

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 92/2010

**Coram: Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member**

Date of Hearing: 29.7.2010

Date of Order: 11. 3.2011

In the matter of:

Approval under subsection (4) of section 28 of Electricity Act 2003 read with regulation 4 of Central Electricity Regulatory Commission (fees and charges of Regional Load Despatch Centre and other related matters) Regulations 2009 for WRLDC Charges (POSOCO Portion) for the control period 1.4.2009 to 31.3.2014

And

In the matter of:

Power Grid Corporation of India Ltd

.....**Petitioner**

Vs

(A) Users under the category of Distribution Licensees and Buyers

1. Managing Director, CSPTCL, P.O. Sundernagar, Dangania, Raipur-492013.
2. Chairman, GUVNL, Sardar Patel Vidyut Bhavan, Race Course, Vadodara-390 007.
3. Chairman&Managing Director, M.P Power Trading Co.Ltd, Shakti Bhavan, Vidyut Nagar, Rampur, Jabalpur-482008
4. Managing Director, MSEDCL, Prakashgad, Bandra (East), Mumbai-400051.
5. Chief Electrical Engineer, Goa Electricity Department, Government of Goa, Vidyut Bhavan, 3rd Floor, Panaji, Goa.
6. Secretary(P), UT of Dadra Nagar Haveli, Silvassa-396230.
7. Secretary , UT of Daman & Diu, Moti Daman.
8. Executive Director , WRTS-I, Power Grid Corporation of India Ltd., P O Uppalwadi, Sampritinagar Nagpur.440 026
9. Additional General Manager, Bhadravathi HVDC, Power Grid Corporation of India Ltd, Sumthana Village, Bhadravathi(Tahsil), Bhadravathi, Chandrapur(Dist), Maharashtra-442 902



10. Additional General Manager, Vindhayachal HVDC, Power Grid Corporation of India Ltd, P.O.Vindhyanager, P.Box.No.12, Singrauli(Dist), Madhya Pradesh-486 885

(B) Users under the category of Generating Stations and Sellers

11. General Manager, Korba STPS, National Thermal Power Corporation, P.O.Vikas Bhavan, Jamniali, Korba(Dist), Chhattisgarh- 495 450
12. General Manager, STAGE-I, Vindhayachal STPS, National Thermal Power Corporation of India Ltd, P.O Vindhyanager, Sidhi(Dist),Madhya Pradesh – 486 885
13. General Manager, STAGE-II, Vindhayachal STPS, National Thermal Power Corporation of India Ltd ,P.O Vindhyanager, Sidhi(Dist),Madhya Pradesh – 486 885
14. General Manager, STAGE-III, Vindhayachal STPS, National Thermal Power Corporation of India Ltd, P.O Vindhyanager, Sidhi(Dist),Madhya Pradesh – 486 885
15. General Manager, Kawas Gas Power Project, National Thermal Power Corporation of India Ltd , P.O.Aditya Nagar,Surat- 394 516
16. General Manager, Gandhar Gas Power Project, National Thermal Power Corporation of India Ltd, P.O.NTPC Township, Bharuch(Dist), Gujarat- 392215
17. General Manager, SIPAT TPS, National Thermal Power Corporation of India Ltd, SIPAT, Chhattisgarh.
18. Station Director, Tarapur Atomic Power Station 1&2, Nuclear Power Corporation of India Ltd, P.O.TAPP, Thane(Dist), Maharashtra- 401 504
19. Station Director,Tarapur Atomic Power Station 3&4, Nuclear Power Corporation of India Ltd, P.O.TAPP, Thane(Dist), Maharashtra- 401 504
20. Station Director, Kakrapar Atomic Power Station, Nuclear Power Corporation of India Ltd, Anumala.P.o, Via Vyara, Surat, Gujarat-395 651
21. Member(Power), NCA,EMC Office, D ¾, Narmada Colony Scheme, No.78, Vijayanagar, Indore -452010
22. Executive Director, Jindal Power Limited, O.P.Jindal Super Thermal Power Plant, Village & P.O:Tamnar, Tehsil:Gharghoda, Dist: Raigarh, Chattisgarh- 496 107
23. General Manager(Comml), LANCO Amarkantak Power Pvt. Ltd.,Plot No. 397, Phase-III, Udyog Vihar, Gurgaon- 122016,Haryana
24. Chief Executive Officer , Adani Power Limited, Registered Office,Shikhar, 9th Floor, Near Mithakhali Road, Navarangpura, Ahamedabad- 380 009



(C)Users under the category of Inter State Transmission Licensees

25. Executive Director , WRTS-I, Power Grid Corporation of India Ltd., P
O Uppalwadi, Sampritinagar Nagpur.440 026

... Respondents

The following were present:

1. Shri S.K.Soonee, CEO, POSOCO
2. Shri U.K.Tyagi, PGCIL
3. Shri N.S.Sodha, PGCIL
4. Shri Sunil Kumar, PGCIL
5. Shri M.M.Mondal, PGCIL
6. Shri Prashant Sharma, PGCIL
7. Shri R.K.Gupta, PGCIL
8. Shri Mahesh Kumar, PGCIL
9. Shri S.S.Raju, PGCIL
10. Shri V.V.Sharma, NLDC
11. Shri S.R.Narasimhan, WRLDC
12. Shri V.K.Padha, NTPC
13. Shri M.L.Jadav, NPCIL
14. Shri S.K.Meena, NHPC

ORDER

This petition has been filed by Power Grid Corporation of India Ltd. on behalf of the Power System Operation Corporation Ltd. (POSOCO) for approval of the fees and charges of Western Regional Load Despatch Centre(WRLDC) for the control period 1.4.2009 to 31.3.2014 under Sub-section (4) of Section 28 of Electricity Act 2003 (hereinafter referred to as “the Act”) read with Regulation 4 of Central Electricity Regulatory Commission (fees and charges of Regional Load Despatch Centre and other related matters) Regulations 2009 (hereinafter referred to as “the RLDC fees regulations”). The petitioner has sought the following reliefs:

- (a) Approve the charges for WRLDC for the control period 2009-14 as per para 9 of the petition.



