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Executive Summary

The Maharashtra State Load Despatch Centre (MSLDC) is the apex body for integrated operation of electricity grid in the State. MSLDC operates from two centres i.e. at Kalwa and at Ambazari (Nagpur) in Maharashtra and an additional sub-LDC Mumbai which is shifted to MSLDC Control room and being operated through separate desk.

In accordance with the first proviso to Section 31(2) of the EA 2003, the Maharashtra State Electricity Transmission Company Limited (MSETCL), which is the State Transmission Utility (STU) in the State of Maharashtra, operates the MSLDC.

The Hon’ble Commission notified the MERC (Multi Year Tariff) Regulations, 2015 (the MYT Regulations, 2015) on 8 December, 2015. In accordance with Regulations 5.1 of the MYT Regulations, 2015, MSLDC is filing present Petition for

- a) Approval of truing-up of budget cost of operations of MSLDC for FY 2014-15
- b) Provisional Truing-up for FY 2015-16
- c) Approval of ARR forecast for FY 2016-17 to FY 2019-20 and determination of Fees and Charges for FY 2016-17 to FY 2019-20

The present filing for the truing-up for FY 2014-15 and for the provisional truing up for FY 2015-16 is based on previous Orders of the Commission on MSLDC’s Operating and Capital Charges, applicable provisions of the MERC (Multi Year Tariff) Regulations, 2011 (the MYT Regulations, 2011) and Regulation 18.9 of the MERC (Transmission Open Access) Regulations, 2014 (the Transmission OA Regulations).

MSLDC is filing a detailed Multi Year Aggregate Revenue Requirement Petition for the first time before the Hon’ble Commission and has made all efforts to provide the necessary data.

True-up for FY 2014-15:

In the Commission's Order in Case No. 218 of 2014 dated 20 October, 2015 the provisional true-up for FY 2014-15 was Rs. 3577.61 Lakh. The head wise actual expenditure against actual receipts and surplus/ shortfall shown is summarized in the table below:

Table 1: Final True-Up for FY 2014-15 (Rs. Lakh)

Sr. No.	Particulars	FY 2014-15		
		Approved in Case No. 218 of 2014	Actual / Normative	True-up Requirement
		(a)	(b)	(c) = (b) – (a)
	Operating Cost Budget			
1	Operation & Maintenance Expenses			
1.1	Employee Expenses	1617.41	1346.76	(270.65)
1.2	Administration & General Expenses	436.05	497.60	61.55
1.3	Repair & Maintenance Expenses	83.36	96.39	13.03
2	Interest on Working Capital	88.89	85.70	(3.19)
3	RLDC Fees and WRPC Charges	602.00	670.97	68.97
	Sub-total (Operating Cost Budget)	2827.71	2,697.41	(130.30)
	Capital Charge Budget			
4	Depreciation	358.39	357.98	(0.41)
5	Interest on Long-term Loan Capital	232.26	292.73	60.47
6	Return on Equity Capital	159.26	180.39	21.13
	Sub-total (Capital Charge Budget)	749.91	831.10	81.19
	TOTAL SLDC Budget (Operating Cost Budget + Capital Charge Budget)	3,577.62	3,528.51	(49.11)
	SLDC Revenue Components			
7	Income from Annual SLDC Fees	3265.38	858.54	0.00
8	Income from Monthly SLDC Operating Charges		2406.84	0.00
9	SLDC Scheduling Charges	978.19	709.50	(268.69)
10	Rescheduling charges	160.11	160.11	0.00
11	Other receipts	24.68	19.94	(4.74)
	Total Revenue	4428.36	4,154.93	(273.43)
	Revenue Gap/ (Surplus)	(850.74)	(626.42)	224.32

Thus, on final truing up for FY 2014-15, there is gap of Rs. 224.32 Lakh, treatment of which has been discussed under 'Impact of truing up and related claims'.

