



**ASSAM ELECTRICITY REGULATORY COMMISSION
(AERC)**

TARIFF ORDER

March 21, 2022

**TRUE-UP FOR FY 2020-21, APR FOR FY
2021-22 & MYT FOR FY 2022-23 to FY2024-25
for**

State Load Despatch Centre (SLDC)

Petition No. 08/2021

Table of Contents

<u>1</u>	<u>INTRODUCTION</u>	<u>13</u>
1.1	CONSTITUTION OF THE COMMISSION	13
1.2	TARIFF RELATED FUNCTIONS OF THE COMMISSION	13
1.3	BACKGROUND	14
1.4	MULTI YEAR TARIFF REGULATIONS, 2018	14
1.5	MULTI YEAR TARIFF REGULATIONS, 2021	16
1.6	PROCEDURAL HISTORY	17
1.7	STATE ADVISORY COMMITTEE MEETING	19
<u>2</u>	<u>SUMMARY OF SLDC'S PETITION</u>	<u>20</u>
2.1	BACKGROUND	20
2.2	TRUE-UP FOR FY 2020-21	20
2.3	ANNUAL PERFORMANCE REVIEW OF FY 2021-22	21
2.4	MULTI YEAR TARIFF DETERMINATION FOR FY 2022-23 TO FY 2024-25	21
2.5	PRAYERS OF SLDC	22
<u>3</u>	<u>BRIEF SUMMARY OF STAKEHOLDERS' COMMENTS, RESPONSE OF THE SLDC AND COMMISSION'S VIEW</u>	<u>24</u>
<u>4</u>	<u>TRUING UP FOR FY 2020-21</u>	<u>30</u>
4.1	METHODOLOGY FOR TRUING UP	30
4.2	O&M EXPENSES	31
4.3	CAPITALISATION	36
4.4	DEPRECIATION	37
4.5	INTEREST AND FINANCE CHARGES	38
4.6	RETURN ON EQUITY	39
4.7	INTEREST ON WORKING CAPITAL (IOWC)	40
4.8	NET PRIOR PERIOD EXPENSES/(INCOME)	41
4.9	INCOME TAX	42
4.10	NON-TARIFF INCOME	42

4.11	ARR AFTER TRUING UP OF FY 2020-21	43
5	<u>ANNUAL PERFORMANCE REVIEW FOR FY 2021-22</u>	45
5.1	METHODOLOGY FOR ANNUAL PERFORMANCE REVIEW	45
5.2	OPERATION AND MAINTENANCE EXPENSES	45
5.3	CAPITALISATION	49
5.4	DEPRECIATION.....	50
5.5	INTEREST AND FINANCE CHARGES	51
5.6	RETURN ON EQUITY.....	52
5.7	INTEREST ON WORKING CAPITAL (IOWC)	52
5.8	NON-TARIFF INCOME.....	53
5.9	ARR AFTER ANNUAL PERFORMANCE REVIEW OF FY 2021-22	54
5.10	REVENUE GAP/(SURPLUS) FOR FY 2021-22.....	54
6	<u>CAPITAL INVESTMENT PLAN OF SLDC FOR FY 2022-23 TO FY 2024-25</u>	56
6.1	CAPITAL INVESTMENT PLAN OF SLDC.....	56
6.2	CAPITAL INVESTMENT PLAN APPROVED BY THE COMMISSION FOR FY 2022-23 TO FY 2024-25	57
6.3	CAPITALISATION APPROVED BY THE COMMISSION FOR FY 2022-23 TO FY 2024-25	58
7	<u>ARR FOR SLDC, MYT CONTROL PERIOD FROM FY 2022-23 TO FY 2024-25.....</u>	61
7.1	INTRODUCTION.....	61
7.2	OPERATION AND MAINTENANCE EXPENSES	61
7.3	CAPITALISATION	65
7.4	DEPRECIATION.....	67
7.5	INTEREST ON LOAN CAPITAL	69
7.6	RETURN ON EQUITY.....	70
7.7	INTEREST ON WORKING CAPITAL	71
7.8	INCOME TAX.....	71
7.9	NON-TARIFF INCOME.....	72
7.10	CONTRIBUTION TOWARDS CONTINGENCY FUND	72
7.11	SUMMARY OF ARR FOR CONTROL PERIOD FROM FY 2022-23 TO FY 2024-25	72
8	<u>ANNUAL SLDC CHARGES FOR FY 2022-23</u>	74

8.1	CUMULATIVE REVENUE GAP/(SURPLUS) AND NET ARR FOR RECOVERY	74
8.2	SLDC TARIFF FOR FY 2022-23	75
9	<u>APPLICABILITY OF TARIFF.....</u>	77
10	<u>DIRECTIVES.....</u>	78
11	<u>ANNEXURES-1.....</u>	80
11.1	MINUTES OF THE 29TH MEETING OF THE STATE ADVISORY COMMITTEE	80

List of Tables

Table 1: True-up for FY 2020-21 (Rs. Crore).....	20
Table 2: Annual Performance Review for FY 2021-22 (Rs. Crore).....	21
Table 3: ARR for FY 2022-23 to FY 2024-25 (Rs. Crore).....	21
Table 4: Normative O&M Expenses for FY 2020-21 (Rs. Crore).....	32
Table 5: Approved Employee Expenses for FY 2020-21 (Rs. Crore).....	32
Table 6: Approved R&M Expenses for FY 2020-21 (Rs. Crore).....	33
Table 7: Approved A&G Expenses for FY 2020-21 (Rs. Crore).....	34
Table 8: Normative O&M Expenses approved by Commission for SLDC for FY 2020-21 (Rs. Crore).....	35
Table 9: Sharing of gains/(losses) for O&M Expenses for FY 2020-21 (Rs. Crore).....	35
Table 10: Actual Capitalisation (Rs. Crore).....	36
Table 11: Funding of Capitalisation for FY 2020-21 (Rs. Crore).....	36
Table 12: Capital Expenditure and Capitalisation for FY 2020-21 approved by Commission (Rs. Crore).....	37
Table 13: Depreciation approved for FY 2020-21 (Rs. Crore).....	38
Table 14: Approved Interest on loan Capital for FY 2020- 21(Rs. Crore).....	39
Table 15: Return on Equity approved by the Commission for FY 2019-20 (Rs. Crore).....	40
Table 16: Interest on Working Capital for FY 2020-21 (Rs. Crore).....	40
Table 17: IoWC for FY 2020-21 as approved by the Commission (Rs. Crore).....	41
Table 18: NTI for FY 2020-21 (Rs. Crore).....	42
Table 19: NTI approved by the Commission for FY 2020-21 (Rs. Crore).....	43
Table 20: ARR approved after Truing up for FY 2020-21 (Rs. Crore).....	43
Table 21: Normative O&M Expenses Projected by SLDC for FY 2021-22 (Rs. Crore).....	45
Table 22: Approved Employee Expenses for FY 2021-22 (Rs. Crore).....	47
Table 23: Approved R&M Expenses for FY 2021-22 (Rs. Crore).....	48
Table 24: Approved A&G Expenses for FY 2021-22 (Rs. Crore).....	49

Table 25: Approved O&M Expenses for FY 2021-22 (Rs. Crore)	49
Table 26: Depreciation approved for FY 2021-22 (Rs. Crore)	50
Table 27: Approved Interest on loan Capital for FY 2021-22 (Rs. Crore).....	52
Table 28: IoWC for FY 2021-22 as approved by the Commission (Rs. Crore).....	53
Table 29: NTI approved by the Commission for FY 2021-22 (Rs. Crore).....	53
Table 30: ARR approved after APR for 2021-22 (Rs. Crore).....	54
Table 31: Revenue Gap/(Surplus) after APR for FY 2021-22 (Rs. Crore).....	54
Table 32: Summary of Capital Expenditure for FY 2022-23 to FY 2024-25 (Rs. Lakh)	56
Table 33: Summary of Capitalisation for 2022-23 to FY 2024-25 (Rs. Lakh)	59
Table 34: Funding of Capitalisation approved by the Commission for the Control Period (Rs. Crore).....	60
Table 35: Approved Employee Expenses for Control Period (Rs. Crore).....	63
Table 36: Approved R&M Expenses for the Control Period (Rs. Crore).....	64
Table 37: Approved A&G Expenses for Control Period (Rs. Crore)	65
Table 38: Approved O&M Expenses for Control Period (Rs. Crore).....	65
Table 39:Capital Expenditure and Capitalisation (Rs. Crore)	66
Table 40: Capitalisation approved by the Commission for the Control Period (Rs. Crore)...	66
Table 41: Funding of Capitalisation approved by the Commission for the Control Period (Rs. Crore).....	66
Table 42: Depreciation approved for FY 2022-23 (Rs. Crore)	67
Table 43: Depreciation approved for FY 2023-24 (Rs. Crore)	68
Table 44: Depreciation approved for FY 2024-25 (Rs. Crore)	69
Table 45: Approved Interest on Loan for the Control Period (Rs. Crore).....	70
Table 46: IoWC approved by the Commission for the Control Period (Rs. Crore).....	71
Table 47: ARR of SLDC for FY 2022-23 to FY 2024-25 as approved by the Commission (Rs. Crore).....	73
Table 48: Revenue Gap/(Surplus) for FY 2020-21 with carrying cost (Rs. Crore).....	74

Table 49: Revenue Gap/(Surplus) for FY 2020-21 approved for recovery/adjustment in FY 2022-23 (Rs. Crore)	74
Table 50: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2020-21 approved by the Commission (Rs. Crore).....	75
Table 51: SLDC Charges approved by the Commission for FY 2022-23	75

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
PCC	Physical Completion Certificate
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

Smt. B. Borthakur, Member

Shri S. N. Kalita, Member

Petition No. 8/2021

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

ORDER

(Passed on March 21, 2022)

- (1) Assam Electricity Grid Corporation Ltd. (AEGCL) filed Petitions for approval of Truing up for FY 2020-21, Annual Performance Review (APR) for FY 2021-22, ARR for FY 2022-23 to FY 2024-25, and Charges for FY 2022-23 for State Load Despatch Centre (SLDC) on November 30, 2021. The same was registered as Petition No. 8/2021.
- (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, 2021.
- (3) The Commission held an Admissibility Hearing on December 23, 2021 and admitted the Petition (Petition No.8/2021) vide Order dated December 23, 2021 with direction to furnish the additional data and clarifications, as sought vide letter dated December 14, 2021, by January 10, 2022.

- (4) On admission of the Petition (Petition No.8/2021), 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, 2022. The notice was published in five (5) leading newspapers of the State, as shown in the Table below:

Date	Name of Newspaper	Content Published
28.12.2021	The Assam Tribune	Public Notice in English
	Amar Asom	Public Notice in Assamese
	Dainik Assam	Public Notice in Assamese
	Dainik Jugasankha	Public Notice in Bengali
	Purbanchal Prahari	Public Notice in Hindi

- (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 offices of the Deputy General Manager of each circle of AEGCL. 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, 2021, AEGCL submitted their replies to data gaps on January 10, 2022.
- (8) A Technical Validation Session (TVS) was also held on February 8, 2022 at the conference room of the Commission.
- (9) The Petitions were also discussed in the 29th meeting of the State Advisory Committee (SAC) (constituted under Section 87 of the Electricity Act, 2003) held on February 25, 2022 at Bidyut Niyamak Bhawan, Six Mile, Guwahati.
- (10) The Commission received suggestions/objections from one (1) stakeholder on the Petition filed by AEGCL. The stakeholders were 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 March 2,

2022 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 2020-21, APR for FY 2021-22, ARR for FY 2022-23 to FY 2024-25, and Charges for FY 2022-23 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, 2022 and shall continue until replaced by any subsequent Order of the Commission.
- (14) Accordingly, the Petition Nos. 8/2021 stands disposed of.