- (b) Approve the CAPEX as mentioned in para 8 of the petition.
- (c) Allow the petitioner to bill and adjust impact of interest on loan due to change in interest rate on account of floating rate of interest applicable during 2009-14, if any.
- (d) Allow the petitioner to bill and recover Service Tax on RLDC charges separately from the respondents, if petitioner is subjected to such tax.
- (e) Allow the petitioner to bill and adjust impact on HR expenses due to revision of pay in case of non-executives with effect from 1.1.2007 during 2009-14 period, if any, from the respondents.
- (f) Allow the petitioner to bill and adjust impact on transfer of building/part of building where WRLDC and other associated facilities are located
- (g) Approve the reimbursement of expenditure towards publishing of notices in Newspapers and other expenditure (if any) in relation to the filing of petition.
- (h) Allow Powergrid on behalf of POSOCO to raise bills and receive payments for WRLDC and allow POSOCO to raise bills and receive payments on commencement of business of POSOCO.
- (i) Allow petitioner to bill and recover Pre-incorporation expenses of POSOCO as one time charges from the users.
- (j) Pass such other order as the Hon'ble Commission deems fit and appropriate in these circumstances of the case and in the interest of justice.

2. POSOCO is a wholly owned subsidiary of Power Grid Corporation of India Ltd., the petitioner herein. POSOCO has been created as per the directives of Government of India as contained in letter No-41/20/2005-PG



dated 4.7.2008 for independent system operation of the National Load Despatch Centre (NLDC) and Regional Load Despatch Centres (RLDCs). As per the said letter dated 4.7.2008, POSOCO shall discharge the following functions:

- (a) To supervise and control, all aspects concerning operations and manpower requirement of RLDCs and NLDC. All the employees and executives working with RLDCs and NLDC will be from the cadres of POSOCO.
- (b) To act as the apex organization for human resource requirement of NLDC and RLDCs,
- (c) To ensure planning and implementation of infrastructure required for smooth operation and development of NLDC and RLDCs,
- (d) To coordinate the functioning of NLDC and RLDCs,
- (e) To advise and assist state level Load Despatch Centres including specialized training etc.
- (f) To perform any other function entrusted to it by the Ministry of Power.

3. Section 27 of the Act provides that the Central Govt. shall establish a centre for each region to be known as Regional Load Despatch Centre having territorial jurisdiction as determined by the Central Govt. for the purposes of exercising the powers and discharging the functions under the Act. The RLDCs shall be operated by Government company or authority or corporation established or constituted by or under any central Act as may be notified by the Commission. Section 28 of the Act deals with the functions of the Regional Load Despatch Centre which is extracted as under:

“Section 28. (Functions of Regional Load Despatch Centre): --- (1) The Regional Load Despatch Centre shall be the apex body to ensure integrated operation of the power system in the concerned region.

(2) The Regional Load Despatch Centre shall comply with such principles, guidelines and methodologies in respect of the wheeling and optimum scheduling and despatch of electricity as the Central Commission may specify in the Grid Code.

(3) The Regional Load Despatch Centre shall –

(a) be responsible for optimum scheduling and despatch of electricity within the region, in accordance with the contracts entered into with the licensees or the generating companies operating in the region;

(b) monitor grid operations;

(c) keep accounts of quantity of electricity transmitted through the regional grid;

(d) exercise supervision and control over the inter-State transmission system; and

(e) be responsible for carrying out real time operations for grid control and despatch of electricity within the region through secure and economic operation of the regional grid in accordance with the Grid Standards and the Grid Code.

(4) The Regional Load Despatch Centre may levy and collect such fee and charges from the generating companies or licensees engaged in inter-State transmission of electricity as may be specified by the Central Commission.”

4. Western Regional Load Despatch Centre (WRLDC) is the apex body to ensure integrated operation of the Western Regional Power System. WRLDC is empowered under Section 29(1) of the Act to give such directions and exercise and supervision and control as may be required for ensuring stability of grid operation and for achieving the maximum economy and efficiency of the power system in the Western Region. WRLDC is also responsible for carrying out real time operations for grid control and despatch of electricity over inter-regional links in accordance with the Grid Standards and the Grid Code.

5. Establishment of RLDCs and SLDCs was taken up by the petitioner as a unified project under the Unified Load Despatch and communication (ULDC) project. Under this project, Remote Terminal Units (RTUs) and associated



equipments were installed at the substations, hardware and software systems were installed at control centres. Communication network systems were laid for data/speech communication between substations and control centres. The ULDC scheme of WRLDC was declared under commercial operation with effect from 1.2.2006 at a cost of ₹ 17703 lakh including the central sector portion of ₹ 10576 lakh.

6. The scope of work under ULDC scheme was as under:
- (i) Establishment of Control Centres at Regional and State level for Supervisory Control and Data Acquisition (SCADA) and Energy Management System (EMS) which includes Regional System Coordination Centre (RSCC), Central Project Coordination Centre and State Load Despatch Centres and sub LDCs.
 - (ii) Remote Terminal Units (RTUs) at various 400 kV/220 kV/132 kV substations and generating stations.
 - (iii) Adaptation work at substation and generating stations to meet the requirement of data acquisition through RTUs.
 - (iv) Associated dedicated communication network comprising fibre optic, microwave and PLCC terminals for state and central sector.
 - (v) Auxiliary power supply system comprising Uninterrupted Power Supply (UPS) and 48 V DC power supply are provided at all the control centres at some wideband locations including control centres for communication equipment.

- (vi) Other infrastructural facilities such as air-conditioning, fire-fighting, construction/renovation of buildings, etc.

7. Tariff for the WR-ULDC for the period up to 31.3.2009 was approved by the Commission vide its order dated 7.11.2008 in Petition No. 11/2007. The petitioner has submitted that the SCADA/EMS system commissioned at the time of commissioning was considered to be having life of 15 years. However, in view of the fast changing power sector scenario in India, implementation of ABT and fast obsolescence of technology has resulted in shorter life span of the SCADA/EMS system installed under the ULDC scheme. It has been further submitted that Government of India constituted a Task Force under the chairmanship of Shri Satnam Singh, CMD, Power Finance Corporation of India Limited to look into the financial aspects of augmentation and upgradation of Load Despatch Centre and issues related to emoluments for personnel engaged in System Operation. The recommendations of the Task Force regarding ownership of ULDC assets as mentioned overleaf.