Provisional True-up for FY 2015-16

For the provisional trueing up for FY 2015-16, MSLDC considered actual unaudited expenses from April, 2015 to December, 2015 (9 months) for FY 2015-16 and estimates for the various expenses and revenue for balance months for FY 2015-16. In the Commission's Order in Case No. 218 of 2014 dated 20 October, 2015 approved budget for FY 2015-16 was Rs. 4015.68 Lakh. Based on the above discussion, the head wise estimated expenditure against approved receipts and surplus/ shortfall shown is summarized in the table below:

Table 2: Provisional True-Up for FY 2015-16 (Rs. Lakh)

Sr. No.	Particulars	FY 2015-16		
		Approved in Case No. 218 of 2014	Estimated/ Claimed	True-up Requirement
		(a)	(b)	(c) = (b) – (a)
	Operating Cost Budget			
1	Operation & Maintenance Expenses			
1.1	Employee Expenses	1772.21	1644.19	(128.02)
1.2	Administration & General Expenses	528.56	584.26	55.70
1.3	Repair & Maintenance Expenses	175.63	175.91	0.28
2	Interest on Working Capital	100.93	99.97	(0.96)
3	RLDC Fees and WRPC Charges	602.00	627.03	25.03
	Sub-total (Operating Cost Budget)	3179.33	3131.36	(47.97)
	Capital Charge Budget			
4	Depreciation	388.70	444.12	55.42
5	Interest on Long-term Loan Capital	257.31	356.01	98.70
6	Return on Equity Capital	190.35	233.89	43.54
	Sub-total (Capital Charge Budget)	836.36	1034.01	197.65
	TOTAL SLDC Budget (Operating Cost Budget + Capital Charge Budget)	4015.69	4165.37	149.68
	SLDC Revenue Components			
7	Income from Annual SLDC Fees	492.90	675.72	182.82
8	Income from Monthly SLDC Operating Charges	1362.17	1771.00	408.83
9	SLDC Scheduling Charges		1641.05	1641.05
10	Rescheduling charges		160.11	160.11
11	Other receipts		32.04	32.04
	Total Revenue	1855.07	4,279.92	2,424.85
	Revenue Gap/ (Surplus)	2160.62	(114.55)	(2,275.17)

Thus, on provisional truing up for FY 2015-16, there is surplus of Rs. 2275.17 Lakh, treatment of which has been discussed under ‘Impact of truing up and related claims’.

Recovery pertaining to past period

The Hon’ble Commission in its previous Order in Case No. 218 of 2014 has not approved capitalisation towards SCADA system software (Computer Software) amounting to Rs. 384.37 Lakh as claimed by MSLDC as part of the opening GFA for FY 2013-14. The Commission in the said Order directed MSLDC to review the submission and to submit the correct details in the next Petition. However, the Hon’ble Commission has granted liberty to MSLDC to review its submission and rectify the errors, if any, in earlier submissions and submit correct details in next Petition to enable it claim the expenditure incurred. Accordingly, MSLDC has revisited its earlier submissions, verified and ascertained the facts with respect to its claim for capitalisation towards Computer Software and provided additional supporting under this Petition.

MSLDC has worked out the impact of disallowed capitalization for the FY 2012-13 & FY 2013-14 on depreciation, interest on long term loan, interest on working capital and return on equity pertaining to such assets. MSLDC proposes to include this total impact of disallowed capitalization of Rs. 247.47 Lakh in the ARR Petition for FY 2016-17 to FY 2019-20 and humbly request the Hon’ble Commission to allow the impact of disallowed capitalization for past years over the Control Period in the manner proposed.

