

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 399/MP/2019

Coram:

Shri P.K. Pujari, Chairperson

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Date of Order: 17.6.2021

In the matter of

Application under subsection (4) of section 28 of Electricity Act, 2003 and Regulation 10 of the Central Electricity Regulatory Commission (Fee and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 for determining the ERLDC Charges for the control period 01.04.2019-31.03.2024.

And in the matter of

Eastern Regional Load Despatch Centre (ERLDC)
14, Golf Club Road, Tollygunge, Kolkata – 33
Power System Operation Corporation of India Limited (POSOCO),
(A Government of India Undertaking)

Registered Office: B-9, Qutub Institutional Area, 1st floor,
Katwaria Sarai, New Delhi- 110016

....Petitioner

Versus

Users under the category of Distribution Licensees and Buyers

1. Chairman, Bihar State Holding Co. Ltd., Vidyut Bhavan, Bailey Road, Patna, Bihar 800021
2. Chairman, Jharkhand Urja Vikash Nigam Limited, Dhurwa Road, Ranchi, Jharkhand 834002
3. Chairman, Damodar Valley Corporation, DVC Tower, VIP Road, Kolkata, WB 700054
4. Chairman, Grid Corporation of India Ltd, Janpath, Bhubaneswar, Odisha 751022
5. Secretary, Power Deptt., Govt. of Sikkim, Kaji Road Sikkim Gangtok 731101



6. Chairman, West Bengal State Electricity Distribution Corporation Limited, Bidyut Bhavan, Salt Lake, Kolkata WB 700091
7. Executive Director, ERTS – I, Power Grid Corporation Limited, Board Colony, Shastri Nagar, Patna-800023
8. Addl. General Manager, NTPC Vidyut Vyapar Nigam Limited, Lodhi Road New Delhi 110003.
9. The DGM (Commercial), Power Grid Corporation Of India Ltd., RHQ, ERTS-II, CF-17, Action Area-1C, New Town, Kolkata 700156, West Bengal.

Users under the Category of Generating Stations & Sellers

10. General Manager, Farakka Super Thermal Power Plant-I&II, NTPC Ltd., Farakka, WB 742236
11. General Manager, Kahalgaon Super Thermal Power Plant-I NTPC Ltd, Bhagalpur Bihar 813214
12. General Manager, Kahalgaon Super Thermal Power Plant-II NTPC Ltd, Bhagalpur Bihar 813214
13. Executive Director, Talcher Super Thermal Power Stn-I NTPC Ltd, Nayapalli, Odisha 751012
14. Chief Engineer (Elect), Teesta V HEP, NHPC, Singtam, East Sikkim 737134
15. Chief Engineer, Rangit Hydro Electric Project NHPC, P.O. Rangit Nagar South Sikkim 737111
16. Chairman, Damodar Valley Corporation DVC Tower, VIP Road West Bengal Kolkata 700054
17. General Manager, Farakka Super Thermal Power Plant-III, NTPC Ltd., Farakka, WB 742236
18. CEO, Maithon Power Limited MA-5 Gogna Colony, P.O: Maithon, Dhanbad, Jharkhand 828027
19. Addl. General Manager, National Thermal Power Corporation Limited, BARH Thermal Power Station, Patna, Bihar 803213



20. President & Director - Projects, GATI Infrastructure Pvt. Ltd, 268, Udyog Vihar, Phase-IV, Gurgaon, Haryana 122001
21. DGM (Electrical), Adhunik Power & Natural Resource Limited Village: Padampur, PS: Kandra Tata-Seraikela Road, Jharkhand 832105.
22. Addl. General Manager(Commercial), Talcher Solar PV, ER-II Headquarters, NTPC Limited, 3rd Floor, OLIC Building, Plot No.: N-17/2, Nayapalli, Odissa Bhubaneswar 751012.
23. GM (Power Sales & Regulatory), GMR Kamalanga Energy Ltd, Plot No.-29, Satyanagar, Bhubaneswar, Odissa-751007.
24. Head Power & Sales, Jindal India Thermal Power Ltd., Plot No.12,Local Shopping Complex,Sector-B1,Vasant Kunj, New Delhi-110070.
25. Head Commercial, Tata Power Trading Co. Ltd., C-43, Sec-62, UP Noida 201307.
26. Sr. General Manager (PP), Grid Corporation of India Ltd., Janpath, Orissa, Bhubaneswar 751022.
27. AGM, Dans Energy Pvt. Ltd. 5th Floor, DLF Building No. 8, Tower C, DLF Cyber City, Phase – II, Gurgaon- 122002, Haryana.
28. The General Manager (O&M), Bharatiya Rail Bijlee Company Ltd. Nabinagar, Khera Police Station Dist.-Aurangabad, Bihar-824303.
29. Sr.Vice President(O&M), Teesta Urja Ltd.(Teesta -III HEP) Vijaya Building, 2nd Floor, 17 Barakhamba Road New Delhi New Delhi 110001.
30. VP(Commercial),Sneha Kinetic Power Project Private Ltd,1366, Road no. 45, Jubilee Hills, Hyderabad 500033,Telangana.
31. President –Technical, Shiga Energy Private Ltd., 5th Floor, DLF Building No.8, Tower C, Phase-II, Gurgaon 122002, Haryana.
32. GM(C&RA), OPGC, Zone-A, 7th Floor, Fortuna Towers, Chandrashekharpur, Bhubaneswar 751023, Odisha.
33. General Manager (O&M), Darlipali Super Thermal Power Project, NTPC Ltd. Odisha Darlipali, Sundergarh 770072.
34. AGM(EEMG), Nabinagar Power Generation Corporation Ltd NPGC Nabinagar, Bihar Aurangabad 831014



Users under the Category of Inter-State Transmission Licensees

35. Chairman, East North Interconnection Company Ltd., C-2, Mathura Road, New Delhi 110065.
36. Executive Director, ER-I, Power Grid Corporation (I) Ltd, Board Colony, Shastri Nagar, Patna- 800023.
37. General Manager, Powerlinks Transmission Limited Vidyut Nagar, Siliguri WB 734015.
38. Head- Asset Manament/ O&M, Purulia & Kharagpur Transmission Comp. Ltd,634A-Tulip New Minal Residency, J.K Road Near Ayodhya Bypass Road, Bhopal-462023.
39. Sr.Vice President, Teestavalley Power Transmission Ltd., Vijaya Building, 2nd Floor, 17 Barakhamba Road, New Delhi -110001.
40. Project Director, Odisha Generation Phase-II Transmission Limited F-1 Mira Corporate Suites, 1&2 Ishwar Nagar, Okhla Crossing, Mathura Road, New Delhi—110065.
41. The DGM(Commercial), Power Grid Corporation Of India Ltd., RHQ, ERTS-II, CF-17, Action Area-1C, New Town, Kolkata 700156, West Bengal.
42. The General Manager, Darbhanga-Motihari Transmission Company Ltd., A-26/03, Mohan Cooperative Industrial Estate, Mathura Road, New Delhi 110044.

..... Respondents

Parties Present: Shri Vivek Upadhyay, ERLDC
Shri Manas Das, ERLDC

ORDER

The instant petition has been filed by Eastern Regional Load Despatch Centre (ERLDC) under Regulation 10 of the Central Electricity Regulatory Commission (Fees & Charges of Regional Load Despatch Centre and other related matters) Regulations, 2019 (hereinafter referred to as “the 2019 RLDC Regulations”) for determining the charges of ERLDC for the control period from 1.4.2019 to 31.3.2024.



2. The Petitioner has made the following prayers:

- “1. Approve the charges for ERLDC, as per para-5 above, for control period 1.4.2019 to 31.03.2024.*
- 2. Approve the CAPEX/ REPEX plan as mentioned in Annexure-IV.*
- 3. Approve the level wise manpower as indicated in Annexure-II.*
- 4. Approve the reimbursement of expenditure towards publishing of notices in Newspapers and other expenditure (if any) in relation to the filing of Application as one time recovery.*
- 5. Pass such other order as the Hon’ble Commission deems fit and appropriate in this case and in the interest of justice.”*

3. The brief facts of the case are as follows:

a. ERLDC is a statutory body set up under Section 27 of the Electricity Act, 2003 (hereinafter referred to as “the Act”) and performs the functions specified under Section 28 of the Act. NLDC and RLDCs are being operated by Power System Operation Corporation Limited (POSOCO) w.e.f. 1.10.2010 in accordance with the Gazette Notification dated 27.9.2010 and 19.12.2016 notified by Ministry of Power, Government of India. The working/ functions of the ERLDC are governed by the Act, Regulations of the Central Electricity Regulatory Commission and of the Central Electricity Authority issued and amended from time to time.

b. In exercise of powers conferred under Section 178 of the Act, the Commission, vide notification dated 5th April 2019 issued the 2019 RLDC Regulations for determination of fees and charges of NLDC and RLDCs for the control period 2019-24.

c. The Commission vide order dated 24.4.2021 in Petition No. 435/MP/2019, has approved the true-up of fees and charges of ERLDC for the period 2014-19.

d. In accordance with the Regulation 10(1) of the 2019 RLDC Regulations, ERLDC has filed the instant Petition for determination of charges for the control period 2019-24 based on the capital expenditure incurred as on 1.4.2019 and projected to be incurred during the control period 2014-19.



4. The annual charges of ERLDC for period 2019-24 include Return on Equity (ROE), Interest on Loan Capital (IOL), Depreciation, Operation and Maintenance Expenses excluding human resources expenses (O&M expenses), Operational Expenditure (OPEX), Human Resource expenses (HR expenses), NLDC charges and Corporate expenses and Interest on working capital (IOWC).