Sd/-	Sd/-	Sd/-
(S. N. Kalita)	(B. Borthakur)	(K. S. Krishna)
Member, AERC	Member, AERC	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 Trueing up, Annual Performance Review (APR) 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 September 18, 2021. These Regulations are applicable for 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 19 of the MYT Regulations, 2021, AEGCL is required to file an application for true-up for previous year, i.e., FY 2020-21, APR of current year, i.e., 2021-22, and revised ARR and Tariff for ensuing year, i.e., FY 2022-23 for SLDC, by 30th November of each year of the Control Period. AEGCL filed the Petition for approval of Truing up for FY 2020-21 and APR for FY 2021-22 for SLDC as per MYT Regulations, 2018 and ARR for FY 2022-23 to FY 2024-25 and Charges for SLDC as per MYT Regulations, 2021, on November 30, 2021. The same was registered as Petition No. 08/2021.
- 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, 2021.
- 1.6.3 The Commission held an Admissibility Hearing on December 23, 2021 and admitted the Petition (Petition No 08/2021) vide Order dated December 23, 2021 with direction to furnish the additional data and clarifications, as sought vide letter dated December 14, 2021.
- 1.6.4 On admission of the Petition (Petition No. 08/2021), 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, and offices of the Deputy General Manager of each circle of AEGCL. A copy of the Petition was also made available on the websites of the Commission and SLDC.
- 1.6.6 Accordingly, a Public Notice was issued by AEGCL inviting objections/suggestions from respondents to be submitted on or before January 21, 2022. The notice was published in five (5) leading newspapers of the State, as shown in the Table below:

Date	Name of Newspaper	Content Published
28.12.2021	The Assam Tribune	Public Notice in English
	Amar Asom	Public Notice in Assamese
	Dainik Assam	Public Notice in Assamese
	Dainik Jugasankha	Public Notice in Bengali
	Purbanchal Prahari	Public Notice in Hindi

- 1.6.7 In response to the Commission's letter dated December 14, 2021, AEGCL submitted their replies to data gaps on January 10, 2022.
- 1.6.8 The Commission received suggestions/objections from one (1) stakeholder on the Petitions filed by AEGCL. AEGCL was asked to submit its responses to the submissions of the stakeholder. 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 March 2, 2022 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 February 25, 2022 at Bidyut Niyamak Bhawan, Six Mile, Guwahati, and Members were briefed on the Petition of SLDC. The Minutes of the 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, 2021 seeking approval for Truing up for FY 2020-21, APR for FY 2021-22, ARR for FY 2022-23 to FY 2024-25, and Determination of SLDC Charges for FY 2022-23. 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 2020-21

2.2.1 SLDC submitted True-up for FY 2020-21 based on the audited accounts. The summary of ARR and Revenue Gap/(Surplus) claimed by SLDC for FY 2020-21 is shown in the following Table:

Table 1: True-up for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dtd 07.03.2020	SLDC Submission
1	O&M Expenses	4.66	4.46
a	Employee Cost	3.72	3.70
b	R&M Expenses	0.61	0.43
c	A&G Expenses	0.33	0.33
2	Training Expenses	0.10	0.00
3	Depreciation	0.09	0.07
4	Interest & Finance Charges	0.06	0.07
5	Interest on Working Capital	0.21	0.18
6	Return on Equity	0.00	-
7	Less: Non-Tariff Income/ Other Income	0.44	0.12
8	Aggregate Revenue Requirement	4.68	4.67
9	Add: Sharing of (Gains)/Loss		0.41
10	Aggregate Revenue Requirement after sharing of (Gains)/Loss	4.68	5.08
11	Revenue with Approved Tariff for FY 2021-21	-	4.68
12	Revenue Gap/(Surplus) for FY 2020-21	-	0.40

2.3 Annual Performance Review of FY 2021-22

2.3.1 SLDC submitted APR of FY 2021-22 based on the actual expenses incurred in the first half of FY 2021-22, as shown in the Table below:

Table 2: Annual Performance Review for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dtd. 15.02.2021	SLDC Estimation
1	O&M Expenses	6.84	5.73
a	<i>Employee Cost</i>	6.07	4.96
b	<i>R&M Expenses</i>	0.43	0.43
c	<i>A&G Expenses</i>	0.34	0.34
2	Training Expenses	0.10	0.10
3	Depreciation	0.10	0.10
4	Interest & Finance Charges	0.12	0.09
5	Interest on Working Capital	0.30	0.23
6	Return on Equity	0.00	0.00
7	Less: Non-Tariff Income/ Other Income	0.10	0.10
8	Aggregate Revenue Requirement	7.36	6.15
9	Revenue with Approved Tariff for FY 2021-22		7.36
10	Revenue Gap /(Surplus) for FY 2021-22		(1.21)

2.4 Multi Year Tariff Determination for FY 2022-23 to FY 2024-25

2.4.1 SLDC has projected the ARR of Rs. 7.74 Crore for FY 2022-23, Rs. 9.40 Crore for FY 2023-24 and Rs. 11.24 Crore for FY 2024-25 as detailed in the Table below:

Table 3: ARR for FY 2022-23 to FY 2024-25 (Rs. Crore)

Sl. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	O&M Expenses	7.20	8.70	10.43
a	<i>Employee Cost</i>	6.31	7.76	9.31
b	<i>R&M Expenses</i>	0.54	0.59	0.76

Sl. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
c	A&G Expenses	0.35	0.35	0.36
d	Training Expenses	0.19	0.23	0.26
2	Depreciation	0.06	0.10	0.08
3	Interest & Finance Charges	0.10	0.12	0.14
4	Interest on Working Capital	0.29	0.35	0.42
5	Return on Equity	0.00	0.00	0.00
6	Contribution towards Contingency Reserves	0.01	0.01	0.02
7	Less: Non-Tariff Income/Other Income	0.10	0.10	0.10
8	Aggregate Revenue Requirement	7.74	9.40	11.24

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*
- *The principles contained in AERC (Terms and Conditions for determination of Multi Year Tariff) Regulations 2018 and 2021;*
- *To admit the Tariff Petition as per the provisions of the AERC (MYT) Regulations 2018 for Truing up of FY 2020-21, APR for FY 2021-22;*
- *To admit the Tariff Petition as per the provisions of the AERC (MYT) Regulations 2021 for ARR for MYT Control Period for FY 2022-23 to FY 2024-25;*
- *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 Industry 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 March 2, 2022.

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 the Petitioner in the True-up Petition for FY 2020-21, APR Petition of FY 2021-22 and ARR Petition for FY 2022-23 to 2024-25 has considered the additional expenses for increase in number of employees to the tune of Rs. 1 crore. However, considering the comments and objections submitted on the True-up/APR/ARR Petition and additional expenses for increase in number of employees to the tune of Rs. 1 crore, the Petitioner has not provided any breakup of additional expenditure in terms for increase in number of employee base. The Commission is therefore requested 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 submitted that the actual Employee Costs for FY 2020-21 is higher than normative employee expenses due to the recruitment of new employees and impact of DA.

The actual Employee Costs for H1 actual and estimation for H2 for FY 2021-22 is also higher than normative employee expenses due to the recruitment of new employees and impact of DA. Therefore, SLDC requested the Commission to approve the additional Rs. 1 crore in employee expense.

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 2020-21 and APR Petition for FY 2021-22 has considered the actual AMC cost of SCADA/EMS under SLDC R&M to the tune of Rs. 0.38 crore. SLDC in the ARR Petition for the Control Period has considered the projected AMC cost of SCADA/EMS under SLDC R&M to the tune of Rs. 0.382 Crore for FY 2022-23 and 2023-24 and Rs. 0.5 Crore for FY 2024-25. However, the Petitioner has not provided any documentary evidence for such AMC expenses. The Commission is therefore,

requested that the claimed AMC cost of SCADA/EMS to the tune of Rs. 0.38 crore may only be allowed to the Petitioner after prudence check by the Commission.

Response from SLDC

SLDC submitted that the actual AMC cost of SCADA/EMS has been considered under SLDC R&M expenses and separated from AEGCL's R&M expenses from FY 2019-20 onwards. The documentary evidence has been submitted to the Commission. Also, the AMC cost for FY 2024-25 has been projected as Rs. 0.50 Crore based on the upgradation of the system. SLDC requested the Commission to approve the R&M expenses as submitted in MYT Petition.

Commission's View

The AMC of SCADA/EMS 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: Sharing of Gain/(Losses) of O&M Expenses

Stakeholders' Comments

The Petitioner in the True-up Petition for FY 2020-21 has claimed that the actual O&M expenses is higher than normative with respect to the controllable factors and the loss of Rs. 0.41 crore shall be shared and passed on through ARR. However, the Commission has approved Rs. 4.66 Crore against O&M Expenses in Tariff Order dated March 2020 while the Petitioner has actually incurred Rs. 5.69 Crore of O&M Expenses.

Response of SLDC

SLDC submitted that the actual O&M Expenses are higher than normative with respect to controllable factors, and the loss of Rs. 1.23 crore shall be shared and accordingly Rs. 0.41 Crore shall be passed on through ARR for FY 2020-21 in accordance with Regulation 12 of 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 4: Depreciation

Stakeholders' Comments

The Petitioner in the True-up Petition for FY 2020-21 and APR Petition for FY 2021-22 has wrongly calculated the Depreciation.

Response from SLDC

SLDC submitted that the methodology adopted in regard to the calculation of depreciation on assets for FY 2020-21 and 2021-22 is in accordance with MYT Regulations, 2018. Further, the detailed computation has already been submitted to the Commission. SLDC requested the Commission to approve the depreciation amounting to Rs. 0.07 Crore and Rs. 0.09 Crore 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, 2018 and is detailed in the relevant Chapters.

Issue 5: Interest & Finance charges

Stakeholders' Comments

FINER submitted that the Petitioner has not considered the normative opening Loan balance for FY 2020-21 as the closing loan balance approved by the Commission for FY 2019-20. FINER submitted that the Petitioner has not correctly considered normative opening loan balance in both APR and ARR Petitions. FINER requested the Commission to allow the Interest on Loan to the tune of Rs. 0.06 Crore as against the claim of Rs. 0.07 Crore in True up and Rs. 0.07 Crore as against the claim of Rs. 0.09 Crore in APR. FINER has calculated the Interest on Loan to the tune of Rs.0.09 Crore, Rs.0.11Crore and Rs. 0.13 Crore for FY 2022-23, FY 2023-24 and FY 2024-25, respectively.

Response of SLDC

SLDC submitted that the interest expenditure on long-term loan depends on the outstanding loan, repayments, and prevailing interest rates on the outstanding loans. The interest on the loans has been computed @10.08% as approved by the Commission vide Tariff Order dated 15.02.2021. SLDC requested the Commission to approve the interest and finance charges for all years as submitted in the Petition.

Commission's View

The Commission has allowed Interest & Finance charges as per provisions of the applicable MYT Regulations after prudence check, as elaborated in the relevant Chapters of this Order.

Issue 6: Interest on Working Capital

Stakeholders' Comments

FINER submitted that the Petitioner has claimed the rate of interest at 300 basis points over average SBI MCLR at 10.05% (i.e., average rate for FY 2020-21) for calculating the interest on working capital (IoWC). The effective rate of interest as per Regulations for calculating IoWC for FY 2020-21 is 10% instead of 10.05%.

Response of SLDC

SLDC submitted that detailed computation of IoWC for FY 2020-21 as shown in SLDC's Petition for True Up is in accordance with Regulation 36.1 of MYT Regulations, 2018 and the IoWC is Rs. 0.18 Crore for FY 2020-21 and Rs. 0.23 Crore for FY 2021-22. SLDC has adopted same methodology for calculation of IoWC for the MYT Control Period as per 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 the Petitioner in the APR Petition for FY 2021-22 has claimed Training Expenses to the tune of Rs. 0.10 crore. However, the Petitioner has claimed that in FY 2020-21, due to the shortage of the manpower in control room shifts, officers could not be spared for training. To ensure the power supply 24x7, most of the employees are engaged in facilitating critical operational activities and hence, could not be made available for training programmes, which resulted in the deferral in the training schedule. FINER submits that there is no such provision in the MYT Regulations, 2018 for claiming Training Expenses separately. It is pointed out that Training Expenses are a part of O&M expenses and hence, the recovery of the same should be done as per Regulation 103 of the MYT Regulations, 2018. The

Commission is requested to disallow the claim and ask the Petitioner to abide by the provisions of the MYT Regulations.

Response of SLDC

SLDC submitted that on account of technological changes, training of manpower is required in order to achieve operational effectiveness along with the accident-free workplace. It is pertinent to mention that there are several instances of Cyber-attack in the form of ransomware virus hitting more than 150 countries as of 12.05.2017. SLDC proposes to conduct technology and safety related to cyber security and its implementation. The Commission has approved training expenses separately for the Control Period and the same is followed to facilitate and train its manpower.