Impact of truing up and related claims

Particulars	Amount (Rs. Lakh)
Add: Revenue gap / (surplus) of FY 2014-15 after final truing-up (a)	224.32
Add: Revenue gap / (surplus) of FY 2015-16 after provisional truing-up (b)	(2275.17)
Add: Impact of past-period disallowed capitalization (c)	247.47
Additional impact due to past period expense & gap / (surplus) = (a)+(b)+(c)	(1,803.38)
Component of surplus proposed to be used for creation of LDC Development fund (<i>Regulation 91</i>)	(300.00)
Balance (surplus) of past period proposed to be amortized over Control Period from FY 17 to FY 20 - to be adjusted with AFC of respective years	(1,503.38)

MSLDC proposes to create and maintain a separate LDC Development Fund in line with the Regulations 91 of the MYT Regulations, 2015. Accordingly, it is proposed to allocate an

initial contribution of Rs. 3 Crore in FY 2016-17 towards creation of this fund. In addition, it is also proposed to build up and maintain such Development Fund further, with an appropriate amount of annual contribution-cum-allocation for each subsequent years of the Control Period from the 'Fees to be Charged by MSLDC' in terms of Regulation 97.2 of the MYT Regulations, 2015.

Table 3: Summary of Annual Fixed Charges for FY 2016-17 to FY 2019-20 (Rs. Lakh)

Sr. No.		FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
1	Operation & Maintenance Expenses	1,979.16	2,032.86	2,088.01	2,144.66
2	Depreciation Expenses	546.30	654.32	728.68	779.05
3	Interest on Loan Capital	339.65	367.98	353.40	308.55
4	Interest on Working Capital	58.06	62.51	65.75	68.15
5	RLDC Fees and WRPC Charges	668.34	712.36	759.29	809.31
6	Reactive Energy Charges paid to Generators/TSUs	-	-	-	-
7	Income Tax	-	-	-	-
8	Total Revenue Expenditure	3,591.51	3,830.04	3,995.13	4,109.73
9	Return on Equity Capital	276.70	331.94	369.96	395.73
10	Total Expenditure for MSLDC	3,868.21	4,161.98	4,365.09	4,505.46
11	Less: Non Tariff Income	17.18	17.18	17.18	17.18
12	Less: Income from Open Access Charges	869.61	869.61	869.61	869.61
13	Less: Income from Reactive Energy Charges	-	-	-	-
14	Annual Fixed Charges for MSLDC	2,981.42	3,275.19	3,478.31	3,618.67
15	Balance (surplus) of past period proposed to be amortized over Control Period from FY 17 to FY 20 - to be adjusted with AFC of respective years	(1,503.38)			
16	Amortization of (surplus) after deducting allocation to LD fund	(375.85)	(375.85)	(375.85)	(375.85)
17	Net Annual Fixed Charges for MSLDC	2,605.58	2,899.35	3,102.46	3,242.83

Table 4: Base Transmission Capacity Rights for FY 2016-17 and sharing

Transmission System Users	MW (Projected)	In % (Projected)
MSEDCL	15745	81.94%
TPCL-D	922	4.80%
REL-D	1378	7.17%
BEST	841	4.38%
M/s. Mindspace Business Parks Pvt. Ltd. (MBPPL)	12.78	0.07%
M/s. MADC	10	0.05%
M/s. Central Railway (Indian Railway)	300	1.56%
M/s. IRSL	7	0.04%
Total	19216	100.00%

For estimating the Base transmission capacity right for the State for future years of the Control Period the projected Base Transmission Capacity Right for FY 2016-17 has been escalated by last three year CAGR.

Table 5: Projected Base Transmission Capacity Rights for FY 2016-17 to FY 2019-20

(MW)

	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Base Transmission Capacity Rights	19216	20750	22407	24196

Based on the base transmission capacity rights the sharing of MSLDC Charges works out as under:

Table 6: Sharing of MSLDC Charges for FY 2016-17 to FY 2019-20 (Rs. Lakh)

Sharing of MSLDC Charges	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
MSEDCL	2134.97	2375.69	2542.11	2657.13
TPCL-D	125.03	139.12	148.87	155.60
REL-D	186.85	207.92	222.49	232.55
BEST	114.01	126.86	135.75	141.89
M/s. Mindspace Business Parks Pvt. Ltd. (MBPPL)	1.73	1.93	2.06	2.16
M/s. MADC	1.36	1.51	1.61	1.69
M/s. Central Railway	40.68	45.26	48.44	50.63