5. The summary of charges claimed by the Petitioner in the instant petition for the control period 2019-24 is as follows:

(In Rs. lakh)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Return on Equity	34.32	63.03	91.06	106.10	115.71	410.22
2	Interest on Loan Capital	-	-	-	-	-	-
3	Depreciation	88.12	121.54	172.84	203.64	221.97	808.11
4	O & M Expenses excluding Human Resource Expenses	534.97	559.75	585.68	612.83	613.25	2906.48
5	Human Resource Expenses	2591.58	2886.17	3346.24	3806.11	4459.54	17089.64
6	OPEX	57.80	77.17	103.50	117.22	129.55	485.24
7	NLDC Charges and Corporate Office Expenses	651.13	751.75	953.20	1043.76	1153.07	4552.91
8	Interest on Working Capital	103.22	115.67	135.62	151.91	172.82	679.24
	Total	4061.14	4575.07	5388.13	6041.57	6865.92	26931.83

6. The Respondents are the generating companies, distribution companies, electricity departments and transmission licensees, which are availing services from the Petitioner.

7. The hearing in this matter was held on 25.2.2020 and the Commission admitted the instant Petition. The Commission vide its ROP (record of proceedings)



directed the Petitioner to submit certain information which the Petitioner has submitted vide affidavit dated 12.3.2020.

8. The Petitioner has served the copy of the petition upon the respondents. None of the respondents have filed reply in the instant Petition.

9. The hearing in the matter was again held on 29.5.2020 through video conferencing and the order was reserved. The Petitioner was directed to submit certain information vide ROP which has been furnished by the Petitioner vide affidavit dated 19.6.2020.

10. This order has been issued after considering the main petition dated 4.10.2019 and submission of additional information by the Petitioner vide affidavits dated 12.3.2020 and 19.6.2020.

11. Having heard the representatives of the Petitioner and having perused the material on record, we proceed to dispose of the instant petition.

DETERMINATION OF ANNUAL CHARGES FOR 2019-24 PERIOD

12. The Petitioner has submitted information as required under the 2019 RLDC Regulations for determination of ERLDC charges for control period 2019-24. The computation of ERLDC charges for control period 2019-24 has been discussed in the subsequent paragraphs.

Capital Cost

13. Regulation 14 of the 2019 RLDC Regulations provides as under:

“14. Computation of Capital Cost

(1) The capital cost as admitted by the Commission after prudence check, for each of the Regional Load Despatch Centres or NLDC, as the case may be, shall form the basis for determination of annual charges.

(2) The capital cost shall be computed by considering the following:



- i) *The Capital cost as admitted by the Commission as on 01.04.2019 duly tried up by excluding liability, if any;*
- ii) *Expenditure on account of additional capitalization determined in accordance with the Regulation 15 (1);*
- iii) *The fixed assets which have been replaced during control period shall be de-capitalized in accordance with Regulation 15 (2);*
- iv) *Interest during construction and incidental expenditure during construction;*
- v) *Any grant received from the Central or State Government or any statutory body or authority for execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;*
- (3) *The Capital cost shall be admitted after prudence check which may include scrutiny of the reasonableness of the capital expenditure, financing plan, Interest During Construction (IDC), Incidental Expenditure During Construction (IEDC), financing charges, any gain or loss on account of Foreign Exchange Rate Variation (FERV), cost over-run and time over-run and such other matters as may be considered appropriate by the Commission:*
- Provided that interest during construction shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds duly adjusting IDC on account of time overrun if any;*
- Provided further that incidental expenditure during construction shall be computed after prudence check duly adjusting the IEDC on account of time over run, if any, interest on deposits or advances, or any other receipts and liquidated damages recovered or recoverable corresponding to the delay.*
- (4) *RLDC or NLDC shall submit Auditor Certificate for the capital expenditure incurred as on 1.4.2019 and, a Management Certificate duly signed by an authorised person, not below the level of Director of the company, for the projected capital expenditure for respective years of the period 2019-24.”*

14. The capital cost of Rs. 850.96 lakh as on 31.3.2019 was admitted by the Commission vide order dated 24.4.2021 in Petition No. 435/MP/2019 which has been considered as opening capital cost as on 1.4.2019 to determine the ERLDC charges in accordance with Regulation 14 of the 2019 RLDC Regulations.

Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX)

15. Regulation 8 of the 2019 RLDC Regulations provides as under:

- “8. *Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX) Plan:*
- (1) *The RLDCs and NLDC shall formulate the scheme for Capital Expenditure (CAPEX) and Replacement Expenditure (REPEX) for the control period duly approved by the Board of Directors of Power System Operation Corporation Limited. The CAPEX and REPEX plan shall also include future costs to be incurred for the up-gradation, modernization, automation and expansion of infrastructure in addition to existing capital assets.*



(2) The concerned RLDCs or NLDC as the case may be shall submit the following along with the petition for determination of fees and charges:

a) the CAPEX for the control period along with details of estimated expenses, and estimated completion period of each scheme;

b) the REPEX plan for capital expenditure of existing asset, completion of life of existing asset, cumulative depreciation recovered, date of replacement, cumulative repayment of loan upto date of replacement, writing off of the gross value of the original assets from the original fixed assets along with estimated expenses and estimated completion period of each scheme.

(3) XXXXXXXXXXXX”

16. We observe that in line with above Regulation, the Petitioner has submitted CAPEX Plan and REPEX Plan duly approved by the Board of POSOCO, along with details of estimated expenses and estimated completion period of each scheme.

17. The Petitioner has claimed the projected Capital Expenditure (CAPEX) and Replacement expenditure (REPEX) during the control period 2019-24 which are as follows:

(In Rs. lakh)

Sr. No.	Expenditure Head	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	CAPEX	255.55	488.01	192.90	70.44	42.50	1049.40
2	REPEX	111.05	162.35	127.20	110.15	114.55	625.30
	Total	366.60	650.36	320.10	180.59	157.05	1674.70

18. The detailed head-wise break-up of the CAPEX and REPEX submitted by the Petitioner is as follows:

CAPEX Plan

(In Rs. lakh)

Sr. No.	Name of the Asset	Grouping as per Form 5B	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Building and Civil Works	Building and Civil Works						
(i)	Office Building		75.00	225.00	-	-	-	300.00



Sr. No.	Name of the Asset	Grouping as per Form 5B	2019-20	2020-21	2021-22	2022-23	2023-24	Total
	Sub Total		75.00	225.00	0.00	0.00	0.00	300.00
2	Power Supply	Auxiliary Power Supply System						
(i)	Solar system		35.00	-	-	-	-	35.00
(ii)	Electrical Works		-	20.00	-	-	-	20.00
	Sub Total		35.00	20.00	0.00	0.00	0.00	55.00
3	Office Furniture and furnishing and other office equipment	Office Furniture and furnishing						
(i)	Furniture		0.60	40.00	4.00	1.70	7.00	53.30
(ii)	Fire alarm/fighting system		15.00	-	-	-	-	15.00
(iii)	Peripheral Security		6.00	7.00	-	-	-	13.00
(iv)	Portable (Window/ Split/Tower)		-	6.80	-	-	-	6.80
	Sub Total		21.60	53.80	4.00	1.70	7.00	88.10
4	IT Systems Hardware	ICT Equipment						
(i)	Office IT Hardware (Desktop, Laptop, Printer, Server, Storage)		10.45	67.95	26.50	8.75	20.50	134.15
(ii)	Network Security		15.00	15.00	50.00	-	-	80.00
(iii)	PA and VC System		20.00	-	-	-	-	20.00



Sr. No.	Name of the Asset	Grouping as per Form 5B	2019-20	2020-21	2021-22	2022-23	2023-24	Total
	Sub Total		45.45	82.95	76.50	8.75	20.50	234.15
5	IT Systems Software	Software						
(i)	Off-the-Shelf Software		10.50	31.26	62.40	34.99	-	139.15
(ii)	Customized Software		23.00	-	20.00	25.00	-	68.00
(iii)	Cyber security measures		45.00	75.00	30.00	-	15.00	165.00
	Sub Total		78.50	106.26	112.40	59.99	15.00	372.15
	Total		255.55	488.01	192.90	70.44	42.50	1049.40

REPEX Plan

(In Rs. lakh)

Sr. No.	Name of the Asset	Grouping as per Form 5B	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	Building and Civil Works	Building and Civil Works						
(i)	Office Building		-	20.00	9.00	-	-	29.00
	Sub Total		-	20.00	9.00	-	-	29.00
2	Power Supply	Auxiliary Power Supply System						
(i)	Electrical Works		-	38.00	-	-	-	38.00
	Sub Total		-	38.00	-	-	-	38.00
3	Office Furniture and furnishing and other office equipment	Office Furniture and furnishing						



Sr. No.	Name of the Asset	Grouping as per Form 5B	2019-20	2020-21	2021-22	2022-23	2023-24	Total
(i)	Furniture		1.70	-	-	4.00	-	5.70
(ii)	Fire alarm/fighting system		9.00	20.00	-	-	-	29.00
(iii)	Peripheral Security		18.20	4.70	-	-	-	22.90
(iv)	Portable (Window/Split/Tower)		6.80	-	-	-	-	6.80
	Sub Total		35.70	24.70	0.00	4.00	0.00	64.40
4	Communication System	Communication Equipment						
(i)	EPABX System		-	-	25.00	-	-	25.00
	Sub-total		-	-	25.00	-	-	25.00
5	IT Systems Hardware	ICT Equipment						
(i)	Office IT Hardware (Desktop, Laptop, Printer, Server, Storage)		55.35	24.65	3.20	56.15	48.55	187.90
(ii)	Network Security		-	30.00	15.00	-	-	45.00
(iii)	PA and VC System		20.00	-	-	-	-	20.00
	Sub Total		75.35	54.65	18.20	56.15	48.55	252.90
6	IT Systems Software	Software						
(i)	Off-the-Shelf Software		-	-	35.00	50.00	66.00	151.00
(ii)	Customised Software		-	25.00	40.00	-	-	65.00
	Sub Total		-	25.00	75.00	50.00	66.00	216.00
	Total		111.05	162.35	127.20	110.15	114.55	625.30