- (a) Ownership of new RTUs should rest with the entities in whose premises these RTUs would be located. Regarding ownership of existing as well as work-in-progress RTUS in central sector stations and state sector stations, these could rest with the CTU and STUs/SEBs respectively as per the prevailing arrangement. However, in due course of time, modalities for their transfer to actual entities can be planned by mutual consent.

- (b) The responsibility of owning and providing the communication system from substation to the nearest control centre as well as between control centres should continue to be that of CTU or STUs/SEBs. However, in case of any special requirements, the LDCs can assess, plan and take on lease such communication system from other telecom service providers also.
- (c) The computer system along with software and peripherals located in the control centre building of NLDC/RLDCs and SLDC/Sub-LDCs should be transferred to respective entities managing these LDCs.

8. The petitioner has further submitted that the Task Force also recommended a life span of 5 to 7 years for the system in operation and 3 years for normal IT systems. Since the present system is under Annual Maintenance Contract with the Original Equipment Manufacturer up to January 2013, it would be just possible to meet the grid operation requirement upto 2014 with some upgradations in the present system and some optimization in terms of resources, and beyond that, the present system would have to undergo a major upgradation/replacement.

9. The petitioner has submitted that in line with the recommendations of the Task Force, the control centre at the regional level (RSCC) with SCADA and EMS functions alongwith the associated power supply, air conditioning and other infrastructure facilities would be transferred to the RLDC for discharging its statutory functions out of the scope of ULDC. For identifying the assets to be transferred, committees comprising the members of Central Transmission

Utility and RLDCs were constituted and based on the report of these committees, the assets for transfer to POSOCO(NLDC and RLDCs) were identified and book values of the assets (gross block and net block) as on 1.4.2009 were finalized. The Board of Power Grid in its 235th meeting held on 15.4.2010 approved the book value of the assets to be transferred to POSOCO as on 1.4.2009 and it was also decided that book value of assets on 31.3.2009 would be further updated to 31.3.2010 before proceeding with the actual transfer to be effected from 1.4.2010. The petitioner has further submitted vide its affidavit dated 26.8.2010 that separate books of accounts are being maintained as per the RLDC fees regulations based on the assets value as on 1.4.2009. Accordingly, the petition has been filed for approval of fees and charges of WRLDC for the control period from 1.4.2009 to 31.3.2014. The petitioner, vide its reply under affidavit dated 12.7.2010, has placed on record a copy of the certificate dated 4.7.2010 from the Chartered Accountant showing the segregation of assets and opening capital cost of assets in ER-WULDC as on 1.4.2009 which is placed as Annexure-III to the above Affidavit.

10. The petitioner has claimed the following fees and charges in respect of WRLDC in its affidavit dated 12.7.2010:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	474.04	485.08	531.56	838.07	1022.27
Interest on Loan	35.86	20.42	19.87	30.14	35.97
Return on equity	181.03	184.92	224.18	303.81	403.32
Interest on Working Capital	83.72	105.98	124.93	152.87	175.58
O & M Expenses Excluding Human Resource Expenses	324.02	546.87	658.25	793.60	961.27
Human Resource Expenses	1092.49	1332.20	1576.59	1893.35	2198.48
NLDC Charges and Corporate Office Expenses	800.89	1050.48	1244.09	1421.35	1482.19
Total	2992.04	3725.95	4379.48	5433.19	6279.07

11. The petitioner has also claimed the following as Interest on Working capital:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
NLDC charges	66.74	87.54	103.67	118.45	123.52
O & M expenses (excluding HR expenses)	27.00	45.57	54.85	66.13	80.11
Human Resource expenses	91.04	111.02	131.38	157.78	183.21
Receivable	498.67	620.99	729.91	905.53	1046.51
Total	683.46	865.12	1019.82	1247.89	1433.34
Rate of Interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	83.72	105.98	124.93	152.87	175.58

12. None of the respondents have filed any reply to the petition.

13. Having heard the parties and examined the material on records, we proceed to dispose of the petition.

14. Considering the fact that the separation of POSOCO from PGCIL is in transition, we have decided that charges of POSOCO i.e. NLDC and RLDCs for the tariff period 2009-14 shall be determined by the Commission based on the petitions filed in accordance with the provisions of the RLDC fees regulations. However, PGCIL shall bill the beneficiaries/users of Western Region upto the date of transfer of assets to POSOCO (WRLDC) and after the transfer, billing shall be made on the beneficiaries/users by WRLDC.

CAPITAL COST

15. Regulation 6 of the RLDC fees regulations provides as under:

“(1) Capital cost for a Regional Load Despatch Centre shall include the expenditure incurred or projected to be incurred during the control period, including Interest During Construction (IDC) and financing charges, any gain or loss on account of Foreign Exchange Rate Variation (FERV) during construction, and Incidental Expenditure During Construction (IEDC) in line with the CAPEX plan:

Provided that the value of the assets not in use shall not form part of capital cost.



(2) The capital cost admitted by the Commission after prudence check shall form the basis for determination of charges:

Provided that prudence check may include scrutiny of the reasonableness of the capital expenditure, financing plan, IDC, IEDC, use of efficient technology, cost over-run and time over-run, and such other matters as may be considered appropriate by the Commission:

Provided further that the capital cost appearing in the books of accounts of the Power System Operation Company for the respective Regional Load Dispatch Centre and National Load Dispatch Centre as on the date of transfer along with the approved CAPEX plan for the control period shall be the basis for determination of charges.”

16. The petitioner has claimed the following capital expenditure during the control period 2009-14:

(₹ in lakh)

Expenditure upto	Balance estimated expenditure during 2009-14					Total estimated expenditure
	2009-10	2010-11	2011-12	2012-13	2013-14	
31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14	31.3.2014
2556.95	6.00	101.00	979.00	1211.00	1526.00	6379.95

17. The petitioner has submitted Auditor's certificate dated 4.7.2010 in support of its claim of capital cost as on 1.4.2009 amounting to ₹2556.95lakh, which has been considered for the purpose of determination of fees and charges of WRLDC. CAPEX of ₹ 3823 lakh projected by the petitioner has been considered under additional capital expenditure.