In view of the above, SLDC requested the Commission to approve the training expenses separately as claimed in the MYT Petition.

Commission's View

The approved Training & Capacity Building Expenses are detailed in the relevant Chapters.

4 Truing up for FY 2020-21

4.1 Methodology for Truing Up

- 4.1.1 The Commission had approved the ARR and Tariff for SLDC for FY 2020-21 in the Tariff Order dated March 7, 2020.
- 4.1.2 SLDC submitted the Truing-up Petition for FY 2020-21 based on audited annual accounts, allocation of expenses and revenue between AEGCL Transmission and SLDC, and provisions of MYT Regulations, 2018, wherever applicable. SLDC has sought true-up for FY 2020-21 with the Revenue Gap/(Surplus) to be recovered/(adjusted) during FY 2022-23.
- 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 2020-21 based on the submissions of SLDC, audited annual accounts for FY 2020-21, 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 2020-21 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, bonus, terminal benefits in the form of pension and gratuity funding, leave encashment, and staff welfare expenses. SLDC has claimed Rs. 3.70 Crore towards normative employee expenses for FY 2020-21, as against employee expenses of Rs. 3.72 crore approved in the Tariff Order dated March 7, 2020.

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. 0.43 Crore for FY 2020-21, as against R&M expenses of Rs. 0.61 Crore approved in the Tariff Order dated March 7, 2020.

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. 0.33 Crore for FY 2020-21, as against A&G expenses of Rs.0.33 Crore approved in the Tariff Order dated March 7, 2020.

4.2.5 Expenses towards Training and Capacity Building

SLDC submitted that due to engagement of manpower in critical operational activities, officers could not be made available for training. SLDC has not incurred any additional expenses for training and capacity building of employees in FY 2020-21 against the approved amount of Rs. 0.10 crore.

Commission's Analysis

4.2.6 The O&M Expenses for FY 2020-21 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 4: Normative O&M Expenses for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in order dtd. 07.03.20	SLDC Submission
	O&M Expenses	4.76	4.46
a	Employee Cost	3.72	3.70
b	R&M Expenses	0.61	0.43
c	A&G Expenses	0.33	0.33
d	Training Expenses	0.10	0.00

4.2.7 For the purpose of truing up for FY 2020-21, 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 2020-21, the Commission has adopted the following approach:

- a) The normative employee expenses approved after true up for FY 2019-20 for SLDC in Tariff Order dated February 15, 2021 have been considered as base expenses for FY 2020-21;
- b) CPI inflation has been computed as average increase of CPI for the period from FY 2017-18 to FY 2019-20, which works out to 5.35%;
- c) The growth factor of 1.00% has been considered as per the MYT Order.

4.2.9 The normative employee expenses approved in the true-up for FY 2020-21 are shown in the following Table:

Table 5: Approved Employee Expenses for FY 2020-21 (Rs. Crore)

Particulars	Approved in Order dt. 07.03.20	SLDC Submission	Approved after true-up
Base Employee Cost (n-1)	3.54	2.54	2.54
CPI Inflation	4.22%	5.35%	5.35%

Particulars	Approved in Order dt. 07.03.20	SLDC Submission	Approved after true-up
Growth Factor	1.00%	1.00%	1.00%
Normative Employee Cost for FY 2020-21	3.72	2.70	2.70
Additional Expense for increase in No. of Employees (T.O. dt. 07.03.20)		1.00	1.00
Normative Employee Expenses	3.72	3.70	3.70

R&M Expenses

4.2.10 For computation of R&M Expenses for FY 2020-21, the Commission has considered the following approach:

- WPI inflation has been computed as average increase of WPI index for the period from FY 2017-18 to FY 2019-20, which works out to 2.96%;
- The K-factor for the Control Period has been approved as 0.96%, and the same K-factor has been considered for computation of normative R&M Expenses for FY 2020-21;
- 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 2020-21 is shown in the following Table:

Table 6: Approved R&M Expenses for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 07.03.20	SLDC Submission	Approved after true-up
1	Opening GFA for previous year	5.006	4.87	5.01
2	Closing GFA for previous year	5.046	4.98	5.11
3	Average GFA for previous year	5.026	4.93	5.06
4	K Factor	0.96%	0.96%	0.96%
5	WPI Inflation	2.98%	2.96%	2.96%
6	Normative R&M Expenses	0.05	0.05	0.05
7	AMC Cost of SCADA/EMS	0.56	0.38	0.38
8	Normative R&M Expenses	0.61	0.43	0.43

A&G Expenses

4.2.12 For computation of A&G expenses for FY 2020-21, the Commission has adopted the following approach:

- a) The normative A&G expenses approved after True-up for FY 2019-20 for SLDC in Tariff Order dated February 15, 2021 have been considered as base expenses for computation of normative A&G expenses for FY 2020-21;
- b) WPI inflation has been computed as average increase of WPI index for period from FY 2017-18 to FY 2019-20, which works out to 2.96%.

4.2.13 The normative A&G expenses approved in the true-up for FY 2020-21 is shown in the following Table:

Table 7: Approved A&G Expenses for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 07.03.20	SLDC Submission	Approved after true-up
1	A&G Expenses for Previous year	0.32	0.32	0.32
2	WPI Inflation	2.98%	2.96%	2.96%
3	Normative A&G Expenses for the year	0.33	0.33	0.33

4.2.14 As regards the Training Expenses, in the Tariff Order dated March 7, 2020, the Commission had approved additional amount of Rs. 10 Lakh as training expenses for SLDC for FY 2020-21. The Commission has verified that no Training Expense has been incurred by SLDC in FY 2020-21. In this context, SLDC has increased its Employee Numbers from 47 at the end of FY 2019-20 to 58 at the end of FY 2020-21. Despite this healthy increase number of Personnel, SLDC has not been able to relieve its employees for necessary Trainings. The Commission directs SLDC to prepare a roadmap for recruitment of Personnel and ensure Training for its existing Manpower as well as new Manpower. Thus, the Commission approves Nil Training Expenses for SLDC in the True - up FY 2020-21.

4.2.15 The normative O&M expenses approved by the Commission for FY 2020-21

are shown in the following Table:

Table 8: Normative O&M Expenses approved by Commission for SLDC for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Tariff Order	SLDC Submission	Approved after Truing up
1	Employee Expenses	3.72	3.70	3.70
2	R&M Expenses	0.61	0.43	0.43
3	A&G Expenses	0.33	0.33	0.33
4	Training Expenses	0.10	–	–
Total		4.76	4.46	4.46

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 9: Sharing of gains/(losses) for O&M Expenses for FY 2020-21 (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	4.68	3.70	(0.98)	-
2	Less: Terminal Liabilities	0.68	0.68	-	
3	Employee Cost excluding Terminal Liabilities	4.00	3.02	(0.98)	(0.33)
4	R&M Expenses	0.59	0.43	(0.16)	(0.05)
5	A&G Expenses	0.42	0.33	(0.09)	(0.03)
	Total	5.01	3.79	(1.22)	(0.41)

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. 0.41 Crore

has been shared and passed on through the ARR.

4.3 Capitalisation

4.3.1 SLDC submitted the actual Capitalisation for FY 2020-21 as shown in the following Table:

Table 10: Actual Capitalisation (Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order	Actual
1.	Capitalisation	0.06	0.17

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 11: Funding of Capitalisation for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 07.03.20	SLDC Submission
1	Grant	0.00	0.00
2	Equity	-	-
3	Debt	0.06	0.17
4	Total Capitalisation	0.06	0.17

Commission's Analysis

4.3.3 The scheme-wise capital expenditure was approved by the Commission in the Tariff Order dated March 7, 2020. 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 March 7, 2020 had approved capitalisation of Rs. 0.06 Crore for FY 2020-21, against which SLDC has proposed capitalisation of Rs. 1.11 Crore. For the purpose of truing up, the Commission has considered the actual capitalisation for FY 2020-21 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 2020-21 is shown in the following Table:

Table 12: Capital Expenditure and Capitalisation for FY 2020-21 approved by Commission (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 07.03.20	SLDC Submission	Approved after Truing up
1	Capitalisation	0.06	0.17	0.17
	Funding of Capitalisation			
2	Grant	-	-	-
3	Equity	-	-	-
4	Debt	0.06	0.17	0.17
5	Total	0.06	0.17	0.17

4.4 Depreciation

4.4.1 The Commission had approved the Depreciation of Rs. 0.09 Crore for FY 2020-21 in the Order dated March 07, 2020. As against this, SLDC has claimed depreciation of Rs. 0.07 Crore in the True-up for FY 2020-21.

Commission's Analysis

- 4.4.2 The Commission has considered the opening GFA for FY 2020-21 as per the closing GFA value approved for FY 2019-20 vide the Tariff Order dated February 15, 2021. 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 2020-21. The depreciation

approved in the truing up for FY 2020-21 is given in the Table below:

Table 13: Depreciation approved for FY 2020-21 (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%	-
3	Hydraulic	-	-	5.28%	-
4	Other Civil Works	-	0.04	3.34%	0.00
5	Plant & Machinery	4.59	0.06	5.28%	0.24
6	Lines & Cable Net work	0.07	-	5.28%	0.00
7	Vehicles	-	-	9.50%	-
8	Furniture & Fixtures	0.02	0.06	6.33%	0.00
9	Office Equipment	0.08	0.01	6.33%	0.01
10	Grand Total	5.11	0.17		0.26
14	Less: Depreciation for Grants/ Consumer Contribution				0.20
15	Net Total				0.06

The Commission accordingly approves Depreciation of Rs. 0.06 Crore for FY 2020-21 after truing up.

4.5 Interest and Finance Charges

4.5.1 The Commission had approved Interest and Finance Charges of Rs. 0.06 Crore for FY 2020-21. As against this, SLDC has claimed Interest and finance charges of Rs. 0.07 Crore for FY 2020-21.

Commission's Analysis

4.5.2 The Commission has approved Interest on loan capital for FY 2020-21 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, 2020 as Rs. 0.51 Crore, based on the closing normative loan balance approved in the true-up for FY 2019-20, against SLDC's submission as Rs. 0.67 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, 2020. 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. Upon enquiry of the actual loan portfolio of SLDC, AEGCL replied that AEGCL internally funds the SLDC from its own Debt. The Commission has hence, considered the weighted average rate of interest of AEGCL, for computing the interest expenses of SLDC. Thus, the weighted average interest rate has been computed as 10.08% for computation of interest on loan capital.

4.5.5 The Interest on loan capital approved by the Commission after truing up for FY 2020-21 is shown in the following Table:

Table 14: Approved Interest on loan Capital for FY 2020- 21(Rs. Crore)

Particulars	Approved in order dt. 07.03.20	SLDC Submission	Approved after Truing up
Net Normative Opening Loan	0.44	0.67	0.51
Addition of normative loan during the year	0.06	0.17	0.17
Normative Repayment during the year	0.09	0.07	0.06
Net Normative Closing Loan	0.41	0.77	0.61
Interest Rate	10.08%	10.08%	10.08%
Interest Expenses on Loan	0.04	0.07	0.06
Finance Charges	0.02		
Total Interest and Finance Charges	0.06	0.07	0.06

The Commission approves Interest on loan as Rs 0.06 Crore in the truing up for FY 2020-21.

4.6 Return on Equity

4.6.1 SLDC has claimed the Return on Equity as NIL for FY 2020-21. SLDC has submitted that as there is no separate equity infusion for SLDC, hence, no Return on Equity is claimed for FY 2020-21.

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 15: Return on Equity approved by the Commission for FY 2019-20 (Rs. Crore)

Sl. No.	Particulars	Approved in order dtd. 07.03.20	SLDC Submission	Approved after Truing 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 2020-21.

4.7 Interest on Working Capital (IoWC)

4.7.1 The Commission had approved normative IoWC of Rs. 0.21 crore in the Tariff Order dated March 07, 2020. 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, 2020 plus 300 basis points. SLDC has claimed IoWC of Rs. 0.18 Crore in the Truing up for FY 2020-21, as shown in the following Table:

Table 16: Interest on Working Capital for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 07.03.20	SLDC Submission
1	O&M expenses for 1 month		0.37
2	Maintenance spares @ 15% of O&M expenses		0.67
3	Receivables for two months		0.78

Sl. No.	Particulars	Approved in order dt. 07.03.20	SLDC Submission
4	Total Working Capital		1.82
5	Rate of Interest		10.05%
6	Interest on Working Capital	0.21	0.18

Commission's Analysis

4.7.2 The Commission has computed normative loWC 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 2020-21 plus 300 basis points, i.e., 10.05%.