19. The head-wise details of de-capitalisation of assets has been submitted by the Petitioner vide Form-5B which are as follows:



(In Rs. lakh)

Name of the Asset	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Civil Works	-	28.37	8.70	-	-	37.07
Power Supply	-	1.79	-	-	-	1.79
Other Infrastructure including equipment	42.59	14.42	-	1.17	-	58.18
Communication System	-	-	7.25	-	-	7.25
IT Systems (Hardware)	41.58	43.44	1.70	0.84	34.88	122.44
IT Systems (Software)	-	31.79	11.79	5.35	19.36	68.29
Total	84.17	119.80	29.44	7.36	54.24	295.03

20. The total projected capital expenditure (CAPEX) and replacement expenditure (REPEX) for period 2019-24 for ERLDC is Rs. 1674.70 lakh (Rs. 1049.4 lakh CAPEX and Rs. 625.30 lakh REPEX). The major components of CAPEX and REPEX claimed by the Petitioner are as follows:

- (i) *Rs.1075.2 lakh towards procurement/ replacement of IT systems (hardware and software):* IT systems include general IT infrastructure, network security, PA & VC system, information security & cyber security compliance requirements, off-the shelf software, customized software etc. Some of these expenses are due to need of replacement of obsolete/ end-of-life IT hardware and software implemented in previous control periods, while a portion is planned as new implementation required to cope up with the upcoming challenges in terms of performance, reliability and security of the applications required for RLDC function.
- (ii) *Rs 300 lakh towards civil works at ERLDC office building and Rs.152.5 lakh towards office furniture and furnishing and other office equipment:* Existing office interior of ERLDC is age old and needs early renovation. Moreover, with implementation of projects like URTDSM, backup NLDC etc. as well as induction of additional manpower, suitable space management to accommodate all installations and working staff is necessary.



21. Clause 5 of Regulation 10 of the 2019 RLDC Regulations is reproduced below:

“(5) The concerned RLDC or NLDC, as the case may be, shall be allowed the fees and charges by the Commission based on the audited capital expenditure incurred as on 1.4.2019 and projected to be incurred during control period as per Management Certificate for CAPEX and REPEX.:

Provided that the application shall contain details of underlying assumptions and justification for the capital expenditure incurred and the expenditure proposed to be incurred in accordance with the CAPEX and REPEX.”

22. Clause 5 of Regulation 10 of the 2019 RLDC Regulations provides that CAPEX and REPEX incurred and projected to be incurred during the control period shall also contain the underlying assumptions and justification for the same.

23. We have perused the submissions of the Petitioner regarding CAPEX and REPEX and the same are analyzed in following paragraphs.

CAPEX

24. The Petitioner has proposed Rs. 300 lakh (Rs. 75 lakh for FY 2019-20 and Rs. 225 lakh for FY 2020-21) under CAPEX for office building. The Petitioner has further submitted that presently ERLDC is sharing office premises and does not have its own land/ office building infrastructure. The present infrastructure is age old and is in vulnerable condition. Moreover, the same is not adequate to accommodate future expansions and is also architecturally not suitable for establishment of future ready, smart and energy efficient office infrastructure maintaining office ergonomics in-line with CABIL report and provisions highlighted. However, possibilities in regard to own land/ office building are being explored.

25. The Petitioner has submitted that as acquisition/ building of own infrastructure may require significant expenditure, ERLDC shall approach the Commission for necessary directions, after finalization of the proposal in this regard.



26. The Petitioner has proposed Rs.35 lakh in FY 2019-20 for solar system and Rs. 20 lakh in FY 2020-21 for electrical works i.e. Rs. 55 lakh total in head of power supply system.

27. The Petitioner has also proposed Rs.53.30 lakh for office furniture and has given year-wise break-up. Further, the Petitioner has claimed Rs. 15 lakh for fire alarm/ fire-fighting system in FY 2019-20 and Rs. 13 lakh (Rs. 6 lakh in FY 2019-20 and Rs. 7 lakh in FY 2020-21) for peripheral security. The Petitioner has proposed Rs. 6.80 lakh in FY 2020-21 for portable (window, split, tower) air conditioners.

28. The Petitioner has further submitted that the existing office interior of ERLDC is age old and needs renovation. Moreover, with implementation of projects like URTDSM, backup NLDC and induction of additional manpower, suitable space management to accommodate all installations and working staff is necessary.

29. The Petitioner has proposed Rs. 134.15 lakh for office IT hardware (desktop, laptop, printer, server, storage). The Petitioner has proposed Rs. 80 lakh for network security. For public addressing (PA) and video conferencing (VC) system, the Petitioner has proposed expenditure of Rs. 20 lakh.

30. The Petitioner has proposed Rs. 139.15 lakh for 'Off-the-Shelf Software' and Rs. 68 lakh for customized softwares. However, the Petitioner has not submitted any details regarding the aforementioned softwares. The Petitioner has also proposed Rs. 165 lakh for cyber security measures.

31. We have perused the justifications submitted by the Petitioner for the proposed capital expenditure. We have also observed that as per clause 1 of Regulation 8 of the 2019 RLDC Regulations, the Petitioner has submitted CAPEX Plan duly approved



by Board of POSOCO. In view of details and justifications submitted by the Petitioner and approval of Board of POSOCO, we allow the expenditure under CAPEX Plan as proposed by ERLDC except that only 50% of proposed expenditure is allowed towards 'Off-the-Shelf Software' and customized software for want of details and justification. Also, the expenditure against civil works of the office building i.e. Rs. 300 lakh is allowed subject to approval of Board of POSOCO and keeping in view Ministry of Power/ Government of India guidelines.

32. The Petitioner is directed to submit the "background note" approved by the Board of POSOCO which includes the approved projected figures for CAPEX along with true up petition. The Petitioner is also directed to submit the justification of cost and due diligence taken in procurement and implementation of each scheme at the time of true-up.

33. In view of above observations and discussion, following capital expenditure (CAPEX) is allowed (subject to true-up):

(In Rs. lakh)

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
CAPEX Claimed	255.55	488.01	192.90	70.44	42.50	1049.40
Disallowed (50% of 'Customized Softwares' & 'Off the Shelf Softwares' in IT system softwares)	16.75	15.63	41.20	30.00	-	103.57
CAPEX Allowed	238.80	472.38	151.70	40.44	42.50	945.82

REPEX

34. The Petitioner has proposed Rs. 29 lakh (Rs. 20 lakh in FY 2020-21 and Rs. 9 lakh in FY 2021-22) for office building. Further, the Petitioner has proposed to spend Rs. 38 lakh for electrical works. The Petitioner has proposed Rs. 5.70 lakh for office



furniture, Rs. 29 lakh for fire alarm/ fire-fighting system and Rs. 22.90 lakh for peripheral security. The Petitioner has proposed Rs. 6.80 lakh in FY 2019-20 for portable (window, split, tower) air conditioners and Rs. 25 lakh in FY 2021-22 for EPABX system.

35. The Petitioner has proposed Rs. 187.90 lakh for office IT hardware (desktop, laptop, printer, server, storage). The Petitioner has further proposed Rs. 45 lakh for network security, Rs. 20 lakh in FY 2019-20 for public addressing (PA) and video conferencing (VC) system.

36. The Petitioner has proposed Rs. 151 lakh for 'Off-the-Shelf Software' and Rs. 65 lakh for 'Customized Softwares'.

37. We have perused the justifications submitted by the Petitioner for the proposed replacement expenditure (REPEX). The Petitioner has also submitted REPEX Plan duly approved by Board of POSOCO. In view of details and justifications submitted by the Petitioner and approval of Board of POSOCO, we allow the expenditure under REPEX Plan as proposed by ERLDC.

38. The Petitioner is directed to submit the "background note" approved by the Board of POSOCO which includes the approved projected figures of REPEX along with true up petition. The Petitioner is also directed to submit the justification of cost and due diligence taken in procurement and implementation of each scheme at the time of true-up.

39. Further as per clause 2(b) of Regulation 8 of 2019 RLDC Regulations, the Petitioner is required to submit REPEX plan for capital expenditure of existing asset, completion of life of existing asset, cumulative depreciation recovered, date of



replacement, cumulative repayment of loan up to date of replacement, writing off of the gross value of the original assets from the original fixed assets along with estimated expenses and estimated completion period of each scheme.

40. The Commission vide ROP of hearing dated 25.2.2020 had sought the following information regarding de-capitalisation from the Petitioner:

“XXX
v. Submit the corresponding de-capitalisation along with its gross value and cumulative depreciation, if there is REPEX; and
XXX”

41. In compliance to the ROP, the Petitioner vide affidavit dated 12.3.2020 has submitted that it has already submitted the details regarding the de-capitalisation along with its gross value and cumulative depreciation in the instant Petition. However, we observe that the Petitioner has not submitted the complete details as per clause 2(b) of Regulation 8 of 2019 RLDC Regulations.

42. Therefore, the Petitioner is directed to submit the aforementioned information against each de-capitalised asset as mentioned in Form-5B at the time of true-up.