19. It is noticed that the capital expenditure projected by the petitioner includes cost of replacement of certain assets. However, the value of the assets not in use has not been removed from the capital base in accordance with proviso to Regulation 6(1) of RLDC fees regulations as quoted above. The petitioner is directed to comply with the requirement of Regulation 6(1) of RLDC fees regulations and file the necessary details at the time of truing up of the fees and charges allowed under this order.

ADDITIONAL CAPITAL EXPENDITURE

20. Regulation 7 of the RLDC fees regulations provides as under:

“7. Additional Capitalisation. - (1) *The capital expenditure incurred or projected to be incurred after the date of commercial operation may, in its discretion, be admitted by the Commission, subject to prudence check:*

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the date of commercial operation shall not be considered for additional capitalization for determination of fees and charges.”

21. The petitioner in its affidavit 12.7.2010 has submitted that the CAPEX for WRLDC has been planned in line with the RLDC fees regulations and the recommendations of G B Pradhan Committee and Task Force under Shri Satnam Singh. It has been submitted that the Task Force has recommended a CAPEX of ₹ 74.35 crores for a typical load dispatch centre during the period 2009-14 with year-wise break up under the following major heads as under:

(₹ in lakh)

CAPEX AS PER THE RECOMMENDATIONS OF SATNAM SINGH REPORT							
S. No.	Item	2009-10	2010-11	2011-12	2012-13	2013-14	Total
1	Control Centre upgradation	920	1200	2650	350	350	5470
2	Off-line system	310	85	85	145	125	750
3	Infrastructure	450	280	145	185	155	1215
4	Total	1680	1565	2880	680	630	7435

22. The petitioner has submitted that its CAPEX plan has been approved by the management keeping in view the recommendations of the Task Force and would be incurred for the following:

(a) Replacement of SCADA/EMS, web based application of ATC/TTC estimation, integration of WAMS with EMS, WAMS expansion involving an estimated expenditure of ₹ 3200 lakh;

(b) Procurement of servers and other Hardware items for the IT system involving an estimated expenditure of ₹ 423 lakh. for



customised development of systems for market operation, common data based management, weather forecasting, system analysis;

(c) Civil works at an estimated cost of ₹ 200 lakh, to be carried out in a phased manner for creating extra office space considering manpower augmentation as per Pradhan Committee report.

23. The details of CAPEX plan projected by the petitioner are as under:

(₹ in lakh)

Description	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Infrastructure (civil works)	0	0	0	100	100	200
Off-line software and necessary Hardware	6	29	259	96	33	423
Control Centre upgradation(EMS/SCADA/TTC/ATC)	0	72	720	1015	1393	3200
Total	6	101	979	1211	1526	3823

24. Subsequently, the petitioner vide its affidavit dated 3.1.2011 has submitted the detailed break-up of hardware and software component as applicable for the CAPEX projected for the control period 2009-14.

25. We have considered the CAPEX plan submitted by the petitioner in the light of the provisions of the RLDC fees regulations, the justifications adduced in support of the claim and the responsibilities entrusted to the RLDCs under the Act and various regulations of the Commission. Detailed analysis of the CAPEX plan submitted by the petitioner is as under:

(a) EMS/SCADA: Since there is fast obsolescence of technology and also there was a problem in getting the AMC support for the

existing EMS/SCADA system, ₹ 25 Crore for replacement of EMS/SCADA, based on the budgetary support of the vendors is allowed.

(b) IT security system: In the present day scenario of growing cyber crime world-wide, importance of IT System security hardly needs emphasis. These consist of Antivirus software, Intrusion detection system and Firewall (hardware). Accordingly, an amount of ₹ 31 Lakh is allowed. However, an amount of ₹ 2 Lakh under “cyber security” is not allowed due to the fact that “cyber security” gets covered under the Sub-heads of Antivirus software, Intrusion detection system and Firewall (hardware).

(c) Desktop PCs: An amount of ₹ 50 lakh claimed under this head is not allowed as Regulation 7 (1) does not provide for the same.

(d) Cost of Integration of EMS & MMS: The petitioner has submitted that the amount is required for implementation of Short-term Open Access (STOA), administration of ancillary services and adoption of Location Marginal Participation (LMP) Method. Presently, the Commission has allowed only STOA transactions and not ancillary services and LMP Method. Since operational STOA software which are already in service may need upgradation in future to meet the emerging requirement, an amount of ₹ 50 lakh has been allowed.

(e) Cost of Integration of EMS & WAMS and Cost of WAMS expansion: The Commission, in order dated 15.2.2010 in Petition No. 252/2009 filed by WRLDC has sanctioned one-time expenditure of

₹ 1097 lakh (₹ 876 lakh towards the part cost of the project and ₹ 221 lakh towards the cost for making data available to constituents and WRPC) from the UI Surplus fund for development of Pilot WAMS project for the Western Region. The scheduled completion of the project is 3 years. We do not find any justification for implementation of WAMS expansion and of integration of WAMS with the EMS system until and unless the Pilot Project is completed. Accordingly, an amount of ₹ 40 lakh is allowed for integration of WAMS with the EMS system in the year 2013-14, by which time the Pilot Project is expected to be completed.

(f) Management Information System (MIS): Since MIS system would be utilized for generating valuable system and market related information, projected amount of ₹ 50 lakh for the development of the MIS is allowed.

(g) Data mining and Data Analytics: All the RLDCs have proposed capital expenditure for this purpose as data repository is important for the successful operation of the real-time grid. WRLDC has projected its requirement for ₹ 250 lakh in this regard. It is however noticed that Southern Regional Load Despatch Centre (SRLDC), Bangalore has received a minimum quotation of ₹ 100 lakh for Data mining and Data Analytics which appears to be prevalent market rate for such jobs. As WRLDC handles a much bigger system than SRLDC, we feel that an amount of ₹ 150 lakh will be appropriate for WRLDC for development

of this system and the said amount is accordingly allowed to be capitalised.

(h) Web based scheduling/ accounting: Considering the functional requirement of the WRLDC, an amount of ₹ 20 Lakh is allowed for this job.

(i) Web based system studies, ATC/TTC estimation: Considering the functional requirement of WRLDC, an amount of ₹ 20 lakh is allowed.