4.7.3 For computation of working capital requirement, the normative O&M Expenses and actual revenue billed as receivables have been considered. loWC approved by the Commission in the truing up for FY 2020-21 is shown in the following Table:

Table 17: loWC for FY 2020-21 as approved by the Commission (Rs. Crore)

Sl. No.	Particulars	Approved in order dt. 07.03.20	SLDC Submission	Approved after Truing up
1	O&M expenses for 1 month		0.37	0.37
2	Maintenance spares @ 15% of O&M expenses		0.67	0.67
3	Receivables for two months		0.78	0.78
4	Total Working Capital		1.82	1.82
5	Rate of Interest		10.05%	10.05%
6	Interest on Working Capital	0.21	0.18	0.18

Accordingly, the Commission approves Interest on Working Capital of Rs. 0.18 Crore for FY 2020-21 after truing up.

4.8 Net Prior Period Expenses/(income)

4.8.1 SLDC has claimed net prior period expenses as NIL for FY 2020-21 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 2020-21.

4.9 Income Tax

4.9.1 SLDC has claimed NIL Income Tax as per the audited accounts for FY 2020-21.

Commission's Analysis

4.9.2 The Commission has not considered any Income Tax in the truing up for FY 2020-21.

4.10 Non-Tariff Income

4.10.1 The Commission had approved Non-Tariff Income (NTI) of Rs. 0.44 crore in the Tariff Order dated March 7, 2020 for FY 2020-21.

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. 0.12 Crore earned during FY 2020-21 in the truing up, as shown in the Table below:

Table 18: NTI for FY 2020-21 (Rs. Crore)

Particulars	Approved in order dt. 07.03.20	SLDC Submission
Profit on sale of Fixed assets		0.02
Rental from Staff Quarters		-
Rental from Contractors/Others		0.02
Other Miscellaneous Receipt		0.08
Total	0.44	0.12

4.10.3 SLDC requested the Commission to approve the NTI amounting to Rs. 0.12 crore in the true-up for FY 2020-21.

Commission's Analysis

4.10.4 The Commission has verified the head-wise NTI from the Audited Accounts of AEGCL for FY 2020-21.

4.10.5 The Commission has therefore, considered the NTI in the truing up for FY 2020-21, as

Rs. 0.12 crore, based on the Audited Accounts, as shown in the Table below:

Table 19: NTI approved by the Commission for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt 07.03.20	SLDC Submission	Approved after Truing up
1	Miscellaneous Receipts		0.08	0.08
2	Rent from Contractors/Suppliers/Others		0.02	0.02
3	Profit on sale of Fixed Assets		0.02	0.02
4	Rentals from staff quarters		-	-
	Total	0.44	0.12	0.12

4.11 ARR after Truing Up of FY 2020-21

4.11.1 Considering the above heads of expense and revenue as per the Audited Accounts for FY 2020-21 and after due prudence check, the net ARR and Revenue Gap/(Surplus) approved after true-up for FY 2020-21 is shown in the following Table:

Table 20: ARR approved after Truing up for FY 2020-21 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 07.03.20	Proposed by SLDC	Approved after truing up
1	O&M Expenses	4.76	4.46	4.46
a	<i>Employee Cost</i>	3.72	3.70	3.70
b	<i>R&M Expenses</i>	0.61	0.43	0.43
c	<i>A&G Expenses</i>	0.33	0.33	0.33
d	<i>Training Expenses</i>	0.10	0.00	0.00
2	Depreciation	0.09	0.07	0.06
3	Interest & Finance Charges	0.06	0.07	0.06
4	Interest on Working Capital	0.21	0.18	0.18
5	Return on Equity	-	-	-
6	Income Tax	-	-	-
7	Less: Non-Tariff Income	0.44	0.12	0.12
8	Aggregate Revenue Requirement	4.68	4.67	4.65
9	Add: Sharing of (Gains)/Loss	-	0.41	0.41
10	ARR after Sharing (Gains)/Losses	4.68	5.08	5.06
11	Revenue with Approved Tariff	4.68	4.68	4.68

Sl. No.	Particulars	Approved in Order dt. 07.03.20	Proposed by SLDC	Approved after truing up
12	Revenue Gap/(Surplus)	-	0.39	0.37

4.11.2 The Commission has approved ARR after sharing of (Gains)/Losses and Incentive after Truing-up for FY 2020-21 as Rs. 5.06 Crore. After considering the Revenue at approved Tariff, the Revenue Gap of Rs. 0.37 Crore is approved after truing up for FY 2020-21. This Gap, with associated carrying cost, has been considered for adjustment in the net ARR of APDCL during FY 2022-23.

4.11.3 The Commission also notes that in the Tariff Order dated March 7, 2020, AEGCL was directed to ensure implementation of SAMAST within a definite timeline. In addition to the funds allotted under SAMAST, the Commission allowed Rs. 5 Crore as a special Fund to SLDC for metering of all the interconnection points for segment-wise proper energy accounting. AEGCL was directed to maintain separate accounting of this Fund and submit quarterly status of progress of the installation of metering to the Commission. Further, as this Fund was being given as a revenue expense, SLDC was directed to ensure that the expenses against this Fund are not included under the Gross Fixed Assets, and there is no claim of depreciation, interest and RoE against capitalisation achieved using this Special Fund. **It is clarified that this Fund should be treated as special Fund allowed to SLDC for ARR and Tariff purposes and as it is consumer funded, it would not be eligible for depreciation, interest and RoE against Capitalisation, though SLDC would be eligible for R&M Expenses against these assets.**

4.11.4 It is observed that SLDC has not utilised this Fund in FY 2020-21 and plans to utilise the Fund in the SAMAST project proposed to be capitalised in FY 2022-23. The Commission had approved this special 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 and only proposes to utilise it in FY 2022-23. 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.

5 Annual Performance Review for FY 2021-22

5.1 Methodology for Annual Performance Review

- 5.1.1 The Commission approved the ARR for FY 2021-22 in the Tariff Order dated February 15, 2021.
- 5.1.2 SLDC submitted the APR for FY 2021-22 comparing actual performance during April to September (H1) and revised estimates for October to March (H2) of FY 2021-22 with figures approved for FY 2021-22 vide Tariff Order dated February 15, 2021. 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 2020-21, APR Petition for FY 2021-22 and ARR for FY 2022-23 to FY 2024-25.
- 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 2021-22. The Commission has computed the Revenue Gap/(Surplus) as an indication of the performance in FY 2021-22. 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 2021-22.

5.2 Operation and Maintenance Expenses

- 5.2.1 SLDC submitted that O&M expenses for FY 2021-22 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 2020-21 have been considered as the base expenses. The average WPI and CPI have been considered as 2.41% and 6%, respectively. The normative O&M expenses submitted by SLDC for FY 2021-22 are shown in the Table below:

Table 21: Normative O&M Expenses Projected by SLDC for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission
1	O&M Expenses	6.94	5.83
a	<i>Employee Expenses</i>	6.07	4.96
b	<i>R&M Expenses</i>	0.43	0.43
c	<i>A&G Expenses</i>	0.34	0.34
d	<i>Training Expenses</i>	0.10	0.10

5.2.2 SLDC also submitted the revised estimates of each component of O&M expenses for FY 2021-22, 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 2020-21 has been considered as base employee cost for FY 2021-22. The Gn (Growth Factor) of SLDC has been considered as 1.00% as approved by the Commission in the Tariff Order dated 15.02.2021. SLDC requested the Commission to approve the normative Employee Expenses amounting to Rs. 4.96 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 2021-22, the AMC cost incurred was Rs. 0.191 crore and the same amount has been projected for H2 of FY 2021-22. Hence, total AMC cost for FY 2021-22 has been considered as Rs. 0.382 Crore, which needs to be considered under R&M Expenses. SLDC submitted that considering WPI of 2.41% and “K” factor of AEGCL as 0.96% as approved by the Commission in the MYT Order dated March 1, 2019, SLDC has estimated normative R&M expenses of Rs. 0.43 Crore for FY 2021-22.

5.2.5 A&G Expenses

SLDC has considered the A&G expenses approved for FY 2020-21 in the Tariff Order dated February 15, 2021, as the base A&G expenses. SLDC requested the Commission to approve the normative A&G expenses amounting to Rs. 0.33 crore.

5.2.6 Expenses for Training and Capacity Building

SLDC submitted that due to Covid-19 Pandemic, no officers could be sent for training. However, steps are being taken to provide online training for officers from November 2021 onwards. SLDC is planning to execute various training in H2 and estimates that training expenses of Rs. 0.10 crore shall be incurred in FY 2021-22 against the approved amount of Rs. 0.10 crore.

Therefore, SLDC requested the Commission to approve the above-mentioned amount as

training expenses for FY 2020-21.

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 Regulation 103 of the MYT Regulations, 2018. 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 2021-22, the Commission has adopted the following approach:

- a) The normative employee expenses approved for SLDC for FY 2020-21 in this Order have been considered as base expenses for FY 2021-22;
- b) 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%;
- 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, as the same was approved in MYT Order dated 01.03.2019.

5.2.9 The normative employee expenses approved for FY 2021-22 is shown in the following Table:

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

Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
Base Employee Cost (n-1)	4.76	3.70	3.70
Avg CPI rate of preceding three years	5.35%	6.00%	6.00%
Growth Factor	1.00%	1.00%	1.00%
Normative Employee Cost	5.07	3.96	3.96
Additional Expense for increase in No. of Employees (T.O. dt 07.03.20)	1.00	1.00	1.00
Normative Employee Cost	6.07	4.96	4.96

R&M Expenses

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

- a) WPI inflation for computation of R&M Expenses works out to 2.41% as per MYT Regulations, 2018, based on average increase of WPI for the period from FY 2018-19 to FY 2020-21;
- b) K-factor has been considered as 0.96%, 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.

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

Table 23: Approved R&M Expenses for FY 2021-22 (Rs. Crore)

Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
Opening GFA for previous year	5.044	4.98	5.11
Closing GFA for previous year	5.424	5.15	5.28
Average GFA for previous year	5.23	5.06	5.20
K Factor	0.96%	0.96%	0.96%
WPI Inflation	2.96%	2.41%	2.41%
R&M Expenses	0.052	0.05	0.05
AMC Cost for SCADA/EMS	0.382	0.38	0.38
R&M Expenses – SLDC	0.434	0.43	0.43

A&G Expenses

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

- a) The normative A&G expenses approved for SLDC after true up for FY 2020-21 in this Order have been considered as base expenses for computation of normative A&G expenses for FY 2021-22;
- b) As discussed in earlier para, the Commission has considered the WPI inflation of 2.41%.

5.2.13 As regards Training Expenses, the Commission has considered the amount of Rs.

0.10 crore towards training expenses for SLDC for FY 2021-22.

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

Table 24: Approved A&G Expenses for FY 2021-22 (Rs. Crore)

Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
A&G Expenses for Previous Year	0.33	0.33	0.33
WPI Inflation	2.96%	2.41%	2.41%
A&G Expenses-SLDC	0.34	0.34	0.34

5.2.15 In view of the above, the Commission approves the O&M expenses in the APR for FY 2021-22 as shown in the following Table:

Table 25: Approved O&M Expenses for FY 2021-22 (Rs. Crore)

Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
Total O&M Expenses	6.94	5.83	5.83
Employee Expenses	6.07	4.96	4.96
R&M Expenses	0.43	0.43	0.43
A&G Expenses	0.34	0.34	0.34
Training Expenses	0.10	0.10	0.10

5.3 Capitalisation

5.3.1 The Commission had approved capitalisation of Rs. 0.895 crore for FY 2021-22 for SLDC in the Tariff Order dated February 15, 2021. SLDC submitted that it expects to incur capitalisation of Rs. 25 lakh in FY 2021-22, which includes Rs. 5.31 lakh for furniture & fixtures, Rs. 2.44 lakh for office equipment and Rs. 6 lakhs for IT equipment. SLDC submitted that the entire capitalisation is envisaged to be funded through loans.