43. As per above discussions, REPEX allowed is as follows (subject to true-up):

(In Rs. lakh)

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
REPEX Allowed	111.05	162.35	127.20	110.15	114.55	625.30

44. CAPEX and REPEX allowed for Control Period 2019-24 are as follows:

(In Rs. lakh)

Year	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
CAPEX	238.80	472.38	151.70	40.44	42.50	945.82
REPEX	111.05	162.35	127.20	110.15	114.55	625.30
Total Allowed	349.85	634.73	278.90	150.59	157.05	1571.12



45. The expenditure allowed under CAPEX and REPEX are subject to submission of justification and reasonableness of the expenditure incurred along with Auditor Certificate and other details as per the clause 5 of Regulations 10 read with Regulation 12 of the 2019 RLDC Regulations at the time of true up.

De-capitalisation

46. Regulation 15 of the 2019 RLDC Regulations provides as follows:

“15. Additional Capitalization and De-Capitalization

(1) The capital expenditure incurred or projected to be incurred for the assets already in service and the additional assets projected to be procured during tariff period may be admitted, by the Commission, subject to prudence check.

(2) In case of de-capitalization of assets under the REPEX or otherwise, the original cost of such asset as on the date of de-capitalization shall be deducted from the value of gross fixed asset along with corresponding adjustment in equity, outstanding loan, cumulative repayment of loan and depreciation in the year such de-capitalization takes place.”

47. The Petitioner has submitted Form-3C wherein year-wise de-capitalisation of assets have been provided as follows:

(In Rs. lakh)						
	2019-20	2020-21	2021-22	2022-23	2023-24	Total
De-Capitalization	84.17	119.80	29.44	7.36	54.24	295.03

Net Additional Capitalisation

48. The net additional capitalisation has been derived after considering allowed CAPEX/ REPEX and de-capitalization. Following is the net additional capitalisation allowed in the instant Petition:

(In Rs. lakh)						
Net Additional capitalization	2019-20	2020-21	2021-22	2022-23	2023-24	TOTAL
		265.67	514.92	249.46	143.23	102.81

Debt-Equity Ratio



49. Regulation 16 of the 2019 RLDC Regulations provides as under:-

“(1) The actual debt - equity ratio as admitted by the Commission for the period ending 31.3.2019 shall be considered for the opening capital cost of the Regional Load Despatch Centres and National Load Despatch Centre for the next control period:

(2) The capital expenditure incurred prior to 1.4.2019, where debt-equity ratio has not been determined by the Commission for determination of annual charges of RLDC for the period ending 31.3.2019, the Commission shall determine the debt: equity ratio in accordance with Regulation 11(3) of the Central Electricity Regulatory Commission (Fees and Charges for Regional Load Despatch Centres and other related matters) Regulations 2015:

(3) For the capital expenditure incurred or projected to be incurred on or after 1.4.2019, the debt-equity ratio shall be considered as 70:30. If the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan: Provided that:

i. Where equity actually deployed is less than 30% of the capital cost, actual equity shall be considered for determination of Return on Equity;

ii. the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment;

iii. Any grant, other than LDC development Fund obtained for the execution of the project shall not be considered as a part of capital structure for the purpose of debt – equity ratio.

Explanation: The premium, if any, raised by the Power System Operation Corporation Limited while issuing share capital and investment of internal resources created out of its free reserve, for the funding of the project, shall be reckoned as paid up capital for the purpose of computing return on equity, only if such premium amount and internal resources are actually utilized for meeting the capital expenditure of the RLDC.”

50. The Commission vide order dated 24.4.2021 in Petition No. 435/MP/2019 has tried up the fees and charges for the period 2014-19 and the admitted debt-equity ratio as on 31.3.2019 is 86.30:13.70. The same debt-equity ratio has been considered as on 1.4.2019 in the instant Petition.

51. The Petitioner has submitted that the capital expenditure and replacement expenditure during the 2019-24 period shall be in debt-equity ratio of 70:30. Further, 70% of the CAPEX and REPEX shall be funded through debt (from LDCD funds) and 30% of the CAPEX and REPEX shall be funded through equity capital.



52. The Petitioner vide Form 3C has submitted that de-capitalisation during 2019-24 period is in debt-equity ratio of 86.30:13.70. Therefore, we have considered debt-equity ratio for the additional capitalisation and de-capitalisation in the ratio of 70:30 and 86.30:13.70 respectively for control period 2019-24.

53. After adjusting the debt and equity in respect of the de-capitalised assets from the respective debt and equity of CAPEX and REPEX, the equity corresponding to net additional capitalisation is restricted to 30% as per clause 3 of Regulation 16 of the 2019 RLDC Regulations.

54. The details of the debt-equity considered as on 1.4.2019 and 31.3.2024 for the purpose of charges of ERLDC for the period 2019-24 is as follows:

(In Rs. lakh)

Particular	Capital cost as on 1.4.2019		Capital cost as on 31.3.2024	
	Amount	%	Amount	%
Debt	734.40	86.30	1627.66	76.52
Equity	116.56	13.70	499.39	23.48
Total	850.96	100.00	2127.05	100.00

Return on Equity (ROE)

55. Regulation 19 of the 2019 RLDC Regulations provides as under:

“19. Return on Equity

(1) Return on equity shall be computed in Rupee terms on the equity base determined in accordance with Regulation 16 of these regulations.

(2) Return on equity shall be computed on pre-tax base rate of 15.50% to be grossed up as per the sub-clause (3) of this Regulation.

(3) The rate of return on equity shall be computed by grossing up the base rate with the effective tax rate of the respective financial year based on relevant Finance Act.

(4) Return on equity with respect to the actual tax rate applicable to the Power System Operation Corporation Limited in line with the provisions of the relevant Finance Acts of the respective year during control period shall be trued up at the end of the control period.

(5) Rate of return on equity shall be rounded off to three decimal points and be computed as per the following formula:



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

Where, t is the effective tax rate in accordance with sub-clause (3) and regulation 3(15)."

56. The Petitioner has submitted that 30% of the capital expenditure for the period 2019-24 shall be financed through the Petitioner's own equity capital. The Petitioner vide Form-2 has also submitted that the effective tax rate considered for computation of ROE for the period 2019-24 is 25.17%.

57. Clause 6 of Regulation 27 of the 2019 RLDC Regulations is reproduced below:

"(5)XXXXXX

(6) Any asset created by the POSOCO out of the money deposited into the LDCD Fund shall be considered for computation of depreciation as per the rates specified in these Regulations. If required, POSOCO may finance capital assets partly from the equity and partly from LDCD Fund. As such, if the capital project is partly financed from equity share capital, it shall be considered for computation of return on equity, in which case, the funding shall be considered in a normative debt equity ratio of 70:30 with the interest on loan component as NIL and the treatment of equity as per regulation 16(2) of these Regulations. Load Despatch Centre shall submit details of such assets in the CAPEX plan.

(7) XXXXXXX"

58. We observe that in the instant case, the Petitioner has proposed to finance 30% of capital expenditure for the period 2019-24 from equity capital and 70% of capital expenditure (debt portion) from LDCD funds. The Petitioner has submitted that the effective tax rate considered for computation of ROE for the period 2019-24 is 25.17%. Therefore, year-wise ROE allowed has been worked out as per the 2019 RLDC Regulations considering effective tax rate as 25.170% as follows:

(In Rs. lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Equity	116.56	196.26	350.74	425.58	468.55
Addition due to Additional Capitalization after considering	79.70	154.48	74.84	42.97	30.84



Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
de-capitalisation					
Closing Equity	196.26	350.74	425.58	468.55	499.39
Average Equity	156.41	273.50	388.16	447.06	483.97
Return on Equity (Base Rate) %	15.50%	15.50%	15.50%	15.50%	15.50%
Effective Tax rate %	25.170%	25.170%	25.170%	25.170%	25.170%
Rate of Return on Equity (Pre-tax) %	20.714%	20.714%	20.714%	20.714%	20.714%
Return on Equity (Pre-tax)	32.40	56.65	80.40	92.60	100.25

59. The Petitioner is directed to submit year-wise actual equity capital infused for incurring capital expenditure during the 2019-24 period duly certified by the Auditor at the time of true up. The Petitioner is also directed to submit the details of year-wise income tax returns filed and assessment orders thereof, at the time of true up, to arrive at the effective tax percentage for the 2019-24 control period,

Interest on Loan (IOL)

60. The Petitioner has submitted that there is no Interest on Loan component for period 2019-24 as funding of loan portion of the capital expenditure is proposed from the LDCD Fund and there is no loan outstanding of the previous control period.

61. We observe that the Petitioner has proposed to finance 30% of capital expenditure for the period 2019-24 from the equity capital and 70% of capital expenditure (debt portion) from LDCD funds. Therefore, as per clause 6 of Regulation 27 of the 2019 RLDC Regulations described above, Interest on Loan component has been considered as NIL.

Depreciation

62. The Petitioner has submitted that depreciation has been worked as per Regulation 21 of the 2019 RLDC Regulations and the salvage value of assets



excluding IT equipment and software has been considered as 10% while there is no salvage value for IT equipment and software. The Petitioner has further submitted that depreciation has been worked out as per the rates given in Appendix III of the 2019 RLDC Regulations.

63. Regulations 21 of the 2019 RLDC Regulations provides as under:

“21. Depreciation

(1) Xxxxx

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

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

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

(5)Xxxxxx

(6)Xxxxxx

(7) The balance depreciable value as on 1.4.2019 shall be worked out by deducting the cumulative depreciation from the gross depreciable value of the assets appearing in the books of accounts of the Power System Operation Corporation Limited for the respective Regional Load Despatch Centre and National Load Despatch Centre.

(8) In case of de-capitalization of assets in respect of concerned RLDC, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered in tariff by the de-capitalized asset during its useful life.”

