'ble Member, AERC explained that it is legitimate to convert the grants to equity and assured that the Commission will look into the matter so that the burden on the consumers can be minimized, to a certain extent. Hon'ble Member also mentioned that CERC did this long back in 2001 along with some other states.

Member Shri C. Baruah mentioned that 3 years back, there was a plan to start a pumped storage station in the Chandrapur area. However, no survey was done and finally the plan did not materialize. MD, APGCL informed that a formal survey had taken place and a report has been submitted. According to the survey, there is a possible generation of 40 MW to 70 MW. Member Baruah advised APGCL to visit the Purulia Pumped Storage Project to gain necessary experience to implement the project successfully.

Shri N Borthakur asked APGCL to study the feasibility and financial viability of the Chandrapur project considering per unit storage cost and submit a report on the same to the Commission.

AEGCL

During the presentation on action taken report of AEGCL Shri N Borthakur enquired about the status of 400 KV transmission line of Biswanath Chariali to Khumtai as NRL is to draw power for their new unit from Khumtai GSS. MD, AEGCL informed

that, route survey has been completed from Biswanath Chariali to Khumtai. The matters regarding funding of the transmission line and tendering have already been discussed with the Principal Secretary, GoA. MD, AEGCL further informed that no funding could be arranged for the project so far. The land for Khumtai GSS has been handed over to AEGCL.

The Commission asked AEGCL to implement the project as early as possible and tie up with some funding agency on priority basis. CGM, AEGCL informed that the initial load of new unit of NRL will be arranged at 220 KV from Khumtai GSS and the Samaguri 220KV line will cater power to the GSS till the 400 KV Biswanath Chariali - Khumtai line is complete.

MD, AEGCL informed that the proposal for augmentation of 220/132 KV Rangia GSS has been forwarded to GoA under SOPD-G scheme. Hon'ble Member AERC suggested that AEGCL should try to collect funds from private lenders at a cheaper rate than Govt lending rate. Shri Subodh Sharma agreed that as AEGCL have high equity, other options for cheaper loans should be explored.

Shri Abhijit Barooah stated that, AEGCL is paying 10.5% interest on GoA loan. The utility should take up this matter with GoA to reduce the interest rate for the benefit of the consumers. Secretary, Power (E) Department, GoA informed that no proposal in this regard has been received and, if requested, the matter will be looked into.

Shri Dilip Sharma stated that if power is supplied at lower than the rated voltage then losses will be more. Hence, action should be taken to improve voltage profile and reduce transmission loss. Shri Subodh Sharma observed that AEGCL has hardly taken any steps to reduce the losses and the Transmission losses for FY 2023-24 is 3.30% as per the submission of the tariff petition. Shri Sharma also enquired regarding steps taken to improve voltage at Nalkata. CGM, AEGCL informed that new grid substations are being constructed which will result in voltage improvement. Also, capacitor banks have been installed at Nalkata to improve voltage.

Shri Abhijit Barooah suggested that procuring power from neighboring Bhutan may be explored where power is available at a cheaper rate. Shri Prabhat Bezbaruah informed that PTC India Ltd signed PPAs with Power Utilities of Bhutan for supply of

power from various hydro stations to DISCOMs in India. For Assam, power from Mangdechu Hydro Plant has been procured through similar arrangement.

Shri Subodh Sharma enquired about the 132 KV Substation in Udharband which was sanctioned in 2018. He stated that the industries are affected because of the power shortage and poor voltage profile in that area. MD, AEGCL informed that the GSS will be commissioned under AIB scheme. Shri Subodh Sharma requested to expedite the works for the GSS so that power scenario in Cachar improves.

Agenda Item No 4: Presentation and Discussion on Tariff Petitions by the utilities

Presentation by APGCL

A Power Point Presentation was made by representative from APGCL regarding approval of True up for FY 2021-22, Revised Capex Plan for FY 2022-23 to FY 2023-24, Petition for Annual Performance Review for FY 2022-23 and Revised ARR for FY 2023-24.