Commission's Analysis

5.3.2 The Commission has provisionally considered capitalisation as claimed by SLDC. The entire capitalisation is considered to be funded through debt, as submitted by SLDC.

5.4 Depreciation

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

5.4.2 SLDC submitted that it has calculated Depreciation taking into consideration of opening balance of assets and provisional capitalisation during FY 2020-21. SLDC has not considered depreciation on assets created out of Grants.

Commission's Analysis

5.4.3 The Commission has considered the opening GFA for FY 2021-22 equivalent to the closing GFA for FY 2020-21 as approved in this Order. The Commission has computed depreciation as per scheduled rates specified in the MYT Regulations, 2018.

5.4.4 As per MYT Regulations, 2018, 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 2021-22.

5.4.5 The depreciation provisionally approved for FY 2021-22 in APR is given in the Table below:

Table 26: 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			-	-
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	4.65	0.14	5.28%	0.25
7	Lines & Cable Network	0.07	0.02	5.28%	-
8	Vehicles	-	-	9.50%	-
9	Furniture & Fixtures	0.08	0.05	6.33%	0.01

Sl. No.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation as per MYT Regulations, 2018
10	Office Equipment	0.09	0.06	6.33%	0.01
11	Grand Total	5.28	0.25		0.273
15	Less: Depreciation for Grants/ Consumer Contribution				0.197
	Net Total				0.08

The Commission provisionally approves Depreciation of Rs. 0.08 Crore in the APR for FY 2021-22.

5.5 Interest and Finance Charges

5.5.1 The Commission had approved Interest and Finance Charges of Rs. 0.12 Crore for FY 2021-22 in the Tariff Order dated February 15, 2021. As against this, SLDC has claimed Interest and finance Charges of Rs. 0.09 Crore for FY 2021-22.

Commission's Analysis

5.5.2 The Commission in the Tariff Order dated February 15, 2021 had approved the Interest and Finance Charges of Rs. 0.12 Crore, on normative basis for FY 2021-22 as per MYT Regulations, 2018. The closing net normative loan of Rs. 0.55 Crore for FY 2020-21 has been considered as the net normative loan as on April 1, 2021. 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, 2018, weighted average rate of interest shall be computed based on actual outstanding loan as on April 1, 2021. The weighted average interest rate has been considered as 10.08%, 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 2021-22 is shown in the following Table:

Table 27: Approved Interest on loan Capital for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
1	Net Normative Opening Loan	0.83	0.77	0.61
2	Addition of normative loan during the year	0.90	0.25	0.25
3	Normative Repayment during the year	0.10	0.09	0.08
4	Net Normative Closing Loan	1.62	0.93	0.79
5	Interest Rate	10.08%	10.08%	10.08%
6	Interest Expenses	0.12	0.09	0.07
7	Finance Charges	-	-	-
8	Total Interest and Finance Charges	0.12	0.09	0.07

The Commission provisionally considers Interest on loan Capital of Rs. 0.07 Crore in the APR for FY 2021-22.

5.6 Return on Equity

5.6.1 The Commission approved the RoE as NIL for FY 2021-22 in the Tariff Order dated February 15, 2021. As against this, SLDC has claimed NIL RoE for FY 2021-22.

Commission's Analysis

5.6.2 The Commission has considered zero addition of equity against capitalisation during FY 2021-22. Accordingly, the Commission considers RoE as NIL in APR for FY 2021-22.

5.7 Interest on Working Capital (IoWC)

5.7.1 The Commission approved IoWC of Rs. 0.30 Crore for FY 2021-22 in the Tariff Order dated February 15, 2021. As against this, SLDC has claimed normative IoWC of Rs. 0.23 Crore for FY 2021-22, calculated as specified in MYT Regulations 2018.

Commission's Analysis

5.7.2 The Commission has computed IoWC in accordance with MYT Regulations, 2018. The rate of Interest has been considered equal to SBI Base Rate/MCLR Rate prevalent in the first six months of 2021 plus 300 basis points, i.e., 10.00%. Further, receivables have been considered equal to the revenue approved for FY 2021-22 in the Tariff Order. IoWC approved by the Commission for FY 2021-22 is shown in the following Table:

Table 28: loWC for FY 2021-22 as approved by the Commission (Rs. Crore)

Sl. No.	Particulars	Approved in T.O. dt. 15.02.21	SLDC Submission	APR FY 2021-22
1	O&M expenses for 1 month		0.48	0.49
2	Maintenance spares @ 15% of O&M Expenses		0.86	0.88
3	Receivables for two months		1.03	1.23
4	Total Working Capital		2.36	2.59
5	Rate of Interest		9.65%	10.00%
6	Interest on Working Capital	0.30	0.23	0.26

Accordingly, the Commission approves loWC of Rs. 0.26 Crore in the APR for FY 2021-22.

5.8 Non-Tariff Income

5.8.1 SLDC has considered NTI of Rs. 0.10 crore for FY 2021-22, by considering NTI in H2 of FY 2021-22 equal to 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 has considered NTI for FY 2021-22 same as FY 2020-21 as per audited accounts. The actual NTI shall be considered at the time of truing up for FY 2021-22, subject to prudence check. The Commission has provisionally considered income from open access applications and SLDC Charges paid by IEX on estimation basis, at the same level as in FY 2020-21.

Table 29: NTI approved by the Commission for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Approved in Order dt. 15.02.21	SLDC Submission	APR FY 2021-22
1	Profit on Sale of Fixed Assets		0.00	0.02
2	Rentals from staff quarters		-	-
3	Rental from contractors/others		0.00	0.02
4	Other Miscellaneous receipts		0.10	0.08
	Total	0.10	0.10	0.12

5.9 ARR after Annual Performance Review of FY 2021-22

5.9.1 Considering the above heads of expense and revenue, the net ARR approved after APR for FY 2021-22 is shown in the following Table:

Table 30: ARR approved after APR for 2021-22 (Rs. Crore)

Sl. No.	Particulars	T.O. dtd. 15.02.2021	Proposed by SLDC	Approved after APR
1	O&M Expenses	6.94	5.83	5.84
1.1	<i>Employee Cost</i>	6.07	4.96	4.96
1.2	<i>R&M Expenses</i>	0.43	0.43	0.43
1.3	<i>A&G Expenses</i>	0.34	0.34	0.34
1.4	Training Expenses	0.10	0.10	0.10
2	Depreciation	0.10	0.09	0.08
3	Interest & Finance Charges	0.12	0.09	0.07
4	Interest on Working Capital	0.30	0.23	0.26
5	Return on Equity	-	0.00	0.00
6	Less: Non-Tariff Income/ Other Income	0.10	0.10	0.12
7	Aggregate Revenue Requirement	7.36	6.14	6.12

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

5.10.1 SLDC has claimed Revenue Surplus of Rs. 1.22 Crore after APR for FY 2021-22.

Commission's Analysis

5.10.2 The Commission has computed the Revenue Gap/(Surplus) arising out of APR for FY 2021-22 as shown in the following Table:

Table 31: Revenue Gap/(Surplus) after APR for FY 2021-22 (Rs. Crore)

Sl. No.	Particulars	Proposed by SLDC	Approved in APR
1	Net ARR	6.14	6.12
2	Revenue with Approved Tariff	7.36	7.36
3	Revenue Gap/(Surplus)	(1.22)	(1.24)

5.10.3 The APR reveals a Surplus of Rs. 1.24 crore for FY 2021-22. It is only indicative, in the absence of Audited Annual Accounts for FY 2021-22. It will be considered during the Truing up process for FY 2021-22, after the Audited Annual Accounts are made available.

6 CAPITAL INVESTMENT PLAN OF SLDC FOR FY 2022-23 TO FY 2024-25

6.1 Capital Investment Plan of SLDC

6.1.1 SLDC has submitted the Capital Investment Plan (CIP) for the Control Period from FY 2022-23 to FY 2024-25 against various Projects grouped under the following major Schemes, viz.,

Table 32: Summary of Capital Expenditure for FY 2022-23 to FY 2024-25 (Rs. Lakh)

Sl. No.	Particulars	FY 2022-23	
		SLDC Submission	Justification
1	Civil works	20.00	Renovation of server room, reconstruction of office chambers, painting of office building
2	Lines, Cable Networks etc.	1.00	Procurement & installation at the office premises
3	Office Equipment	3.00	Desktops and network printer for establishment section, network printer for IT/SCADA
4	Furniture & Fixtures	2.00	Procurement of furniture at SLDC office
5	PSDF	1025.0	SAMAST (Scheduling, Accounting, Metering and Settlement of Transactions)
	Total	1285.0	

Sl. No.	Particulars	FY 2023-24	
		SLDC Submission	Justification
1	Civil works	20.00	Construction Of Multilevel Car Parking, Renovation of washroom
2	Lines, Cable Networks etc.	2.00	Procurement & installation of new 33/0.4kv Transformer and accessories
3	Furniture & Fixtures	2.00	Procurement of furniture at SLDC office
	Total	24.00	

Sl. No.	Particulars	FY 2024-25	
		SLDC Submission	Justification
1	Civil works	20.00	Renovation and construction of rooms for SAMAST project, construction of parking shed, renovation of gents' toilet for officers and staff of Control Room.
2	Lines, Cable Networks etc.	2.00	Procurement & installation of new 33/0.4kv Transformer and accessories
3	Furniture & Fixtures	2.00	New furniture for officers to be seated in newly renovated rooms
4	Office Equipment	5.00	Air Conditioners in the newly renovated rooms designated for officers
5	PSDF	3900.00	Proposed Upgradation of existing SCADA control centre and set up backup SLDC
	Total	3929.00	

6.1.2 The Scheme-Wise projects, year-wise capital expenditure and capitalization, mode of funding, and requirement of the project, as submitted by SLDC are discussed in the following Sections, along with the Commission's analysis and approval.

6.2 Capital Investment Plan approved by the Commission for FY 2022-23 to FY 2024-25

6.2.1 The Commission has analysed the details of different Schemes proposed by SLDC for the Control Period from FY 2022-23 to FY 2024-25, and observes as under:

- (a) Most of the Schemes proposed by SLDC are routinely proposed in earlier years but SLDC has been unable to create the assets till now and only few assets have been created.
- (b) 2 Major Schemes have been proposed by the SLDC, i.e., PSDF Scheme for SAMAST Project, which is proposed to be capitalised in FY 2022-23 itself and another PSDF Scheme for upgradation of SCADA proposed to be capitalised in FY 2024-25.
- (c) The Commission is of the opinion that SLDC should remain technologically updated and project proposed is justified to be executed. Not delving into the prudence of the cost proposed by SLDC, the Commission thinks that it should

execute the project based on competitive bidding so that the cost discovered could be justified.

- (d) Thus, 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, etc.)**
 - (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.**

6.2.2 Maintenance of such project-wise database will help SLDC track the progress of the Project during execution as well as ensure that the Capitalisation as per Accounts tallies with the asset being physically put to use. SLDC should submit such Project-wise data to the Commission at the time of true-up for each Year, for the Projects that have been capitalised during that Year. SLDC should also justify the Projects proposed to be capitalised in the ensuing Year based on the above database.

6.3 Capitalisation approved by the Commission for FY 2022-23 to FY 2024-25

6.3.1 During the TVS, the Commission asked SLDC to submit budgetary quotation received for the SCADA upgradation Project to be undertaken under PSDF Scheme. SLDC have submitted the budgetary quote from OSI, GE T&D India Ltd. and Siemens. The Commission has gone through the submissions and observed that the estimated project cost is lower than lowest quote among these budgetary quotes. The Commission is of the opinion that the cost of the project would reduce after Competitive Bidding take place for the project. Hence, the Commission has considered half the

proposed capitalised cost for ARR and Tariff purposes. However, the actual cost discovered after competitive bidding shall be submitted to the Commission for consideration after prudence check.

6.3.2 The Commission has also disallowed procurement of new 33/0.4 kV Transformer and its accessories as it is the responsibility of AEGCL to supply uninterrupted power to SLDC. Also, the Commission disallows the proposed Civil work as SLDC has not undertaken these works even after getting approval of the Commission in the past. SLDC is directed to not propose frivolous Capital Investment Schemes, which are not necessary for smooth functioning of the SLDC and focus its Capital Expenditure to improve efficiency and effectiveness of the SLDC function.