(j) Extra office space: As per the functional requirement of the WRLDC more personnel are required over the years, resulting in requirement of extra office space. Accordingly an amount of ₹ 100 lakh is allowed.

(k) Backup control centre: RLDC manages the real-time operation of the electrical grid. In view of the security reasons, expenditure for a backup control centre is allowed. Accordingly an amount of ₹100 lakh is allowed for the creation of Backup control centre.

(l) Website Development: An amount of ₹10 lakh is allowed, projected by the petitioner for website development.

(m) Physical Security: The petitioner has claimed ₹ 30 lakh for strengthening and ring fencing of compound wall WRLDC. As per our assessment, only ₹10 lakh is allowed for the purpose.

26. In view of the above, the capital expenditure including CAPEX allowed to Western Regional Load Despatch Centre are as under:

(₹ in lakh)

Details	As on 31.3.2009	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Block	2556.95	2556.95	2557.95	2588.95	3257.95	4247.95
Additional Capital expenditure allowed		1.00	31.00	669.00	990.00	1400.00
Capital cost allowed		2557.95	2588.95	3257.95	4247.95	5647.95

DEBT- EQUITY RATIO

27. Regulation 8 of the RLDC fees regulations provides as under:

“8. Debt-Equity Ratio. - (1) *The actual debt: equity ratio appearing in the books of accounts as on the date of transfer shall be considered for the opening capital cost of National Load Despatch Centre and Regional Load Despatch Centres.*

(2) *For an investment made on or after the date of transfer, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:*

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of charges:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment.

Explanation.- *The premium, if any, raised by the Power System Operation Company while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the capital expenditure, and funds created out of the LDC Development Fund as approved by the Commission shall be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure.”*

28. The following details of debt-equity of asset as on 1.4.2009 claimed by the petitioner have been considered as on the date of transfer:-

Particulars	Financial Package as on 01.04.2009	
	Amount (₹ lakh)	%
Debt	1811.00	70.83%
Equity	745.95	29.17%
Total	2556.95	100.00%

29. Debt-equity ratio of 70:30 has been adopted for the additional capital expenditure and accordingly equity base for different years of the tariff period has been determined.

RETURN ON EQUITY

30. Regulation 12 of the RLDC fees regulations provides that,-

“12. Return on equity. - (1) Return on equity shall be computed in Rupee term on equity base determined in accordance with Regulation 8 of these regulations.

(2) Return on equity shall be computed on pre-tax base rate of 16% to be grossed up as per the sub-clause (3) of this regulation.

(3) The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate for the financial year 2009-10 applicable to the Power System Operation Company:

Provided that return on equity with respect to the actual tax rate applicable to the Power System Operation Company in line with the provisions of the relevant Finance Acts of the respective year during control period shall be trued up at the end of the control period.

(4) Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-

Rate of pre-tax return on equity = Base rate / (1-t)

Where t is the applicable tax rate in accordance with sub clause (3).”

31. The petitioner has calculated the return on equity in accordance with the above regulation @ 24.239% per annum on the equity amount deployed as under:

(₹ in lakh)

Financial Year	2009-10	2010-11	2011-12	2012-13	2013-14
ROE	181.03	184.92	224.18	303.81	403.32

32. Return on equity has been calculated at the normal/corporate tax rate in accordance with Regulation 12 of RLDC fees regulations as under:

(₹ in lakh)

		2009-10	2010-11	2011-12	2012-13	2013-14
Opening Equity	745.95	745.95	746.25	755.55	956.25	1253.25
Addition due to additional capital expenditure		0.30	9.30	200.70	297.00	420.00
Closing Equity		746.25	755.55	956.25	1253.25	1673.25
Average Equity		746.10	750.90	855.90	1104.75	1463.25
Return on Equity (Base Rate)		16.00%	16.00%	16.00%	16.00%	16.00%
Tax rate for the year 2009-10	30.00%	33.990%	33.990%	33.990%	33.990%	33.990%
Rate of Return on Equity (Pre Tax)		24.239%	24.239%	24.239%	24.239%	24.239%
Return on Equity (Pre Tax)		180.85	182.01	207.46	267.78	354.68

INTEREST ON LOAN

33. Regulation 13 of the RLDC fees regulations provides for calculation of interest on loan as under:

“13. Interest on loan capital. - (1) *The loans determined in accordance with Regulation 8 shall be considered as gross normative loan for calculation of interest on loan.*

(2) *The normative loan outstanding as on 1.4.2009 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2009 from the gross normative loan.*

(3) *The repayment for respective year of the control period shall be deemed to be equal to the depreciation allowed for that year.*

(4) *The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the respective Regional Load Despatch Centre:*

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the Regional Load Despatch Centre does not have actual loan, then the weighted average rate of interest of the Power System Operation Company as a whole shall be considered.

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

(6) *The Power System Operation Company shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the users and the net savings shall be shared between the users and the Power System Operation Company, as the case may be, in the ratio of 2:1.*



(7) The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

(8) In case of dispute, any of the parties may make an application in accordance with the Central Electricity Regulatory Commission (Conduct of Business) Regulations, 1999, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the users shall not withhold any payment on account of the interest claimed by the users and the Power System Operation Company during the pendency of any dispute arising out of refinancing of loan."

34. The interest on loan has been calculated on the basis of interest rate prevailing as on 1.4.2009. The petitioner has submitted that change in interest rate due to floating rate of interest applicable, if any, for the project may be allowed to be claimed or adjusted for the control period directly from the users. The petitioner in its affidavit dated 26.5.2010 has furnished the documents for verification of actual loan details. It is seen that the rate of interest of proposed loans as shown in Form 5B have been taken notionally as per Bond XXX for the rate of interest only. The petitioner in its affidavit dated 26.8.2010 has further submitted that as the assets of NLDC and RLDCs have been funded by the World Bank, POWERGRID has sought no objection from the World Bank for transfer of assets on the ground that POWERGRID will continue to repay the loans on back to back recovery from POSOCO. The petitioner has placed on record a letter dated 22.6.2010 from World Bank conveying its no objection to the arrangement on the understanding that transfer of the assets to POSOCO would not relieve POWERGRID of its liability to the World Bank as specified in the Loan Agreement. POSOCO has made back to back arrangement with POWERGRID to pay the annual repayment of principal and interest on loan. The petitioner has considered

actual loans and the proposed loans for the computation of weighted average rate of interest for calculation of interest on loan.