MD APGCL, Shri B. Bhuyan mentioned that Gas price increased by ~ 379% from Sept'21 to Oct'22. He highlighted the substantial increase in gas price which are as follows: from April 21 to September 21--1.79 \$/MMBTU, from October-21 to March 22-- 2.90 \$/ MMBTU, from April 22 to September 22 -- 6.10 \$/MMBTU and from October-22 to March 23 -- 8.57 \$/MMBTU. Shri Bhuyan also informed that a Kirit Parikh Committee was formed by GOI, and the Committee has fixed a base price of 4.0 \$/MMBTU with a cap of 6.5 \$/MMBTU. The same has been accepted by MOPNG and waiting for the cabinet approval. MD APGCL also mentioned that once the approval is done the gas price is likely to decrease.

During the presentation Shri A Baruah from CII expressed concern over increase in generation cost of the gas-based power plants of APGCL. Shri Baruah urged to make an analysis on whether APDCL should buy power from the market/other sources and stop buying power from APGCL considering APGCL s current high submissions.

Shri N Borthakur also urged to make a proper analysis on whether it is beneficial for the APDCL to purchase power at high cost or they should procure power from the market.

MD APGCL mentioned that, APDCL purchased about 11000 units per annum. He mentioned that out of that 11000 units APGCL cater around 13%-17% of the quantum. He also mentioned that till last year APGCL was providing power at a cheaper price (around 40% less) considering the average power purchase cost of APDCL. He also pointed that due to the high gas price the generation cost of the other stations will also go up simultaneously keeping the same impact in the Retail Tariff.

Shri A Bordoloi, Member, advised APGCL to plan for some bigger solar projects as the cost of the Solar is less compared to the Gas based generating stations.

Shri Subodh Sharma and Shri C Baruah enquired about the current status of NRPP STG unit. They also asked regarding MU loss due to the non-generation of NRPP STG unit. Representative of APGCL mentioned that around 35%-40% generation loss occurred due to STG unit break down. MD APGCL informed that the STG unit will be revived by April 2023.

Shri N. Borthakur enquired the reason of high capital expenditure given by APGCL for the NRPP plant.

Representative from APGCL explained that Hot Gas Path Inspection (HGPI) of NRPP at the end of 24000 Running hours will be done by APGCL. He also mentioned that, estimated cost for the HGPI work is 148Cr. This cost has been divided into two equal parts of 74 Crore. First part is proposed for FY 2023-24 to initial procurement of spares and the second part is proposed for FY 2024-25 to procure balance spares and execute the work. APGCL mentioned that HPGI will contain advance gas path (AGP) components to upgrade the present technology installed in the GT system. This upgradation will eliminate the need for the Combustion inspection at the end of every 12000 Running Hours. This will reduce maintenance and increases gross generation of NRPP by reducing the outage hours due to planned maintenance shutdown.

Shri Subodh Sama Member SAC also enquired what APGCL is planning to do with the refurbished components. APGCL mentioned that the refurbished components will be used in next HGPI at the end of 48000 Running hours making the cost of next HGPI less than the first one. As it is a planned activity by APGCL which is a state-owned entity, Members of SAC noted the point and directed APGCL to maximize the gross generation by reducing the outage hours by planned maintenance shutdown.

Shri Borthakur member SAC also requested APGCL to provide a detailed report of increase in generation once the HGPI work is completed.

Presentation by AEGCL

A PowerPoint presentation was made by MD, AEGCL on the salient features of Tariff petition submitted by AEGCL and SLDC. Important points of the discussion are noted below

In True-up for FY 2021-22, AEGCL has shown ARR of Rs.403.98 Crore and a gap of Rs. 14.89 Crore. For SLDC, in True-Up, ARR of Rs. 6.48 Crore and surplus of Rs. 0.88 Crore has been shown.

For FY 2022-23, AEGCL & SLDC have claimed ARR of Rs.620.07 Crore & Rs. 7.63 Crore and a gap of Rs. 159.62 Crore & Rs. 1.15 Crore respectively.

For FY 2023-24, AEGCL & SLDC has shown ARR of Rs.703.39 Crore & Rs. 10.31 Crore and gap of Rs 212.30 Crore & of Rs.3.40 Crore respectively.