6.3.3 As discussed in previous Chapter, SLDC was allowed Rs. 5 Crore as revenue expenditure in FY 2020-21 to allow SLDC to implement SAMAST in a definite Timeline. SLDC was directed to not include the expenses against this Fund under Gross Fixed Assets. SLDC has proposed that SAMAST Scheme would be capitalised in FY 2022-23. It has proposed the entire project Cost would be provided by PSDF Fund. SLDC is directed to utilise the SLDC Special Fund to implement the said project as soon as possible and use the said Fund for any balance requirement. The Commission is of the opinion that to enable effective Energy Accounting in the State of Assam, the implementation of SAMAST project must be on fast track.

6.3.4 The Commission has hence, approved Capitalisation for the Control Period, for the purpose of approval of ARR and Tariff, based on Commission's analysis of expected Capitalisation as below:

Table 33: Summary of Capitalisation for 2022-23 to FY 2024-25 (Rs. Lakh)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Land			
Building			
Hydraulic			
Other Civil Works			
Plant & Machinery			
Lines & Cable Network			
Vehicles			
Furniture & Fixtures	0.02	0.02	0.02
Office Equipment	0.03	-	0.05
SAMAST	10.25	-	-
SCADA Upgradation	-	-	19.50

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Total Capitalisation	10.30	0.02	19.57

6.3.5 The funding of capitalisation approved by the Commission is shown in the following Table:

Table 34: Funding of Capitalisation approved by the Commission for the Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Grant/Consumer Contribution	10.25		19.50
Equity			
Debt	0.05	0.02	0.07
Total Capitalisation	10.30	0.02	19.57

6.3.6 Therefore, the Commission approves Capitalisation of Rs. 10.30 Crore, Rs. 0.02 Crore and Rs. 19.57 Crore for FY 2022-23, FY 2023-24 and FY 2024-25, respectively.

7 ARR for SLDC, MYT Control Period from FY 2022-23 to FY 2024-25

7.1 Introduction

7.1.1 This Chapter deals with the approval of ARR of SLDC for the MYT Control Period from FY 2022-23 to FY 2024-25 in accordance with the provisions of MYT Regulations, 2021.

7.2 Operation and Maintenance Expenses

7.2.1 SLDC submitted that O&M expenses of SLDC for FY 2022-23 to FY 2024-25 have been computed on the basis of revised estimates for FY 2021-22 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:

Inflation Indices

7.2.2 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 2020-21, the Inflation factor could be computed till FY 2021-22. Hence, the resulting average WPI of 2.41% has been considered for projecting the O&M expenses for the Control Period.

7.2.3 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 2020-21, the Inflation factor could be computed till FY 2021-22. Hence the resulting average CPI of 6% has been considered for projecting the O&M expenses for the Control Period.

Employee Expenses

7.2.4 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 2022-23

to FY 2024-25. SLDC have also prayed for additional expense for increase in number of employees as have been approved in previous Control Period. SLDC has accordingly projected the normative employee expenses for the Control Period as Rs. 6.31 crore, Rs. 7.76 crore, and Rs. 9.31 crore for FY 2022-23, FY 2023-24, and FY 2024-25, respectively.

R&M Expenses

7.2.5 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. 1.26 crore for the Control Period and Firewall AMC, Website Maintenance, Laptop/Desktop AMC, and maintenance of Access Control System for Server room amounting to Rs. 0.30 crore have been considered for the Control Period. SLDC has claimed that these AMC have been considered due to increasing threat from cyber-attacks, troubleshooting of systems, installation and AMC of firewall and time to time maintenance of Access control system, which is required for safe operation of SLDC.

K Factor for Control Period

7.2.6 SLDC submitted that in the ensuing Control Period, SAMAST (under PSDF) will require higher R&M. Hence, the 'K' factor needs to be determined realistically after including the expenses of R&M works, which were not undertaken on account of non-availability of funds. SLDC proposed a 'K' factor of 1% for the Control Period.

7.2.7 SLDC has accordingly projected the normative R&M expenses for the Control Period as Rs. 0.536 crore, Rs. 0.591 crore, and Rs. 0.764 crore for FY 2022-23, FY 2023-24, and FY 2024-25, respectively.

A&G Expenses

7.2.8 SLDC has projected the normative A&G expenses for the Control Period as Rs. 0.35 crore, Rs. 0.35 crore, and Rs. 0.36 crore for FY 2022-23, FY 2023-24, and FY 2024-25 respectively.

Expenses towards Training and Capacity Building

7.2.9 SLDC submitted that the power sector is undergoing a paradigm shift and new technologies with updates are being adopted on continuous basis to improve operational efficiency. SLDC aims to train their employees to adapt to these new technologies. In times of COVID-19, it is aimed to switch to online training courses offered by third-party training institutes instead of conventional training workshops as

conducted earlier.

7.2.10 SLDC estimated cost of Rs. 0.19 Crore, Rs. 0.23 Crore, and Rs. 0.26 Crore for FY 2022-23, FY 2023-24 and FY 2024-25, respectively, and requested the Commission to allow the Training and Capacity Building expenses under a separate head in the Tariff Order.

Commission's Analysis

7.2.11 The Commission has computed the O&M Expenses for the Control Period on normative basis as per 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 MYT Regulations, 2021 at the time of truing up for respective year.

7.2.12 For computation of employee expenses for Control Period, the Commission has adopted the following approach:

- a) The employee expenses allowed in the APR for FY 2021-22 have been considered as base expenses;
- b) CPI inflation has been computed as average increase of CPI for the period from FY 2018-19 to FY 2020-21 (upto December, 2021), which works out to 5.53%;
- 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 the difference between Actual Employee Expense and Normative Employee Expense have sufficiently been narrowed down and has disallowed SLDC's prayer of providing additional expense for increase in number of employees.

7.2.13 The normative employee expenses approved for the Control Period are shown in the following Table:

Table 35: Approved Employee Expenses for Control Period (Rs. Crore)

Particulars		FY 2022-23	FY 2023-24	FY 2024-25
Approved Employee Expenses for the previous year	EMP _{n-1}	4.96	5.29	5.64
CPI Inflation	CPI	5.53%	5.53%	5.53%
Growth Factor	Gn	1.00%	1.00%	1.00%
Normative Employee Expenses		5.29	5.64	6.01

7.2.14 For computation of R&M Expenses for the Control Period, the Commission has

considered the following approach:

- a) WPI inflation has been computed as average increase of WPI for the period from FY 2018-19 to FY 2020-21 (up to December, 2021), which works out to 4.13%;
- b) K-factor governs the relationship between R&M expenses and Gross Fixed Assets. The Commission has considered the K-factor for the Control Period as proposed by SLDC as 1%;
- c) 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. SLDC is directed to provide detailed breakup of this expense during True up. The Commission would take a view on this expense separately during True up based on actual expenditure and prudence check.

7.2.15 The normative R&M expenses approved for the Control Period are shown in the following Table:

Table 36: Approved R&M Expenses for the Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Opening GFA for previous year	5.28	5.53	15.83
Closing GFA for previous year	5.53	15.83	15.85
Average GFA for previous year	5.41	10.68	15.84
K Factor	1.00%	1.00%	1.00%
WPI Inflation	4.13%	4.13%	4.13%
Normative R&M Expenses	0.06	0.11	0.16
AMC Cost of SCADA/EMS	0.38	0.38	0.38
Firewall AMC, Website Maintenance, etc.	0.10	0.10	0.10
Normative R&M Expenses	0.54	0.59	0.65

7.2.16 For computation of A&G expenses for the Control Period, the Commission has adopted the following approach:

- a) The A&G expenses approved after APR for FY 2021-22 have been considered as base expenses;
- b) WPI inflation has been computed as average increase of WPI for period from FY 2018-19 to FY 2020-21 (upto December, 2021), which works out to 4.13%.

7.2.17 The approved A&G expenses for the Control Period are shown in the following Table:

Table 37: Approved A&G Expenses for Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
A&G Expenses for Previous Year	0.34	0.35	0.37
WPI Inflation	4.13%	4.13%	4.13%
Normative A&G Expense	0.35	0.37	0.38

7.2.18 Additional expenses of Rs. 0.68 crore for the Control Period as sought by SLDC have not been allowed for training and Capacity Building. The Commission is of the opinion that Training Expenses are originally part of A&G Expenses. A&G Expenses are already allowed under MYT Regulations, 2021. So, there is no need to separately provide Training Expenses.

Further, the Commission is of the opinion that majority of the training programmes being done by SLDC are conducted by NLDC/POSOCO free of cost. So, the overall requirement for Training Expense at SLDC is minimal. In any case, SLDC should ensure that the necessary training is imparted to its employees within its A&G expenses.

7.2.19 In view of the above, the Commission approves the O&M expenses for the Control Period as shown in the following Table:

Table 38: Approved O&M Expenses for Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
O&M Expenses	6.18	6.60	7.04
<i>Employee Cost</i>	<i>5.29</i>	<i>5.64</i>	<i>6.01</i>
<i>R&M Expenses</i>	<i>0.54</i>	<i>0.59</i>	<i>0.65</i>
<i>A&G Expenses</i>	<i>0.35</i>	<i>0.37</i>	<i>0.38</i>
<i>Training Expenses</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>

7.3 Capitalisation

7.3.1 The Capital Investment Plan projected by SLDC has been elaborated in the previous Chapter.

7.3.2 SLDC submitted that the funding of Capital Expenditure is envisaged through Grants,

Equity, and Loans, as per funding pattern of the respective Schemes, as shown in the following Table:

Table 39: Capital Expenditure and Capitalisation (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Capital Expenditure	12.85	0.24	39.29
Capitalisation	10.54	0.24	39.29
Funding of Capitalisation			
Grant	10.25	-	39.00
Equity	-	-	-
Debt	0.26	0.24	0.29

Commission's Analysis

7.3.3 The Commission has approved the Scheme-wise Capital Expenditure and Capitalisation as elaborated in the previous Chapter. Accordingly, the Commission has considered Capitalisation as shown in the Table below:

Table 40: Capitalisation approved by the Commission for the Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Capitalisation	10.30	0.020	19.570

7.3.4 The Commission has considered the funding of capitalisation as per individual Schemes for which Commission has allowed Capitalisation. The funding of capitalised works as approved by the Commission is shown in the following Table:

Table 41: Funding of Capitalisation approved by the Commission for the Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Grant/Consumer Contribution	10.25		19.50
Equity			
Debt	0.05	0.02	0.07
Total Capitalisation	10.30	0.02	19.57

7.4 Depreciation

- 7.4.1 SLDC submitted that depreciation has been computed as per MYT Regulations, 2021 for the Control Period. 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 2021-22 has been considered as the opening balance of assets for FY 2022-23. As specified in Regulation 33 of 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.
- 7.4.2 SLDC claimed the depreciation of Rs. 0.06 Crore, Rs. 0.10 Crore, and Rs. 0.08 Crore for FY 2022-23, FY 2023-24 and FY 2024-25, respectively.