64. We observe that the Petitioner has claimed “Portable (Window/ Split/ Tower) air conditioners” in CAPEX and REPEX under head ‘Office infrastructure and other equipment’ with 6.33% as depreciation rate. However, we have considered “Portable air conditioners” under head “Portable Air Conditioning systems” having 9.50% as depreciation rate while we worked out the allowable weighted average rate of depreciation.



65. Depreciation has been calculated annually based on Straight Line Method and at rates specified in the 2019 RLDC Regulations. Year-wise Weighted Average Rates of Depreciation (WAROD) have been calculated by applying specified rates of depreciation for individual items and WAROD has been worked out (Annexure-1). The depreciation worked out is as follows:

(In Rs. lakh)

Particulars	2019-20	2020-21	2021-22	2022-23	2023-24
Opening Gross Block	850.96	1116.63	1631.56	1881.01	2024.24
Additional Capital expenditure after considering de-capitalisation during 2019-24	265.67	514.92	249.46	143.23	102.81
Closing Gross Block	1116.63	1631.56	1881.01	2024.24	2127.05
Average Gross Block	983.80	1374.10	1756.29	1952.63	2075.65
Average Gross Block of 90% Depreciable assets	424.38	655.20	834.69	847.98	853.74
Average Gross Block of 100% Depreciable assets	559.41	718.90	921.60	1104.65	1221.91
Weighted Average Rate of Depreciation (%)	10.51%	9.99%	10.00%	10.45%	10.69%
Depreciable Value (excluding IT equipment and software)	381.94	589.68	751.22	763.18	768.37
Depreciable value of IT equipment and software	559.41	718.90	921.60	1104.65	1221.91
Total Depreciable Value	941.36	1308.58	1672.82	1867.83	1990.27
Remaining Depreciable Value	92.40	451.19	797.63	846.35	772.18
Depreciation	92.40	137.33	175.67	203.96	221.91
Cumulative Depreciation (After adjusting depreciation recovered from the de-capitalised assets)	857.38	875.19	1021.48	1218.10	1385.89

Operation and Maintenance Expenses (O&M Expenses)

66. The Petitioner has submitted that the normalized O&M expenses of the 2014-19 period have been escalated at the rate of 4.77% and then averaged to arrive at the normalized average O&M expenses at 2018-19 level. Further escalation rate of



4.77% has been considered for escalating the average normalized O&M expenses of 2018-19 price level to arrive at the O&M expenses for the year 2019-20 and further for each year of 2020-2024.

67. The Petitioner vide affidavit dated 19.6.2020 has submitted that the total O&M expenses arrived for the year FY 2019-20 have been allocated in the ratio of actual head-wise expenses incurred during the last year of the control period 2014-19. Thereafter, the head-wise O&M expenses for the FY 2019-20 have been escalated further at 4.77% to arrive at the O&M expenses for subsequent years.

68. The Petitioner has submitted that AMC charges of SCADA have been added on the basis of LOAs awarded earlier in accordance with the clause 5 of Regulation 22 of the 2019 RLDC Regulations.

69. Further, the Petitioner submitted that at present physical security at ERLDC is ensured by deployment of DGR-sponsored authorized security agency, both armed and unarmed. However, based on directives of Government of India, CISF had approached ERLDC to take-up the security responsibility of ERLDC. As per the preliminary discussion with CISF, based on their stringent manpower deployment strategy and cost thereof vis-à-vis establishment structure and requirement of ERLDC, it was decided to reconsider the issue of such deployment. Accordingly, expenditure for CISF deployment based on their offered plan has not been included in the proposed O&M Expenses. However, considering criticality of the establishment and directives of Government of India, if it is resolved to deploy CISF for physical security requirement, ERLDC may approach the Commission for necessary directions and relief.



70. The Petitioner vide affidavit dated 19.06.2020 has submitted that expenses on heads such as donation, loss-in-inventory, claims and advances written-off, provisions, etc. have been 'NIL' during the control period 2014-19. Therefore, these expenses have not been considered while normalising the O&M costs.

71. The summary of O&M Expenses claimed by the Petitioner for period 2019-24 is as follows:

(In Rs. lakh)

ITEMS	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Repairs and Maintenance Expenses (R&M Expenses)	121.04	126.08	131.33	136.80	114.52	629.76
Administrative and General Expenses, etc. (A&G Expenses)	413.93	433.67	454.36	476.03	498.73	2276.71
Total	534.97	559.75	585.68	612.83	613.25	2906.48

72. Details of the projected R&M expenses and A&G expenses (within O&M expenses) claimed by the Petitioner for period 2019-24 are as follows:

Repair and Maintenance Expenses (R&M Expenses)

(In Rs. lakh)

Account Head	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
Civil Works repairs and maintenance	11.93	12.50	13.09	13.72	14.37	65.61
Others(Specify)	83.11	87.08	91.23	95.58	100.14	457.15
Total	95.04	99.58	104.33	109.30	114.52	522.76
AMC of SCADA	26.00	26.50	27.00	27.50	-	107.00
Total	121.04	126.08	131.33	136.80	114.52	629.76

Administration and General Expenses (A&G Expenses)

(In Rs. lakh)

Account Head	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	Total
PROPERTY RELATED EXPENSES						



Rates and Taxes	0.03	0.03	0.03	0.03	0.03	0.15
Insurance	0.90	0.94	0.99	1.03	1.08	4.95
Sub Total	0.93	0.97	1.02	1.07	1.12	5.09
COMMUNICATION						
Telephone and Trunk Call	11.51	12.06	12.64	13.24	13.87	63.31
Courier Charges	0.15	0.16	0.17	0.18	0.18	0.84
Other (Internet Leased Line Charges)	17.71	18.55	19.44	20.36	21.34	97.40
Sub Total	29.37	30.77	32.24	33.78	35.39	161.55
PROFESSIONAL CHARGES						
Legal Expenses	0.22	0.23	0.24	0.25	0.26	1.19
Consultancy Charges	3.89	4.08	4.27	4.48	4.69	21.42
Technical Fees	1.12	1.17	1.22	1.28	1.34	6.13
Audit Fees	2.40	2.52	2.64	2.76	2.89	13.21
Other Charges	2.23	2.34	2.45	2.56	2.69	12.27
Sub Total	9.86	10.33	10.82	11.34	11.88	54.21
CONVEYANCE AND TRAVELLING						
Conveyance Charges	33.76	35.37	37.06	38.83	40.68	185.69
Travelling Charges	57.10	59.82	62.67	65.66	68.80	314.05
Hire Charges of Vehicle	13.30	13.94	14.60	15.30	16.03	73.16
Sub Total	104.16	109.13	114.33	119.79	125.50	572.90
OTHER EXPENSES						
Electricity Charges	61.86	64.81	67.91	71.15	74.54	340.27
Fees and Subscription	0.71	0.74	0.78	0.82	0.86	3.91
Books and Periodicals	0.47	0.49	0.51	0.54	0.56	2.57
Printing and Stationery	4.84	5.07	5.31	5.56	5.83	26.61
Advertisement	1.97	2.06	2.16	2.26	2.37	10.83
Entertainment	3.02	3.17	3.32	3.48	3.64	16.62
Watch and Ward	111.72	117.05	122.63	128.48	134.61	614.50
Miscellaneous	69.71	73.03	76.51	80.16	83.99	383.40
Organisational Development Expenses	14.44	15.13	15.85	16.61	17.40	79.44
Sub Total	268.74	281.56	294.99	309.06	323.80	1478.15
ADDITIONAL EXPENSES						
EDP Expenditure	0.87	0.91	0.96	1.00	1.05	4.80
Sub Total	0.87	0.91	0.96	1.00	1.05	4.80



Total:	413.93	433.67	454.36	476.03	498.73	2276.71
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73. Regulation 22 of the 2019 RLDC Regulations provides as under: -

“22. Operation and Maintenance Expenses

(1) Operation and maintenance(O&M) expenses (excluding human resource expenses) shall be derived on the basis of actual operation and maintenance expenses for the years 2014-15 to 2018-19, based on the audited balance sheets. The O&M expenses shall be normalized by excluding abnormal operation and maintenance expenses, donation, loss-in-inventory, priorperiod adjustments, claims and advances written-off, provisions, etc., if any, after prudence check by the Commission

(2) The normalized operation and maintenance expenses, after prudence check, for the years 2014- 15 to 2018-19, shall be escalated at the rate of 4.77% to arrive at the normalized operation and maintenance expenses at the 2018-19 price level respectively and then averaged to arrive at normalized average operation and maintenance expenses for the 2014-15 to 2018-19 at 2018- 19 price level. The average normalized operation and maintenance expenses of 2018-19 price level shall be escalated at the escalation rate as worked out in accordance with clause(4) of this Regulation to arrive the operation and maintenance expenses for the year 2019-20.

(3) The operation and maintenance expenses for the year 2019-20 shall be escalated further at the annual escalation rate as worked out in accordance with clause (4) this Regulation to arrive at permissible operation and maintenance expenses for the subsequent years of the control period.

(4) The escalation rate shall be worked out by considering the compounded annual growth rate, inflation rate, rationalization of O&M expenses and other factors, if any.

(5) The actual expenditure towards Annual Maintenance Contract (AMC) of SCADA system and other Software/Hardware like REMC, National Open Access Registry (NOAR), web based scheduling software etc. involving significant expenditure, after prudence check, shall be considered for arriving at the Operation and Maintenance Expenses during 2019-20 to 2023- 24.”

74. As per clause 1 and clause 2 of Regulation 22 of the 2019 RLDC Regulations, the normalisation of O&M expenses for the period 2014-2019 is worked out. The O&M expenses for period 2014-19 have been normalised considering disallowed expenditure as in order dated 24.4.2021 in Petition No. 435/MP/2019 (true-up petition of ERLDC fees and charges for the period 2014-19) such as rebate to customer and the expenditure claimed under organizational development and training expenses. The organizational development and training expenses have been excluded during normalisation for 2014-19 period as these expenses shall be considered under HRD



expenses during the 2019-24 control period as per clause 10 of Regulation 24 of the 2019 RLDC Regulations.