AEGCL informed that transmission loss of 3.32% was recorded in FY 2021-22 and projected a loss of 3.30% through APR and ARR. AEGCL projected transmission charge of Rs.0.62 Rs./kWh , Transmission access charge of Rs 7625.04 /MW/day and SLDC charge of Rs. 97.68/MW/Day for FY 2023-24.

As suggested by the members in the last SAC meeting, AEGCL also made a presentation with a power map of Assam with existing and proposed GSS and lines.

Hon'ble Chairperson reiterated that another SAC meeting to discuss the tariff petitions of APDCL will be held in February and MD, APDCL and along with other officials from the Company would be present during that meeting.

The meeting ended with a vote of thanks from and to the Chair.

Sd/-

Secretary,

Assam Electricity Regulatory Commission

Annexure-I

List of members, special invitees, and officers present in the meeting of the 31st SAC

Meeting held on 30th January,2023 at AERC Conference Hall.

Members

1. Kumar Sanjay Krishna, IAS (Retd), Chairperson, AERC
2. Shri Satyendra Nath Kalita, Member (Technical), AERC
3. Shri Gautam Talukdar ,Secretary, Power (E) Department, Government of Assam
4. Shri Niranjan Borah, Deputy Secretary, Finance Department, Government of Assam.
5. Shri Subodh Sharma, Consumer Activist
6. Shri Champak. Baruah, Ex-Member (T), APDCL & Member, CGRF (Ghy)
7. Shri Dilip. Kr. Sarma, Ex.Executive Director, PGCIL
8. Shri Prabhat Bezboruah, Ex. Chairman TRI
9. Shri B Barpujari, Ex. Executive Director IOC AOD
10. Shri Nikunja Borthakur, Sr, CGM CA & Director, NRL
11. Smt. Vikali Chishi, Sr Manager, Assam Gas Company Ltd.
12. Shri Arin Bordoloi, Ex GM NTPC
13. Shri Deepakananda Bharali, Ex. GM IOC
14. Dr Kalpana Sarma, Ex-Associate Professor of Physics, Cotton University
15. Shri Hemanga Deka, Scientific Officer, AEDA
16. Shri Saurabh Agarwal, FINER
17. Shri Surendra Chowkhani, FINER.
18. Shri Abhijit Sharma, Secretary. ABITA
19. Shri Abhijit Barooah, Ex-Chairman, CII Assam Branch

SPECIAL INVITEES

1. Shri Bibhu Bhuyan, Managing Director, APGCL
2. Shri Debajyoti Das, Managing Director, AEGCL

OFFICERS FROM AEGCL & APGCL

AEGCL

1. Shri Loknath Chowdhury, CGM, AEGCL
2. Shri Hemanta Kr Sharma, CGM,SLDC,AEGCL
3. Smt Rodali Khaund, DGM, SLDC, AEGCL
4. Ashutosh Bhattacharya,DGM,SLDC,AEGCL
5. F.H Hashmi,DGM,AEGCL
6. Shri Debasish Paul, AGM, AEGCL
7. Shri Bidyut Das,Consultant,AEGCL
8. Shri Dipmoni Nath,AM,AEGCL.

APGCL

1. Shri Suresh Kaimal,CGM,APGCL
2. Shri Pankaj Bikash Sharmah,AGM,APGCL.
3. Shri Sunny Kr. Singh,Consultant,APGCL.

OFFICERS FROM AERC

1. Shri M.K. Deka, IAS (Retd), Secretary, AERC
2. Ms. P. Sharma, Joint Director (Regulatory Affairs & Finance Planning), AERC
3. Shri N.K. Deka, Deputy Director (Gen, PPA, P&P), AERC
4. Mrs R. Baruah, Deputy Director (Engg.), AERC
5. Mrs P. Rabha, Assistant Director (Tariff), AERC
6. Shri Jayjeet Bezbaruah,Assistant Director(Generation),AERC
7. Shri A.N Devchoudhury, Consultant(Tariff),AERC