Commission's Analysis

- 7.4.3 For computation of depreciation, the Commission has considered the closing GFA for FY 2021-22 as approved in this Order, as the Opening GFA for FY 2022-23. The capitalisation approved for the respective years of the Control Period has been considered as asset addition during the year. The Commission has considered the scheduled depreciation rates as specified in MYT Regulations, 2021.
- 7.4.4 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.
- 7.4.5 In view of the above, the Commission has approved depreciation for the period from FY 2022-23 to FY 2024-25 as per MYT Regulations, 2021, as given in the Tables below:

Table 42: Depreciation approved for FY 2022-23 (Rs. Crore)

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
1	Land & Rights	-			-
	Land under lease	-			-

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
2	Building	0.35		3.34%	
3	Hydraulic	-		5.28%	-
4	Other Civil Works	0.04		3.34%	0.00
5	Plant & Machinery	4.79	10.25	5.28%	0.52
6	Lines & Cable Network	0.07		5.28%	
7	Vehicles	-		9.50%	
8	Furniture& Fixtures	0.14	0.02	6.33%	0.01
9	Office Equipment	0.15	0.03	6.33%	0.02
10	Grand Total	5.53	10.30		0.56
11	Asset excluding Land				
12	Less: Depreciation for Grants				0.47
13	Net Depreciation				0.09

Table 43: 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%	
4	Other Civil Works	0.04		3.34%	0.00
5	Plant & Machinery	15.04		5.28%	0.79
6	Lines & Cable Network	0.07		5.28%	0.00
7	Vehicles			9.50%	
8	Furniture& Fixtures	0.16	0.02	6.33%	0.01
9	Office Equipment	0.18		6.33%	0.02
11	Grand Total	15.83	0.02		0.83
12	Less: Depreciation for				0.74

Sl.	Particulars	Opening GFA	Addition during the year	Rate of depreciation	Depreciation Approved
	Grants				
13	Net Depreciation				0.09

Table 44: Depreciation approved for FY 2024-25 (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%	
4	Other Civil Works	0.04		3.34%	0.00
5	Plant & Machinery	15.04	19.5	5.28%	1.82
6	Lines & Cable Net work	0.07		5.28%	0.00
7	Vehicles			9.50%	
8	Furniture & Fixtures	0.18	0.02	6.33%	0.01
9	Office Equipment	0.18	0.05	6.33%	0.02
11	Grand Total	15.85	19.57		1.862
12	Less: Depreciation for Grants				1.26
13	Net Depreciation				0.06

7.5 Interest on Loan Capital

7.5.1 SLDC has considered the closing net normative loan for FY 2021-22 as per its submissions, as the opening net normative loan for FY 2022-23. SLDC submitted that the loan addition during FY 2022-23, FY 2023-24 and FY 2024-25 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 each year of the Control Period.

7.5.2 Accordingly, SLDC has projected the Interest and Finance Charges for FY 2022-23,

FY 2023-24 and FY 2024-25 as Rs. 0.10 crore, Rs. 0.12 crore and Rs. 0.14 crore, respectively.

Commission's Analysis

7.5.3 The Commission has considered the opening net normative loan for SLDC as on April 1, 2022 as Rs 0.79 Crore, based on the closing net normative loan approved in the APR for FY 2021-22. 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.

7.5.4 The weighted average interest rate has been considered as 10.08%, same as actual taken for FY 2021-22.

7.5.5 The weighted average rate of Interest of 10.08% applicable for FY 2021-22 has been considered for computing the normative interest for each year of the Control Period. The interest on loan capital as approved by the Commission for the Control Period is shown in the following Table:

Table 45: Approved Interest on Loan for the Control Period (Rs. Crore)

Particulars	FY 2022-23	FY 2023-24	FY 2024-25
Net Normative Opening Loan	0.73	0.75	0.68
Addition of normative loan during the year	0.05	0.02	0.07
Normative Repayment during the year	0.09	0.09	0.09
Net Normative Closing Loan	0.75	0.68	0.66
Interest Rate	10.08%	10.08%	10.08%
Interest Expenses	0.08	0.07	0.07

7.6 Return on Equity

7.6.1 SLDC has claimed NIL RoE for the Control Period as SLDC has not envisaged any equity addition.

Commission's Analysis

7.6.2 The Commission has considered NIL RoE for the Control Period in the absence of any equity for SLDC.

7.7 Interest on Working Capital

7.7.1 SLDC submitted that the normative IoWC has been computed in accordance with the MYT Regulations, 2021. The rate of interest provided on the working capital is the normative interest rate of 300 basis points above the average State Bank of India MCLR (one-year tenor) prevalent during last available six months. Accordingly, SLDC has projected the IoWC as Rs. 0.29 crore, Rs. 0.35 crore, and Rs. 0.42 crore for FY 2022-23, FY 2023-24 and FY 2024-25, respectively.

Commission's Analysis

7.7.2 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., 10.00%. IoWC approved by the Commission for the Control Period is shown in the following Table:

Table 46: IoWC approved by the Commission for the Control Period (Rs. Crore)

Sr. No.	Particulars	FY 2022-23	FY 2023-24	FY 2024-25
1	O&M expenses for 1 month	0.52	0.55	0.59
2	Maintenance spares @ 15% of O&M Expenses	0.93	0.99	1.06
3	Receivables for two months	1.16	1.15	1.31
4	Total Working Capital	2.60	2.69	2.95
5	Rate of Interest	10.00%	10.00%	10.00%
6	Interest on Working Capital	0.26	0.27	0.30

7.8 Income Tax

7.8.1 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 of each year. SLDC has not claimed any Income Tax for the Control Period.

7.8.2 Commission's Analysis

7.8.3 The Commission has not considered any provision towards Income Tax. The actual Income Tax paid shall be considered based on the documentary evidence submitted

at the time of truing up of each year of the Control Period, subject to prudence check.

7.9 Non-Tariff Income

7.9.1 SLDC has projected the Non-Tariff income as Rs. 0.10 crore for each year of the Control Period. The projected income consists of SLDC charges paid by IEX.

Commission's Analysis

7.9.2 The Commission approves the Non-Tariff Income of Rs. 0.12 Crore for each year of the Control Period, based on the actual NTI for FY 2020-21. The actual Non-Tariff income shall be considered at time of truing up for each year of the Control Period, subject to prudence check.

7.10 Contribution towards Contingency Fund

7.10.1 SLDC has projected contribution towards contingency fund of Rs. 0.01 Crore for FY 2022-23, Rs. 0.01 Crore for FY 2023-24, and Rs. 0.02 Crore for FY 2024-25.

Commission's Analysis

7.10.2 The Commission has not considered any Contribution towards contingencies fund for SLDC, as the same is not allowed as per MYT Regulations, 2021.

7.11 Summary of ARR for Control Period from FY 2022-23 to FY 2024-25

7.11.1 The summary of ARR as submitted by SLDC and as approved by the Commission for the Control Period is given in the Table below:

Table 47: ARR of SLDC for FY 2022-23 to FY 2024-25 as approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2022-23		FY 2023-24		FY 2024-25	
		Proposed by SLDC	Approved	Proposed by SLDC	Approved	Proposed by SLDC	Approved
1	O&M Expenses	7.39	6.18	8.94	6.60	10.69	7.04
2.1	<i>Employee Cost</i>	6.31	5.29	7.76	5.64	9.31	6.01
2.2	<i>R&M Expenses</i>	0.54	0.54	0.59	0.59	0.76	0.65
2.3	<i>A&G Expenses</i>	0.35	0.35	0.35	0.37	0.36	0.38
2.4	<i>Training Expenses</i>	0.19	0.00	0.23	0.00	0.26	0.00
2	Depreciation	0.06	0.09	0.10	0.09	0.08	0.06
3	Interest & Finance Charges	0.10	0.08	0.12	0.07	0.14	0.07
4	Interest on Working Capital	0.29	0.26	0.35	0.27	0.42	0.30
5	Return on Equity	0.00	0.00	0.00	0.00	0.00	0.00
6	Contribution to contingency reserve	0.01	0.00	0.01	0.00	0.02	0.00
7	Less: Non-Tariff Income	0.10	0.12	0.10	0.12	0.10	0.12
8	Aggregate Revenue Requirement	7.74	6.50	9.40	6.91	11.24	7.86

8 Annual SLDC Charges for FY 2022-23

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

8.1.1 SLDC submitted the cumulative Revenue Gap/(Surplus) after Truing up of FY 2020-21 and APR of FY 2021-22 and based on the revised ARR of FY 2022-23, as shown in the Table below:

Table 48: Revenue Gap/(Surplus) for FY 2020-21 with carrying cost (Rs. Crore)

Particulars	Amount
Revenue Gap/(Surplus) for FY 2020-21	0.40
Carrying/(Holding) cost on Revenue Gap/(Surplus) for FY 2020-21	0.08
Total Revenue Gap/(Surplus)	0.48
Standalone Revenue Requirement for FY 2022-23	7.74
Net Annual Revenue Requirement	8.21
Peak Demand (MW)	2332
SLDC Charge (Rs./MW/Day)	96.49

Commission's Analysis

8.1.2 For computation of cumulative Revenue Gap/(Surplus), the Commission has considered the Revenue Gap/(Surplus) after truing up of FY 2020-21 as approved in this Order, along with Carrying/(Holding)Cost. No Revenue Gap/(Surplus) arising out of APR of FY 2021-22, is proposed to be recovered through tariff in FY 2022-23, in accordance with the MYT Regulations, 2021.

8.1.3 The Revenue Gap/(Surplus) approved for recovery in FY 2022-23 is shown in the Table below:

Table 49: Revenue Gap/(Surplus) for FY 2020-21 approved for recovery/adjustment in FY 2022-23 (Rs. Crore)

Sl. No.	Particulars	Tariff Order	SLDC	Approved after truing up
1	Net ARR	4.68	5.08	5.06
2	Revenue from SLDC Charges	4.68	4.68	4.68
3	Gap/(Surplus)	-	0.40	0.37

Sl. No.	Particulars	Tariff Order	SLDC	Approved after trueing up
4	Carrying/(Holding) cost	-	0.08	0.07

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

Table 50: Carrying/ (Holding) Cost for Revenue Gap/(Surplus) for FY 2020-21 approved by the Commission (Rs. Crore)

Sr. No.	Particulars	FY 2020-21	FY 2021-22	FY 2022-23
1	Opening Balance	-	0.37	0.37
2	Recovery /(Addition) during year	(0.37)	-	0.37
3	Closing balance	0.37	0.37	-
4	Rate of Interest (%)	10.05%	10.00%	10.00%
5	Carrying /(holding) Cost	0.02	0.04	0.02
	Total Gap/(Surplus) including Carrying/(Holding) Cost	0.45		

8.1.5 The total Revenue Gap including Carrying Cost works out to Rs 0.45 Crore.

Pass though of Gap to APDCL

8.1.6 **The Commission approves the cumulative Revenue Gap of SLDC as Rs 0.45 Crore. This Gap is to be passed through to APDCL in twelve monthly equal instalments of Rs 0.04 Crore in FY 2022-23 as adjustment to the monthly bills.**

8.2 SLDC tariff for FY 2022-23

8.2.1 ARR of SLDC approved for FY 2022-23 is Rs. 6.50 Crore, which is allocated to APDCL as single user.

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

Table 51: SLDC Charges approved by the Commission for FY 2022-23

Sl. No.	Particulars	UoM	Amount
1	Net ARR – SLDC	Rs. Crore	6.50
2	Maximum Contracted Capacity	MW	2332.00
3	SLDC Charges for LTOA/MTOA Consumers	Rs./MW/day	76.42

Approved SLDC charges to be recovered from APDCL for FY 2022-23 is Rs. 6.50 Crore.

The approved SLDC charges for Long-term/Medium-term Users of Transmission System for FY 2022-23 are Rs. 76.42 per MW per day.

- 8.2.3 The annual SLDC charges as determined by the Commission shall be recovered by AEGCL 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.
- 8.2.4 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.

9 Applicability of Tariff

9.1.1 The approved Transmission tariff and SLDC Charges for FY 2022-23 shall be effective from April 1, 2022 and shall continue until replaced by any subsequent Order of the Commission.

Sd/-	Sd/-	Sd/-
(S. N. Kalita)	(B. Borthakur)	(K. S. Krishna)
Member, AERC	Member, AERC	Chairperson, AERC

10 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 February 15, 2021, 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:

Status of compliance of directives in the Tariff Order dated February 15, 2021

Directive - Capacity Building of SLDC

SLDC should submit the training calendar for its employees for FY 2021-22, duly approved by its Board, within two months of issue of this Order.

Status:

SLDC has submitted the training calendar for FY 2021-22 to the Commission on 21.04.2021 and 23.07.2021. However, revised Training calendar for FY 2021-22 has been submitted along with SLDC MYT Petition on 30.11.2021.

Commission's views:

Noted.

New Directives:

The Commission hereby issues the following new directives to SLDC:

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.

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.

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.

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/-	Sd/-	Sd/-
(S. N. Kalita)	(B. Borthakur)	(K. S. Krishna)
Member, AERC	Member, AERC	Chairperson, AERC

11 Annexures-1

11.1 Minutes of the 29th Meeting of the State Advisory Committee

Venue: AERC Conference Hall.

Day/Dated: Friday, 25th February 2022.

List Of Members/Special Invitees: At Annexure-1 (Enclosed)

The 29th Meeting of State Advisory Committee (SAC) was chaired by the Hon'ble Chairperson, AERC, Kumar Sanjay Krishna, IAS, (Retd.).