AMC of SCADA

75. As per clause 5 of Regulation 22 of the 2019 RLDC Regulations, actual expenditure towards AMC of SCADA shall be considered for arriving at the O&M expenses for period 2019-24. We observe that the Commission vide order dated 24.4.2021 in Petition no. 435/MP/2019 has allowed the following actual expenses against AMC of SCADA for period 2014-19:

(In Rs. lakh)

FY	2014-15	2015-16	2016-17	2017-18	2018-19	Total
AMC of SCADA Expenses	316.45	271.64	0.00	77.97	67.08	733.14

76. We observe that above allowed expenses against AMC of SCADA for period 2014-19 vary widely on year on year basis. Accordingly, it would not be prudent to consider the said expenses while normalising O&M expenses. Therefore, expenses against AMC of SCADA for period 2014-19 have been excluded while undertaking normalisation of O&M expenses for projection of O&M expenses for period 2019-24.

77. The Petitioner has projected expenses against AMC of SCADA for period 2019-24 as under:

(In Rs, Lakh)

Year	2019-20	2020-21	2021-22	2022-23	2023-24	Total
AMC of SCADA Expense	26.00	26.50	27.00	27.50	-	107.00

78. The Petitioner has further submitted vide affidavit dated 12.3.2020 that the actual expenses on AMC of SCADA for the first six months of 2019-20 is Rs. 6.30 lakh and expected expenses for balance six months of 2019-20 is Rs. 9.85 lakh which



when combined, the expected expenses are Rs. 16.15 lakh for FY 2019-20. The same is lower than the projection made by the Petitioner for 2019-20. Therefore, we allow the projected expenses for FY 2019-20 as Rs. 16.15 lakh and for the balance years of the period 2019-24 as projected by the Petitioner subject to true-up. The allowed AMC of SCADA for 2019-24 is as follows:

(In Rs. lakh)						
FY	2019-20	2020-21	2021-22	2022-23	2023-24	Total
AMC of SCADA	16.15	26.50	27.00	27.50	-	97.15

79. The above allowable expenses against AMC of SCADA is subject to true up on submission of documentary proofs of the expenses incurred for the period 2019-24.

80. As discussed above, the averaged normalized O&M expenses for period 2014-19 brought at FY 2018-19 price level shall be escalated at the escalation rate as worked out in accordance with clause 4 of Regulation 22 of the 2019 RLDC Regulations to arrive at the O&M expenses for the FY 2019-20.

81. As per clause 4 of Regulation 22 of the 2019 RLDC Regulations, escalation rate is to be worked out considering compounded annual growth rate, inflation rate and rationalization of O&M expenses. We observe that the compounded annual growth rate (CAGR) of normalized O&M expenses for the control period 2014-19 works out as 13.46% whereas the Petitioner has considered escalation rate of 4.77% to arrive at O&M expenses for FY 2019-20. Considering CAGR of 13.46% for previous control period, it would not be prudent to take 4.77% as escalation rate to arrive at O&M expenses for FY 2019-20. Further, considering that POSOCO came into existence only in 2017 and is a growing organisation, escalation of 13.46% has been considered to arrive at O&M Expenses for the FY 2019-20.



82. The above arrived O&M expenses i.e. R&M expenses (excluding AMC of SCADA) and A&G expenses for FY 2019-20 have been further escalated at 4.77% each year as claimed by the Petitioner to arrive at O&M expenses for period 2020-2024. Accordingly, the O&M expenses allowed are as under:

(In Rs. lakh)

FY	2019-20	2020-21	2021-22	2022-23	2023-24	Total
O&M Expenses excluding AMC of SCADA	479.89	502.78	526.76	551.89	578.21	2639.53
AMC of SCADA 2019-24 as per submissions	16.15	26.50	27.00	27.50	-	97.15
Total O&M Expenses allowed	496.04	529.28	553.76	579.39	578.21	2736.68

83. The above-mentioned O&M expenses excluding AMC of SCADA have been allocated head-wise on the basis of actual head-wise expenses approved for year 2018-19 vide order dated 24.4.2021 in Petition No. 435/MP/2019. The head-wise breakup for R&M expenses and A&G expenses is as follows:

R&M Expenses

(In Rs. lakh)

Allowed R&M Expenses 2019-24						
	2019-20	2020-21	2021-22	2022-23	2023-24	Total
R&M Expenses excluding AMC of SCADA	102.92	107.83	112.98	118.37	124.01	566.11
AMC of SCADA	16.15	26.50	27.00	27.50	-	97.15
Total R&M Expenses	119.07	134.33	139.98	145.87	124.01	663.26

A&G Expenses



(In Rs. lakh)

Allowed A&G Expenses 2019-24						
Account Head	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Property related Expenses	0.96	1.01	1.06	1.11	1.16	5.29
Communication	30.51	31.96	33.49	35.09	36.76	167.81
Professional Charges	10.24	10.73	11.24	11.77	12.34	56.31
Conveyance and Travelling	108.19	113.35	118.76	124.42	130.36	595.09
Other Expenses	226.16	236.95	248.25	260.09	272.50	1243.94
Additional Expenses (EDP)	0.91	0.95	0.99	1.04	1.09	4.98
Total A&G Expenses	376.96	394.95	413.78	433.52	454.20	2073.42

84. The summary of O&M Expenses allowed for period 2019-24 is as follows:

(In Rs. lakh)

Allowed O&M Expenses 2019-24						
ITEMS	2019-20	2020-21	2021-22	2022-23	2023-24	Total
Repairs and Maintenance Expenses (R&M Expenses)	119.07	134.33	139.98	145.87	124.01	663.26
Administrative and General Expenses, etc. (A&G Expenses)	376.96	394.95	413.78	433.52	454.20	2073.42
TOTAL	496.04	529.28	553.76	579.39	578.21	2736.68

Operational Expenditure (OPEX)

85. The Petitioner has submitted OPEX plan for period 2019-24 as follows:

(In Rs. lakh)

Sr. No.	Particulars	2019-20	2020-21	2021-22	2022-23	2023-24	Total
1	IT Security monitoring & management Service	5.00	5.75	6.61	7.60	8.75	33.71
2	Oracle Support & Product update	12.00	12.00	13.35	15.35	17.66	70.36
3	Internet Leased Line & Data Circuit Services	30.00	32.00	32.00	35.00	35.00	164.00
4	MS Office O365 user Licenses	10.80	12.42	14.28	16.43	18.89	72.82



5	DR Cloud (On premise / Outsourced) Service	-	15.00	17.25	19.84	22.81	74.90
6	IT Partnership / Consultant	-	-	20.00	23.00	26.45	69.45
	TOTAL OPEX	57.80	77.17	103.50	117.22	129.55	485.24

86. Regulation 23 of the 2019 RLDC Regulations is reproduced below:

“23. Operational Expenditure (OPEX)

OPEX shall include services like Cloud Computing, Data Storage, Data Centre, Big Data Analytics tools, Advanced data visualization tool (with GIS interfacing), Satellite Services, Weather Data Services, WebNetUse, Forecasting Services, Licensee Fee for software, tools for knowledge upgradation or training of DICs etc. NLDC may procure software of transmission cost allocation centrally, if required, for use by respective DICs under OPEX.

Actual expenditure towards engaging of services under OPEX shall be considered, after prudence check during 2019-20 to 2023-24.”

87. The Petitioner has submitted details of the projected OPEX for period 2019-24 and the brief of the same is as under:

- (i) *Rs. 72.82 lakh for ‘MS Office - 365 user licenses’ and Rs. 70.36 lakh for ‘Oracle Support & Product’:* These expenses are proposed towards procurement of various software licenses for day to day work like MS office, major recurring licenses and product support cost on account of Oracle subscription and Product update; MS Office 365 User subscription etc. Further, with immense expansion in IT enabled services and automation, 24x7 high-performance availability of back-end Oracle DB is of utmost importance and to ensure the same, professional support from OEM is necessary. Moreover, to ensure patching of vulnerabilities as well as bug fixing time to time publication of Oracle product updates need to be subscribed. Accordingly, the license fee and charges to be paid to the OEM has been considered.
- (ii) *Rs. 74.90 lakh for ‘DR Cloud (On premise / Outsourced) Service’ and Rs. 69.45 lakh for ‘IT Partnership/ consultant’:* Considering the criticality of ERLDC IT infrastructure, process to establish the Disaster Recovery Centre (DR) has been initiated. Accordingly, cost of hardware and



software have been considered under CAPEX and maintenance charges of DR have been considered under OPEX which includes vendor cost, data centre cost etc. However, with increasing complexity, it is envisaged that cloud based Disaster Recovery Mechanism or On-premise DR implementation with dedicated outsourced support/ infrastructure as service model need to be adopted. This will require suitable partnership with IT enabled service provider/ cloud service provider.

- (iii) *Rs. 33.71 lakh for 'IT Security monitoring & management Service'*: Implementation of DC/DR as well as service models may increase complexity and vulnerability from cyber security perspective; it is, therefore, important to have suitable IT security expert to monitor and manage IT security implementation and operation of ERLDC DC & DR. A Security Operation Centre (SOC) needs to be established to ensure Confidentiality/ Integrity/ Availability (CIA) of RLDC Information repository.
- (iv) *Rs. 164 lakh for 'Internet Leased Line & Data Circuit'*: With implementation of SCED, NOAR and other web enabled data exchange requirement as well as public facing applications strong and dedicated bandwidth needs to be established as communication backbone of ERLDC. Expenses on account of monthly usage charges and bandwidth provisioning charges may rise sharply with enhanced requirement. Therefore, suitable provision for such recurring expenses has been kept in OPEX.