Sharing of MSLDC Charges	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
(Indian Railway)				
M/s. IRSL	0.95	1.06	1.13	1.18
Total	2605.58	2899.35	3102.46	3242.83

Further, as per the MYT Regulations, 2015, MSLDC Charges per MW per month shall be computed in accordance with the following formula:

$$\text{Monthly MSLDC Charges (Rs. / MW / Month)} = [\text{AFC}(u)(t) \div \sum_{i=1} [\text{Base TCR}(u)](t)] \div 12$$

Accordingly, the projected monthly MSLDC Charges works out as under:

Table 7: Proposed MSLDC Charges for FY 2016-17 to FY 2019-20 (Rs./MW/Month)

Monthly MSLDC Charges	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
Total MSLDC Charges (Rs. Lakh)	2605.58	2899.35	3102.46	3242.83
Base Transmission Capacity Right (MW)	19216	20750	22407	24196
Proposed MSLDC charges (Rs/MW/Month)	1129.96	1164.40	1153.85	1116.88

Proposed Fees

Table 8: Existing Fees vs. Proposed Fees for FY 2016-17 to FY 2019-20

Particulars	Existing Charges	Proposed Charges
Registration/Connection Fees	Rs. 20,000 Per Connection	Rs. 20,000 Per Connection
Scheduling Fees	Rs. 3,000 Per Day	Rs. 3,000 Per Day
Re-scheduling Fees	Rs. 3,000 Per Revision	Rs. 3,000 Per Revision
STOA Application processing Fees	Rs. 7,500 Per Application	Rs. 7,500 Per Application
REC processing fees	None	Rs. 1000/- Per Application

Prayers

MSLDC respectfully prays the Hon'ble Commission to

1. Admit this Multi Year Tariff Petition in accordance with Regulations 5.1 of the MERC MYT Regulations, 2015.
2. Allow the recovery of impact of disallowed capitalization for past years over the Control Period in the manner proposed.
3. Allow true-up of budget cost of operations of the Maharashtra State Load Despatch Centre (MSLDC) for FY 2014-15 based on the Audited Accounts and Allocation Statement for the financial year; and provisional true-up for FY 2015-16 according to principles set out in previous Orders issued by the Hon'ble Commission on MSLDC's Budget, applicable provisions under MERC (Multi Year Tariff) Regulations, 2011, and other Regulations.
4. Approve Capital Expenditure plan and Financing plan as proposed for the Control Period in accordance with Regulations 90 of the MERC MYT Regulations, 2015.
5. Approve the deviation/relaxation in the principles/parameters stipulated in the MERC MYT Regulations, 2015 as sought in the Petition.
6. Allow creation and maintenance of LDC Development Fund as proposed under para 6.8 of this Petition, in line with the Regulations 91 of the MYT Regulations, 2015
7. Approve ARR forecast of MSLDC for FY 2016-17 to FY 2019-20.
8. Approve MSLDC Charges for MSLDC for FY 2016-17 to FY 2019-20 that would help in recovery of consolidated ARR including revenue gap/surplus for each year of the Control Period.
9. Approve following Fees and Charges
 - a. Approve the Short-term Open Access Application Processing Fees as proposed in the Petition.
 - b. Continue the other charges i.e. Registration or Connection Fees, Scheduling Fees/Charges and Re-scheduling Fees as approved by the Commission in MSLDC Budget Order in Case No. 218 of 2014 dated 20 October, 2015
 - c. Approve the Renewable Energy Certificate Processing Fees in accordance with the Regulations 97.1(e) of the MERC MYT Regulations, 2015.
10. Condone any shortcomings/deficiencies and allow MSLDC to submit additional information/data at a later state as may be required.

Chief Engineer
MSLDC

Place: Airoli, Navi Mumbai

Date: 29th January, 2016