35. In our calculations, interest on loan has been worked out on the basis of the following:

(a) Gross amount of loan, repayment of instalments and rate of interest and weighted average rate of interest on actual average loan have been considered as per the petition.

(b) The repayment for the control period 2009-14 has been deemed to be equal to the depreciation allowed for that period.

(c) Repayment of loan shall be considered from the first year of commercial operation of the project and shall be equal to the annual depreciation allowed.

(d) Weighted average rate of interest on actual loan worked out as per (a) above has been applied on the notional average loan during the year to arrive at the interest on loan.

(e) The interest on Loan has been calculated on the basis of the interest rate prevailing as on 1.4.2009. Any change in rate of Interest subsequent to 1.4.2009 will be considered at the time of truing up.

36. Details of the interest on loans have been worked out as under:

(₹ in lakh)

		2009-10	2010-11	2011-12	2012-13	2013-14
Gross Notional Loan	1811.00					
Addition due to additional capital expenditure	0.00					
Gross Normative Loan	1811.00	1811.00	1811.70	1833.40	2301.70	2994.70
Cumulative Repayment upto Previous Year		592.88	1068.96	1549.09	2107.76	2842.87
Net Loan-Opening		1218.12	742.74	284.31	193.94	151.83
Addition due to additional capital expenditure		0.70	21.70	468.30	693.00	980.00
Repayment during the year		476.08	480.13	558.67	735.11	994.40
Net Loan-Closing		742.74	284.31	193.94	151.83	137.42
Average Loan		980.43	513.52	239.12	172.88	144.63
Weighted Average Rate of Interest on Loan		3.6400%	3.6400%	3.6400%	3.6400%	3.6400%
Interest		35.69	18.69	8.70	6.29	5.26



DEPRECIATION

37. Regulation 14 of the RLDC fees regulations provides for computation of depreciation in the following manner, namely:

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

(2) The salvage value of the asset (excluding IT equipments and Software's) shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset. The salvage value for IT equipments and Software's shall be considered as NIL and 100% value of the assets shall be considered depreciable.

(3) Land shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the capital cost of the asset.

*(4) Depreciation shall be calculated annually based on Straight Line Method and at rates specified in **Appendix-III** to these regulations for the assets of the Regional Load Despatch Centre.*

(5) Assets fully depreciated shall be shown separately

(6) Value of the assets not in use or declared obsolete shall be taken out from the capital cost for the purpose of calculation of depreciation.

(7) The balance depreciable value as on the date of transfer shall be worked out by deducting the cumulative depreciation from the gross depreciable value of the assets appearing in the books of accounts of the Power System Operation Company for the respective Regional Load Despatch Centre and National Load Despatch Centre as on the date of transfer”.

38. Depreciation has been calculated annually based on Straight Line Method and at rates specified in Appendix-III as per Regulation 14. The petitioner vide affidavit dated 10.02.2011 has submitted that while computing the charges, inadvertently the depreciation rate for building and civil works under item no. A-2 in Form 6-B, which includes plant and machinery, was taken @ 1.63%. The petitioner has requested to consider the depreciation rates for this item @ 3.34% as per the regulation and the associated calculations at their end. Therefore, depreciation rate @ 3.34% has been considered in our calculations.

39. Details of the depreciation have been worked out as under:

(₹ in lakh)

	2009-10	2010-11	2011-12	2012-13	2013-14
Rate of Depreciation	18.6154%	18.6571%	19.1100%	19.5875%	20.0973%
Depreciable Value (excluding IT equipments and softwares)	724.64	724.64	729.14	778.64	823.64
Depreciable value of IT equipments and softwares	1752.30	1768.30	2113.30	2887.80	4032.80
Total Depreciable Value	2476.94	2492.94	2842.44	3666.44	4856.44
Remaining Depreciable Value	1884.06	1423.97	1293.34	1558.67	2013.56
Depreciation	476.08	480.13	558.67	735.11	994.40

OPERATION & MAINTENANCE EXPENSES

40. Regulation 15 of the RLDC fees regulations prescribes the following methodology for computation of operation and maintenance expenses:

“15. Operation and Maintenance Expenses (excluding human resource expenses). -

(1) Operation and maintenance expenses (excluding human resource expenses) shall be derived on the basis of actual operation and maintenance expenses for the years 2004-05 to 2008-09, based on the audited balance sheets. The O&M expenses shall be normalized by excluding abnormal operation and maintenance expenses, donation, loss-in-stock, prior-period adjustments, claims and advances written off, provisions, etc, if any, after prudence check by the Commission.

(2) The normalised operation and maintenance expenses, after prudence check, for the years 2004-05 to 2008-09, shall be escalated at the rate of 5.17% to arrive at the normalized operation and maintenance expenses at the 2008-09 price level respectively and then averaged to arrive at normalized average operation and maintenance expenses for the 2004-05 to 2008-09 at 2008-09 price level. The average normalized operation and maintenance expenses at 2008-09 price level shall be escalated at the rate of 5.72% to arrive at the operation and maintenance expenses for year 2009-10.

(3) The operation and maintenance expenses for the year 2009-10 shall be escalated further at the rate of 5.72% per annum to arrive at permissible operation and maintenance expenses for the subsequent years of the tariff period.”

41. The petitioner has considered under Operation and Maintenance Expenses the expenditure to be incurred on repair and maintenance of SCADA/EMS system, AC Plant, DG set, other charges towards water, power supply, housekeeping etc. and administrative and general expenses.



The petitioner has claimed the following O & M expenses as under:

(₹ in lakh)					
Items	2009-10	2010-11	2011-12	2012-13	2013-14
Repairs and maintenance expenses	141.56	353.98	454.33	578.01	733.35
Administrative and general expenses	182.45	192.89	203.92	215.59	227.92
Total	324.02	546.87	658.25	793.60	961.27

42. The petitioner in its affidavits dated 26.5.2010 and 12.7.2011 has submitted that Operation and Maintenance expenses (excluding Human Resource Expenses) for 2004-05 to 2008-09 and the normalized O&M expenses for 2009-10 to 2013-14 have been calculated in accordance with Regulation 15 of the RLDC fees regulations and submitted as Form 7C and 7D in the petition. It has also been submitted that for calculating the repair and maintenance expenses, Annual Maintenance Contract for CAPEX plan assets have also been considered in addition to Annual Maintenance Contract for SCADA/EMS system which came into effect during 2009-10.