88. We have considered the submissions made by the petitioner. We observe that the Petitioner has submitted Board Resolution for the OPEX plan and has provided detailed justification of the expenses proposed to be incurred under OPEX.

89. Regulation 23 of the 2019 RLDC Regulations provides that actual expenditure towards engaging of services under OPEX shall be considered, after prudence check during period 2019-24. Therefore, we allow following expenditure projected by the Petitioner under OPEX subject to true up:



(In Rs. lakh)

FY	2019-20	2020-21	2021-22	2022-23	2023-24	Total
OPEX	57.80	77.17	103.50	117.22	129.55	485.24

90. We direct the Petitioner to submit the documentary proofs of actual expenditures incurred against OPEX along with justification and due diligence taken in procurement of services at the time of true up.

Human Resource Expenses (HR Expenses)

91. Regulation 24 of the 2019 RLDC Regulations is as follows:

“24. Human Resource Expenses

(1) Human resource expenses shall be derived on the basis of actual human resource expenses for the years 2017-18 to 2018-19 based on the audited balance sheets. The human resource expenses shall be normalized by excluding abnormal Human resource expenses ex-gratia, VRS expenses, PRP/incentive, prior-period adjustments, claims and advances written-off, provisions, etc., if any, after prudence check by the Commission:

(2) The expenses towards payment of Certificate Retainer-ship amount would be a part of the Human Resource Expenses.

(3) Performance related pay computed in accordance with DPE /other applicable guidelines shall be met from the incentive allowed in accordance with Regulation 32 of these Regulations.

Provided that in case of any surplus in the incentive collected as per provisions of Regulation 32 after payment of performance related pay in accordance with DPE guidelines, such surplus amount shall be maintained separately to be used in subsequent years in case of shortfall of funds for payment of performance related pay as per DPE guidelines.

Provided further that in case shortfall in the funds as per Regulation 32 for distribution of performance related pay in accordance with DPE guidelines still persists, the shortfall shall be met from the LDC development Fund

(4) The normalized human resource expenses, after prudence check, for the year 2017-18 to 2018- 19, shall be escalated at the rate of 4.77% to arrive at the normalized human resource expenses at the 2018-19 price level respectively and then averaged to arrive at normalized average human resource expenses for the 2017-18 to 2018-19 at 2018-19 price level.

(5) The manpower approved during the year 2018-19 shall be the basis for computation of the HR expenses for 2019-20. Thereafter, for the subsequent years, the HR expenses shall be escalated at the annual escalation rate.

(6) The average normalized human resource expenses of 2018-19 price level shall be escalated at the escalation rate as worked out in accordance with clause (8) of this Regulation to arrive the HR expenses for the year 2019-20.



(7) The human resource expenses for the year 2019-20 shall be escalated further at the annual escalation rate as worked out in accordance with clause (8) this Regulation to arrive at permissible human resource expenses for the subsequent years of the control period:

(8) The escalation rate shall be worked out by considering the compound annual growth rate, inflation rate, rationalization of human resource and other factors, if any.

(9) The cost of anticipated increase in the manpower of each year of the control period shall also be considered after prudence check. The strength of manpower required for effective functioning of LDC will be as approved by the Commission while specifying the fees and charges.

(10) Human Resource Development (HRD) expenses, incurred by the NLDC or RLDCS shall be a part of HR Expenses from FY 2019-20 onwards. In addition to the capacity building of the employees of NLDC or RLDCs, capacity building workshops and training programs organized for other stakeholders will also form part of the HRD expenses. Projected annual HRD expenses will be at least 5% of the HR expenses arrived based on the methodology defined above. However, if the actual utilization towards HRD expenditure exceeds the 5% of HR expenses of any year, it shall be allowed at the time of truing up by the Commission after prudence check. In case of less than 5% utilization, it shall be refunded at the time of annual truing up. All efforts shall be made to ensure that minimum seven days training per employee per annum is imparted as per the National Training Policy.”

92. The summary of HR expenses claimed by the Petitioner for period 2019-24 is as follows:

(In Rs. lakh)

Financial Year	2019-20	2020-21	2021-22	2022-23	2023-24	Total
HR Expenses	2468.17	2748.73	3186.90	3624.87	4247.18	16275.85
HRD Expenses	123.41	137.44	159.34	181.24	212.36	813.79
Total HR Expenses	2591.58	2886.17	3346.24	3806.11	4459.54	17089.64

93. The Petitioner has submitted that expenses under provisions of Performance Related Expenses (PLI/ PRP) and IND AS adjustment expenses have already been excluded from the HR expenses of the 2014-19 period before using them for projection of HR expenses for the 2019-24 period. However, the Petitioner has requested that the impact of IND AS adjustments under “Staff Welfare” head were inadvertently excluded in the petition for determination of charges for 2014-19 period



and that the same may be considered for arriving at the HR expenses of 2019-24 period.

94. The Petitioner has also submitted that expenses on heads such as ex-gratia, VRS expenses, prior-period adjustments (for previous control period), claims and advances written-off, provisions, etc. have been Nil during the control period 2014-19.

95. The Petitioner has submitted that as per Regulation 24 of the 2019 RLDC Regulations, normalized HR expenses of FY 2017-18 have been escalated at the rate of 4.77% to arrive at FY 2018-19 price level and then averaged with FY 2018-19 HR expenses to arrive at the normalized average HR expenses at FY 2018-19 level. This has been escalated at 4.77% each year to arrive at HR expenses for the year 2019-20 and further for each year of 2020-2024 period.

96. The Petitioner in the calculation sheets submitted along with Petition has multiplied the escalated per employee expense for 2019-20 with the projected manpower for 2019-20. Similarly, projected HR expense has been calculated by the Petitioner for subsequent years of 2020-24 considering escalation rate of 4.77% and projected manpower.

97. The Petitioner has further submitted that for arriving at head-wise HR expenses for the control period 2019-24, the total expenses arrived for the year FY 2019-20 have been allocated head-wise in the ratio of actual head-wise expenses incurred during the last year of the control period 2014-19 i.e. FY 2018-19. Thereafter, the head-wise HR expenses for the FY 2019-20 have been escalated further at the same rate i.e. 4.77% to arrive at the HR expenses for subsequent years of control period 2019-24.



98. Further, the Petitioner has submitted that Human Resource Development (HRD) expenses have been considered as 5% of HR expenses in line with clause 10 of Regulation 24 of the 2019 RLDC Regulations.

99. The Petitioner has further submitted that the actual manpower of ERLDC as on 31.03.2019 was 81 and the manpower projected as on 31.03.2024 is 126. Projected manpower details at ERLDC are as follows:

Projected Employees at ERLDC

Manpower Projections			
ERLDC	Executive	Non-Executive	Total
Total Manpower as on 31.3.2019	51	30	81
FY 2019-20	66	26	92
FY 2020-21	71	26	97
FY 2021-22	80	26	106
FY 2022-23	88	26	114
FY 2023-24	100	26	126

100. The Petitioner has submitted the broad reasons for projected increase in manpower as under:

- a) POSOCO is a knowledge-based control centre organization and Human Resource is its main asset.
- b) There is an ever-increasing complexity of electricity market, number of participating entities, energy volumes, number of transactions etc. which will require adequate manpower.
- c) Additional manpower is required for additional works/ responsibilities including establishing Renewable Energy Management Centres, which are scheduled to come up.
- d) Increasing thrust on renewables and their integration in the grid, will require additional manpower.
- e) Electricity markets are growing more complex with increase in number of users, use and application of big data and automation are envisaged to bring pivotal change in processes and create forward and backward



linkages that will improve security, reliability and economy in the grid. Also, proportionate increase in manpower in Management Functions will also be required.

101. We have considered the submissions of the Petitioner and observe that although the Petitioner has submitted reasons for increase in manpower for the 2019-24 period, proposed increase in manpower vis-à-vis current manpower for POSOCO as a whole is required to be looked into in detail and needs more deliberations. In this regard following has been observed by the Commission vide order dated 16.4.2021 in Petition No. 375/MP/2019:

“84. The Petitioner has submitted reasons for increase in manpower for the 2019- 24 period. However, the commission is of the view that proposed increase in manpower vis-à-vis current manpower for POSOCO as a whole is required to be looked into in detail and needs more deliberations. The Petitioner is required to do functional mapping of all posts and justify increase in posts particularly at higher levels. Therefore, the Petitioner is directed to file a consolidated petition projecting manpower for POSOCO as a whole for the Control Period 2019-24 along with detailed justifications and grade wise functional mapping. At present, HR Expenses for the control period 2019-24 have been worked out as per Regulation 24 of the 2019 RLDC Regulations without considering any increase in manpower.”

102. Accordingly, in line with the above observation of the Commission, in the instant case, the HR Expenses for the control period 2019-24 have been worked out as per Regulation 24 of the 2019 RLDC Regulations without considering any increase in manpower.

103. Clause 2 of Regulation 24 of the 2019 RLDC Regulations provides that payment of Certificate Retainer-ship amount would be a part of the Human Resource Expenses. The normalized HR expenses of FY 2017-18 and FY 2018-19 have been worked out by excluding Certificate Linked Incentive (CLI) which has been disallowed in order dated 24.4.2021 in Petition No. 435/MP/2019. However, liberty is granted to the Petitioner to claim expenses towards actual payment of Certificate Retainer-ship amount as part of HR Expenses at the time of true up.



104. The audited HR expenses for FY 2017-18 and FY 2018-19 have been segregated in two categories (executive and non-executive). As per clause 1 of Regulation of 24 of the 2019 RLDC Regulation normalisation of HR expenses for FY 2017-18 and FY 2018-29 was completed category-wise.