Shri S.N Kalita, Member (Technical) participated in the meeting through video conferencing.

At the onset, Hon'ble Chairperson, AERC welcomed all members and invitees. He informed the members that APGCL, AEGCL, and SLDC submitted tariff petitions for MYT Control Period FY2022-23 to 2024-25, True-Up for FY 2020-21, APR for FY 2021-22 and Tariff for FY 2022-23 on 30th November 2021, and APDCL submitted on 16th December 2021. The Commission after scrutiny of the petitions directed the petitioners to publish the petition for information of the public and for comments/suggestions vide order dated 23.12.2021 after the preliminary hearing. In response to the petitions, eight (8) nos of stakeholders submitted their views. The Commission has fixed 2nd March, 2022 for a public hearing. So, the Commission decided to place the tariff petition before the State Advisory Committee for valuable suggestions and guidance of the members. Hon'ble Chairperson requested the members to give constructive views and suggestions to enable Commission to complete tariff determination process within the timeline.

The welcome address was followed by an introductory session among the members and invitees. 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: Confirmation of the Minutes of 28th meeting of SAC held on 23.09.2021

The draft minutes of the 28th meeting held on 23.09.2021 were circulated among the members. Few comments were received from the members that have been incorporated in the final minutes. The minutes were confirmed and accepted by the members.

Agenda: Presentation by APGCL

A PowerPoint presentation was made by MD, APGCL on the salient features of MYT petition submitted by APGCL. Important points of the discussion are noted below-

In true up for FY 2020-21, APGCL has shown a revenue gap of Rs. 25.86 Crore, Rs. 55.03 Crore for NTPS, KLHEP, and surplus of Rs. 13.59 Crore, Rs. 1.98 Crore for LTPS, LRPP. APGCL has a projected per unit cost of Rs. 3.87, Rs. 3.21, Rs. 4.84 and Rs. 2.07 for NTPS, LTPS, KLHEP, and LRPP respectively.

In AR for FY 2021-22, APGCL has projected per-unit cost of Rs. 4.4, Rs.4.34, Rs. 2.32 and Rs. 2.21 for NTPS, LTPS, KLHEP and LRPP respectively.

In ARR for FY 2022-23 to FY 2024-25, APGCL has proposed a tariff of Rs. 3.85, Rs. 3.79 and Rs. 3.74 respectively.

MD, APGCL highlighted that in True-Up, KLHEP 's gross generation is less than approved figures due to landslide. MD, APGCL also requested Commission to approve special R&M for LTPS, KLHEP amounting Rs. 5 Crore, Rs.8 Crore. Several projects are in pipeline for APGCL for e.g., Borpani stages 1& 2, Lower Kopili in Hydro. APGCL is also emphasizing in solar plant and are developing solar generation plants in Majuli and Namrup. MD, APGCL highlighted that these new plants will be beneficial for APDCL during power crisis situations like Oct coal crisis when in IEX prices shoot up. Chairman, APGCL mentioned that a comprehensive study is very important for resources in Assam which will help in the enhancement of Generation Capacity and Renewable Capacity addition.

Consumer activist Shri Subodh Sharma stated that there is a lack of co-ordination between APGCL and APDCL which leads to power evacuation and optimization. He also mentioned that real-time measurement of gas supply is not available with APGCL except at LTPS which should be incorporated to ensure Calorific value and other parameters for the Generating station. He also suggested to conduct co-ordination meetings between the three utilities which were also directed by the Hon'ble Commission.

Shri K. Medhi, Secretary, NESSIA requested APGCL to ensure timely completion of the Hydro and Solar projects with meticulous planning with the proper funding mechanism. MD, APGCL replied that budget provision is already made for the solar project and GoA has assured funding for Borpani stage 1&2. MD, APGCL also informed that Azure Power will complete the solar project in Silchar in March'22.

Shri M.B Devchoudhury suggested that a study may be carried out for LTPS 's high auxiliary consumption to which MD, APGCL replied that APGCL will carry out the same.

Member, Technical enquired about the funding to pay the Interest & Finance charges for NRPP amounting Rs. 63.95 Crore to which MD, APGCL replied that the same will be adjusted in tariff.

Shri Saurabh Agarwal, Chairman, Power Committee, FINER expected APGCL to expedite peak time demand management and proper planning of resources.

Hon'ble Chairperson stated that Prime Minister is committed to attain target for renewable power and opined that APGCL should come up with a new renewable generation project with provision for storage. MD, APGCL replied that the same has been proposed to be incorporated in the policy of Govt. of Assam.

Agenda: Presentation by AEGCL

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

In True-up for FY 2020-21, AEGCL has shown ARR of Rs.378.56 Crore and a surplus of Rs. 16.36 Crore. For SLDC, in True-Up, ARR of Rs. 4.67 Crore and gap of Rs. 0.40 Crore is shown.

In APR for FY 2021-22, AEGCL has shown ARR of Rs.406.17 Crore and a gap of Rs. 5.72 Crore. For SLDC, In APR, ARR of Rs. 6.15 Crore and surplus of Rs. 1.21 Crore is shown.

In ARR for FY 2022-23,2023-24 and 2024-25, AEGCL has shown ARR of Rs.504.89 Crore, Rs. 530.42 Crore and Rs. 577.71 respectively. In ARR for FY 2022-23,2023-24 and 2024-25, SLDC has shown ARR of Rs.7.74 Crore, Rs. 9.40 Crore and Rs. 11.24 respectively.

AEGCL has submitted a loss of 3.34% for True-up and projected a loss of 3.30% through APR and ARR. AEGCL has a projected transmission charge of Rs.0.452 Rs./kWh and SLDC charge of Rs. 96.49/MW/Day for FY 2022-23.

MD, AEGCL has mentioned that Transmission Loss reduction will be ensured with the help of various projects details of which have been submitted in the tariff petition in the Capital Investment Plan. DGM(F&A) has mentioned that AEGCL has proposed to increase BST by 5 paise from the existing 15 paise to meet the liabilities of the pension trust. Shri, Subodh Sharma stated that Govt. should be made responsible for liabilities of pension trust instead of consumers. Member, Technical requested AEGCL to brief the Commission on how the deficit of pension trust is met in other states.

MD, AEGCL has stated about EOI by private telecom companies for OPGW infrastructure of AEGCL. Shri D.K Sharma, retd. Director PGCIL, mentioned that AEGCL should submit the details of income from OPGW.

Shri Harsh Sutodiya. Ex. member, AIIMO enquired about the timeline for completion for SAMAST which will ensure a proper mechanism to quantify real time transmission loss. MD, AEGCL replied that the four pilot projects of SAMAST shall be completed by Oct'22.

Hon'ble Chairperson requested AEGCL to come up with actual analysis for Transmission loss instead of notional loss for proper reporting in Tariff Petition.

Agenda: Presentation by APDCL

A PowerPoint presentation was made by MD, APDCL on the salient features of MYT petition submitted by APDCL. Important points of the discussion are noted below

In True-Up for FY 2020-21, APDCL submitted ARR of Rs.6571.8 Crore with a gap of Rs.973.49 Crore. In APR for FY 2021-22, APDCL submitted ARR of Rs.7085 Crore with a gap of Rs. 645.57 Crore. In ARR for FY 2022-23,2023-24 and 2024-25, APDCL submitted ARR of Rs. 7536.029 Crore, Rs.8300.39 Crore. and Rs. 9059.01Crore respectively.

MD, APDCL has highlighted that the gap in True Up is mainly due to deviation in Power purchase cost to the tune of Rs.608 Crore. Key driving factor for this deviation are less generation by APGCL, incremental POC charges, additional fixed cost due to demand crash during the covid period, delay in commissioning of Nikachu Hydro Power Plant etc.

MD, APDCL mentioned that APDCL is the first to get the DPR approved for RDSS (Revamped Distribution Sector Scheme) details of which are available in the tariff petition.

AASSIA opined that special consideration should be made for small scale industries in fixing the tariff.

Shri Subodh Sharma has suggested that Govt. should take up a master plan to reduce the revenue gap to improve APDCL's financial health.

FINER requested the Utilities to make a Power Roadmap for the State for the next 10 years. FINER also suggested APDCL to not purchase RECs as the upcoming 1000MW Solar Capacity will fulfill the RPO as per Regulations. FINER emphasized on incorporation of storage facility for the 1000MW Solar Capacity and explore Open Market for trading of this Solar Power.

NESSIA prayed before the Hon'ble Commission to not increase fixed charges as Industries will be affected adversely because of this, any increase in tariff should be recovered through energy charge. Shri M. P Bezbaruah, Prof. Guwahati University also supported the views.

Shri U.K Sharma, member senior Engineer's Forum advised APDCL should take up pilot projects in remote circles for getting better results.

Shri Harsh Sutodiya, Ex. member, AIIMO enquired about Power in hours for industrial feeders, cost of Power Purchase, REC burden of APDCL etc. for a better understanding of Tariff modeling.

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

Sd/-

Secretary,

Assam Electricity Regulatory Commission

29th Meeting of SAC - LIST OF MEMBERS, SPECIAL INVITEES AND OFFICERS

PRESENT

1. Kumar Sanjay Krishna, IAS (Retd), Chairperson, AERC
2. Smt. Bulbuli Borthakur, Member (Law), AERC
3. Shri Satyendra Nath Kalita, Member (Technical), AERC
4. Shri Gautam Talukdar, Secretary, Power (E) Department, Government of Assam
5. Shri Harsh Sutodia, Executive Member, AIMO
6. Shri Subodh Sharma, Consumer Activist
7. Shri Mrinmoy Baruah, Secretary. ABITA
8. Shri M.C Barthakur, Vice President AASSIA
9. Shri J N Baruah, Treasurer, AASSIA
10. Shri M P Bezbaruah, Professor, Guwahati University
11. Shri Kumud Medhi, Secretary, NESSIA
12. Shri Saurabh Agarwal, Chairman Power, FINER
13. Shri D.K. Sarma, Retd. Director, PGCIL
14. Shri Champak. Baruah, Ex-Member (T), APDCL & Member, CGRF (Ghy).
15. Prof. N. B Dev Choudhury, Professor, NIT, Silchar
16. Dr. Aditya Bihar Kandali, Department of Electrical Engineering, JEC
17. Shri U.K. Sharma, Senior Engineer's Forum
18. Dr Satyajit Bhuyan, Professor, AEC

SPECIAL INVITEES

1. Shri Sanjeeva Kumar, IAS (Retd.), Chairman, APGCL
2. Shri Rakesh Kumar, IAS, Managing Director, APDCL & APGCL
3. Shri D Das, Managing Director, AEGCL

OFFICERS FROM APDCL. AEGCL & APGCL

APDCL

1. Shri Anamul Haque Laskar, GM (TRC), APDCL

2. Shri Sumit Kr. Singha, AGM, APDCL

3. Shri N. Deb, AGM (F&A), APDCL

AEGCL

1. Shri L. Bhuyan, CGM, AEGCL

2. Shri HimayshuBaishya, GM, AEGCL

3. Shri Suresh Kaimal, DGM, AEGCL

4. Shri F H Ajhmi, DGM, AEGCL

5. Shri Debasish Paul, AGM, AEGCL

6. Shri Mriganka Bhuyan, AGM, AEGCL

7. Shri Pranab Saha, AGM, AEGCL

8. Shri Bidyut Bikash Das, Consultant, AEGCL

APGCL

1. Mrs Aklantika Saikia, DGM, APGCL

2. Mrs Pinky Deb, AM (F&A), APGCL

3. Shri Manash Jyoti Konwar, JM, APGCL

4. Shri Sunny Kumar Singh, Deloitte India, Consultant

OFFICERS FROM AERC

1. Shri M.K. Deka, ACS (Retd), Secretary, AERC

2. Shri A.N. Devchoudhury, Director (Tariff), AERC

3. Ms. P. Sharma, Joint Director (Regulatory Affairs & Finance Planning), AERC

4. Shri N.K. Deka, Deputy Director (Gen, PPA, P&P), AERC

5. Mrs R. Baruah, Deputy Director (Engg.), AERC

6. Mrs P. Rabha, Assistant Director (Tariff), AERC

ADVISER FROM AERC:

1. Shri S.K. Roy, ACS (Retd).