43. As there is a proposal for modernization of EMS/SCADA which would be completed in year 2013-14, the expenditure for AMC of EMS/SCADA has been approved upto year 2013-14. The normalized R&M expenditure on the basis of actual expenditures during 2004-05 to 2008-09 and the actual cost of AMC of EMS/ SCADA incurred during 2009-10 and estimated to be incurred during 2010-11 to 2013-14, have been considered for calculating the R&M expenditure during 2009-10 to 2013-14 as per the details given as under:

(₹ in lakh)					
Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
R& M Expenses (normalised) without AMC of SCADA	40.46	42.78	45.23	47.81	50.55
Expenditure for AMC of EMS/SCADA	100.5	300.5	300.5	300.5	300.5
Total	140.96	343.28	345.73	348.31	351.05

44. Regarding Administrative and General Expenses, the petitioner has submitted that the expenditure indicated in Form 7D of the petition are based on the audited expenditure for the period 2004-05 to 2008-09 and the same has been normalized as per Regulation 15 of the RLDC fees regulations. The details of approved Administrative and General Expenses for the control period 2009 - 2014 are as follows:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Administrative and General Expenses	182.45	192.89	203.92	215.59	227.92

45. Based on the above, the following O&M Expenses, is allowed for the period from 2009-10 to 2013-14 are given as under:

(₹ in lakh)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Repairs and maintenance expenses	140.96	343.28	345.73	348.31	351.05
Administrative and general expenses,	182.45	192.89	203.92	215.59	227.92
O&M Expenses	323.42	536.17	549.65	563.90	578.97

HUMAN RESOURCE EXPENSES

46. Regulation 16 of the RLDC fees regulations provides that the O&M expenses in respect of Human Resources shall be calculated as per the following methodology:

“16. Human Resource Expenses. - (1) Human resource expenses shall be derived on the basis of actual human resource expenses for the years 2004-05 to 2008-09, based on the audited balance sheets. The human resource expenses shall be normalized by excluding abnormal Human resource expenses, ex-gratia, VRS expenses, prior-period adjustments, claims and advances written-off, provisions, etc, if any, after prudence check by the Commission.

(2) The normalised human resource expenses, after prudence check, for the years 2004-05 to 2008-09, shall be escalated at the rate of 5.17% to arrive at the normalized human resource expenses at the 2008-09 price level respectively and then averaged to arrive at normalized average human resource expenses for the 2004-05 to 2008-09 at 2008-09 price level. The average normalized human resource

expenses at 2008-09 price level shall be escalated at the rate of 5.72% to arrive at the operation and maintenance expenses for year 2009-10:

Provided that human resource expenses for the year 2009-10 shall be further rationalized considering 50% increase in employee cost on account of pay revision of the employees of the Public Sector Undertakings to arrive at the permissible operation and maintenance expenses for the year 2009-10.

(3) The human resource expenses for the year 2009-10 shall be escalated further at the rate of 5.72% per annum to arrive at permissible human resource expenses for the subsequent years of the tariff period.”

47. The petitioner has submitted that Human Resource Expenses for WRLDC have been calculated taking the present employee cost to company (CTC) and escalating it @ 5.72% for the subsequent years as provided in the RLDC fees regulations. It has been further submitted that manpower has been increased progressively to meet the shortfall which is in line with the G.B. Pradhan Committee Report and for meeting the functional requirements to discharge the following functions entrusted to RLDCs:

- (a) facilitating the reform process in the Indian Power Sector
- (b) expanding market option functions under power exchange, short term open access, medium term contracts, long term contracts
- (c) collection and disbursement of large funds
- (d) ancillary services
- (e) institutional building
- (f) capacity building of SLDCs
- (g) integration of renewable energy sources
- (h) any other functions assigned by Govt. of India and CERC from time to time

48. The petitioner has claimed the projected human resources expenses as under:

	(₹ in lakh)				
Financial Year	2009-10	2010-11	2011-12	2012-13	2013-14
HR Cost	1092.49	1332.20	1576.59	1893.35	2198.48

49. The petitioner in its affidavit dated 12.7.2010 has submitted the actual Human Resource expenses for the period 2004-05 to 2008-09. On the basis of the said data, Human Resource Expenses have been normalized in accordance with the Regulation 16 of 2009 regulations.

50. As regards the augmentation of manpower, there is no provision for the same in the RLDC fees regulations. However, it has been submitted that the proposed increase is in line with G.B. Pradhan Committee Report where the requirement for skilled manpower has been recommended as under:

“3.1 Manpower requirement :The Load Despatch Centres have to function round-the-clock with suitably skilled manpower for System Operation, Market Operation, research, analysis, regulatory affairs, logistics (system data acquisition, Energy Management, communication, IT systems) and other establishment services to carry out the functions discussed in Section 2.3 of this report. A literature survey and a reality check of all the LDCs with the help of a survey were done to assess the manpower requirements. Considering the prevailing work load and the likely responsibilities that will arise in the future, an assessment of the staffing requirement for a typical LDC has been made and is placed at Annex-IX. The committee perceives the LDC as an executive oriented body with people predominantly from the field of Electrical Engineering supported by other faculties such as Electronics Engineering, Information Technology etc. Further, additional persons with Commerce, Economics, Humanities and Legal background would also be required to look after financial and legal aspects. It would be seen that on an average 60 to 70 skilled executives might be required in a typical LDC.”

51. We do appreciate the significance of the human resource especially in the context of RLDC/NLDC. In this connection, the following observation by

the Commission in the Statement of Objects and Reasons for the RLDC fees regulation is relevant:

“3.77 The Commission recognizes the increase in responsibilities of RLDCs/NLDC over the years starting with implementation of Availability Based Tariff (ABT), short term open access in inter-State transmission, integration of regional grids and the recent operation of multiple Power Exchanges. The operation of the Indian electricity grid would only become more and more complex necessitating demand for ancillary services. Integration of renewable energy sources and introduction of Renewable Energy Certificates (RECs) and its entire administration would be another major challenge. The RLDCs/NLDC would have to be strengthened considerably in terms of human resource to undertake these additional responsibilities. Such a situation has already been envisaged by the Pradhan committee. It is expected that the RLDCs/NLDC would factor these requirements suitably.”

52. Considering the above, the additional manpower requirement of WRLDC has been considered for calculation of Human Resource Expenses during 2009-14. The following human resource expenses have been allowed as per the table given as under:

(₹ in lakh)					
Details	2009-10	2010-11	2011-12	2012-13	2013-14
Normalised HR-Cost as per Regulations 16 of RLDC fees regulations	860.30	909.51	961.54	1016.54	1074.68
HR Cost for Additional Man-Power Requirement	0.00	81.75	141.70	232.35	290.45
Total HR Expenses	860.30	991.27	1103.24	1248.89	1365.14
Number of employees (executive and non executive)	81	89	95	105	111

INTEREST ON WORKING CAPITAL

53. Regulation 17 of the RLDC fees regulations provides as under:

- “17. Interest on Working Capital.-** (1) *The working capital shall cover :*
- (i) *Operation and maintenance expenses excluding human resource expenses for one month;*
 - (ii) *Human resource expenses for one month;*
 - (iii) *NLDC charges for one month; and*
 - (iv) *Receivables equivalent to two months of the system operation charges and market operation charges as approved by the Commission.*



(2) Rate of interest on working capital shall be on normative basis and shall be equal to the shortterm Prime Lending Rate of State Bank of India as on 1.4.2009.

(3) Interest on working capital shall be payable on normative basis notwithstanding that the Power System Operation Company has not taken any loan for working capital from any outside agency."

54. Interest on working capital has been calculated based on the following:

(a) O&M expenses except HR expenses: O&M expenses as allowed under para 48 above has been considered for one month on pro-rata basis.

(b) Human Resource Expense: Human resource expenses as allowed under para 55 above has been considered for one month on pro-rata basis.

(c) NLDC Charges for one month: Charges equivalent to one month of NLDC charges approved vide our order dated 14.2.2011 in Petition No. 83/2010 has been considered.

(d) Receivables: Receivables equivalent to two months of system operation charges and market operation charges as determined under Regulation 20 of RLDC fees regulations.

55. While calculating the rate of interest on working capital, the State Bank of India Prime Lending Rate as on 1.4.2009 @ of 12.25% has been considered. It is clarified that as per Regulation 17(3) of RLDC fees regulations, interest on working capital is payable on normative basis notwithstanding the fact that the petitioner has not taken any loan from any outside agency for working capital.

56. Accordingly, interest on working capital has been worked out as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
NLDC Charges	59.64	77.82	91.21	103.41	110.14
O & M Expenses Excluding Human Resource Expenses	26.95	44.68	45.80	46.99	48.25
Human Resource Expenses	71.69	82.61	91.94	104.07	113.76
Receivables	444.30	538.87	604.05	696.57	791.74
Total	602.58	743.97	833.00	951.05	1,063.88
Rate of interest	12.25%	12.25%	12.25%	12.25%	12.25%
Interest	73.82	91.14	102.04	116.50	130.33

NLDC CHARGES

57. Regulation 18 (3) of the RLDC fees regulations provides for apportionment of the NLDC charges and corporate office expenses among the RLDCs as under:

“(3) NLDC charges and corporate office expenses shall be apportioned to the Regional Load Despatch Centre on the basis of the demand served in the respective region.”

58. In accordance with the above provision, NLDC charges as approved vide our order dated 14.2.2011 in Petition No. 83/2010 have been apportioned among the five Regional Load Despatch Centres to be recovered along with their fees and charges.

RLDC FEES AND CHARGES

59. Fees and charges for Western Regional Load Despatch Centre allowed during the control period 2009-14 are summarized as under:

	(₹ in lakh)				
	2009-10	2010-11	2011-12	2012-13	2013-14
Depreciation	476.08	480.13	558.67	735.11	994.40
Interest on Loan	35.69	18.69	8.70	6.29	5.26
Return on Equity	180.85	182.01	207.46	267.78	354.68
Interest on Working Capital	73.82	91.14	102.04	116.50	130.33
O & M Expenses (excluding Human Resource Expenses)	323.42	536.17	549.65	563.90	578.97
Human Resource Expenses	860.30	991.27	1103.24	1248.89	1365.14
NLDC Charges & Corporate Office expenses	715.63	933.80	1094.51	1240.97	1321.65
Total	2665.79	3233.21	3624.28	4179.44	4750.43



PRE-INCORPORATION EXPENSES

60. The petitioner has prayed to be allowed to bill and recover the pre-incorporation expenses of POSOCO as onetime charges from the users. We have already approved reimbursement of pre-incorporation expenses by the users in our dated 14.2.2011 in Petition No. 83/2010. The expenditure will be proportionately recovered by the RLDCs from their users.

PUBLICATION EXPENSES

61. The petitioner has sought approval for the reimbursement of expenditure in connection with the publication of notices in the newspaper and other expenditure relating to filing the petition. Since the expenditure has been incurred for meeting a statutory requirement, we allow the direct reimbursement of these expenses by the users/beneficiaries on pro-rata basis.

SERVICE TAX

62. The petitioner has made a specific prayer to be allowed to bill and recover the Service tax on Transmission charges separately from the respondents, if the petitioner is subjected to service tax. At present, system operation is not subject to service tax. Therefore, the prayer of the petitioner is premature.

TRANSFER OF BUILDING

63. The petitioner has prayed to be allowed to bill and adjust impact on transfer of building/part of building of WRLDC and other associate facilities like staff quarters from Central Electricity Authority during 2009-14 period

from the respondents. We notice that the expenditure has not been included in the CAPEX plan for 2009-14 and accordingly cannot be considered during the control period.

64. The fees and charges allowed in this order shall be recovered by the petitioner on monthly basis in accordance with Regulation 26 of the RLDC fees regulations.

65. This order disposes of Petition No. 92/2010.

Sd/-

M.Deena Dayalan
Member

Sd/-

V.S.Verma
Member

Sd/-

S.Jayaraman
Member

Sd/-

Dr. Pramod Deo
Chairperson