105. As per clause 4 of Regulation 24 of the 2019 RLDC Regulations, the escalation rate of 4.77% has been considered to arrive at normalized category-wise HR expenses of 2017-18 at price level of 2018-19. The HR expenses per employee in each category thus arrived for 2017-18 and 2018-19 are averaged to arrive at average normalised HR Expenses per employee at 2018-19 price level.

106. Clauses 6, 7 and 8 of Regulations 24 of the 2019 RLDC Regulations provide that the escalation rate for arriving at expenses of 2019-20 and further in the control period 2019-24 shall be worked out after considering the compounded annual growth rate, inflation rate, rationalization of human resources and other factors, if any. We observe that the Petitioner has considered escalation rate as 4.77% for arriving at HR Expenses for FY 2019-20 and for further years of the period 2020-24.

107. As additional manpower of RLDCs and NLDC is not being approved in the instant order, HR expenses shall be allowed on provisional basis based on actual manpower as on 31.3.2019 as submitted by the Petitioner with escalation rate of 4.77% to arrive at HR Expenses for each of the year of the control period of 2019-24.

108. Any impact on HR Expenses due to additional recruitment of manpower as approved later by the Commission, shall be considered on filing separate petition by the Petitioner along with associated increase in O&M and HR expenses.



109. As per clause 10 of Regulation 24 of the 2019 RLDC Regulations, Human Resource Development (HRD) expenses are being considered @5% of HR expenses subject to true up.

110. As per the above discussion, the HR Expenses allowed for the control period 2019-24 are as follows:

(Rs. in lakh)

HR Expenses allowed provisionally for 2019-24					
	2019-20	2020-21	2021-22	2022-23	2023-24
HR Expenses Allowed with 4.77% escalation	2089.92	2189.61	2294.05	2403.48	2518.13
HRD Expenses Allowable @ 5% of Total HR Expenses	104.50	109.48	114.70	120.17	125.91
Total HR Expenses allowed	2194.42	2299.09	2408.76	2523.65	2644.03

Apportioned NLDC Charges & Corporate Office expenses

111. Regulation 11 of the 2019 RLDC Regulations provides as under:

“11. Determination of Fees and Charges The Fees and Charges shall be determined separately for each of the Regional Load Despatch Centres and National Load Despatch Centre;

Provided that the annual charges of NLDC including corporate office expenses for the control period shall be apportioned among Regional Load Despatch Centres on the basis of the peak met (in MW) in the respective region as indicated on CEA’s website for the preceding year.”

112. Accordingly, the NLDC charges and Corporate Office expenses are to be apportioned among the Regional Load Despatch Centres on the basis of the peak demand served in the respective Region for the preceding year. The Commission vide order dated 16.4.2021 in Petition No. 375/MP/2019 (NLDC) has apportioned the NLDC charges and Corporate Office expenses based on the peak demand met during FY 2018-19 which is as follows:

“103. Accordingly, the allowed annual charges of NLDC and corporate office have been apportioned amongst the RLDCs as follows:



(in Rs. Lakh)

	Peak demand met (%)					
	Total NLDC Charges	2019-20	2020-21	2021-22	2022-23	2023-24
Total NLDC charges		6282.01	7079.28	8494.99	8898.29	8873.29
NRLDC	32.04%	2012.76	2268.20	2721.79	2851.01	2843.00
WRLDC	28.97%	1819.90	2050.87	2461.00	2577.83	2570.59
ERLDC	11.80%	741.28	835.35	1002.41	1050.00	1047.05
SRLDC	25.71%	1615.10	1820.08	2184.06	2287.75	2281.32
NERLDC	1.48%	92.97	104.77	125.73	131.69	131.32

Therefore, the apportionment of NLDC charges and corporate office expenses w.r.t Petitioner for control period 2019-24 is as described above.

Interest on Working Capital

113. Regulation 25 of the 2019 RLDC Regulations provide as under:

“25. Interest on Working Capital

(1) The working capital shall cover:

- (i) Operation and maintenance expenses (excluding human resource expenses) for one month;*
- (ii) Human resource expenses including Human Resource Development Expenses for one month;*
- (iii) NLDC charges and Corporate Office for one month and*
- (iv) Receivables equivalent to 45 days of annual charges as approved by the Commission.*

(2) Rate of interest on working capital shall be on normative basis and shall be considered as the bank rate as on 1.4.2019 as per tariff Regulations.

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

114. Accordingly, following expenses have been worked out for determination of Interest on Working Capital:

- (i) O&M Expenses excluding human resource expenses have been considered for one month of the allowed O&M expenses.



- (ii) Human Resource Expenses including HRD expenses have been considered for one month of the allowed HR Expenses.
- (iii) NLDC charges and corporate office expenses for one month have been included.
- (iv) The receivables have been considered on the basis of 45 days of allowed Annual charges.
- (v) Rate of interest on working capital has been considered as yearly MCLR of SBI issued from time to time Plus 350 bps i.e. as on 1.4.2019 (i.e. 8.55% plus 3.50% = 12.05%) and as on 1.4.2020 (i.e. 7.75% plus 3.50% = 11.25%). For the balance control period i.e. 2021-22 up to 2023-24 interest rates has been considered as 11.25% which is subject to true-up.

115. The Petitioner vide Form-8 has considered rate of interest on working capital as 12.55% for the complete 2019-24 period.

116. Interest on working capital worked out for the 2019-24 period is as follows :

(Rs. in lakh)

Description	2019-20	2020-21	2021-22	2022-23	2023-24
One month NLDC Charges	61.77	69.61	83.53	87.50	87.25
One month O & M Expenses Excluding Human Resource Expenses	41.34	44.11	46.15	48.28	48.18
One month Human Resource Expenses	182.87	191.59	200.73	210.30	220.34
Receivables (45 days of Annual charges)	455.37	496.24	545.30	575.82	593.58
Total	741.35	801.55	875.71	921.91	949.36
Rate of Interest on Working Capital (%)	12.05%	11.25%	11.25%	11.25%	11.25%
Interest	89.33	90.17	98.52	103.71	106.80

Annual charges



117. The details of annual charges allowed for ERLDC as per the 2019 RLDC Regulations for control period 2019-24 control period is summarized below:

(Rs. in lakh)

Annual Charges	2019-20	2020-21	2021-22	2022-23	2023-24
Depreciation	92.40	137.33	175.67	203.96	221.91
Interest on Loan	-	-	-	-	-
Return on Equity	32.40	56.65	80.40	92.60	100.25
Interest on Working Capital	89.33	90.17	98.52	103.71	106.80
O & M Expenses (Excluding Human Resource Expenses)	496.04	529.28	553.76	579.39	578.21
Human Resource Expenses (Including HRD expenses)	2194.42	2299.09	2408.76	2523.65	2644.03
NLDC Charges and Corporate Office Expenses	741.28	835.35	1002.41	1050.00	1047.05
OPEX	57.80	77.17	103.50	117.22	129.55
Total	3703.67	4025.05	4423.02	4670.54	4827.80

Filing Fee and Publication Expenses

118. The petitioner has sought reimbursement of expenditure towards publishing of notices in Newspapers and other expenditure (if any) in relation to the filing of the application as one time recovery. Since the expenditure has been incurred for meeting a statutory requirement, we allow the direct reimbursement of these expenses by the Users/ beneficiaries on pro-rata basis.

119. As regards the Petitioner's prayer to allow to bill and adjust the impact of FERV, the same is allowed to be recovered from the beneficiaries directly as provided under Regulation 36 of the 2019 RLDC Regulations.

Billing and Payment of charges



120. Billing and payment of charges allowed shall be governed by Regulation 34 of the 2019 RLDC Regulations. Accordingly, POSOCO will raise bills for these charges on monthly basis directly from the Users as per the said Regulation.

121. Further, in terms of clause 8 of Regulations 10 read with clause 4 of Regulations 13 of the 2019 RLDC Regulations, the amount under recovered or over recovered by the RLDCs along with simple interest at the rate equal to the bank rate as on 1st April of the respective year, shall be recovered or refunded by RLDC or Users, as the case may be, in six equal monthly instalments.

122. Annexure-I shall form part of this order.

123. This order disposes of Petition No. 399/MP/2019.

Sd/
(Arun Goyal)
Member

Sd/
(I. S. Jha)
Member

Sd/
(P. K. Pujari)
Chairperson



**DETAILS OF WEIGHTED AVERAGE RATE OF DEPRECIATION (WAROD)
FOR THE 2019-24 CONTROL PERIOD**

ERLDC

ERLDC (2019-24)	Admitted Capital Cost as on 1.4.2019 (Approved by the Commission vide order dated 24.4.2021 in Petition No. 435/MP/2019)	Net Additional capitali- sation	Projected Capital Cost as on 31.3.2024	Rate of Depreciation as per Regulation	Annual Depreciation as per Regulation				
					2019-20	2020-21	2021-22	2022-23	2023-24
Capital Expenditure as on 1.04.2019									
Freehold Land	0.00	0.00	0.00	0.00%	0.00	0.00	0.00	0.00	0.00
Leasehold Land	0.00	0.00	0.00	3.34%	0.00	0.00	0.00	0.00	0.00
Building & Other Civil Works	122.28	291.93	414.21	3.34%	5.34	10.21	13.83	13.83	13.83
Auxilliary Power System and Power Supply	83.87	91.21	175.08	5.28%	5.35	7.76	9.24	9.24	9.24
Air conditioning system (Static)	0.00	0.00	0.00	5.28%	0.00	0.00	0.00	0.00	0.00
Air conditioning system (Portable)	0.00	13.60	13.60	9.50%	0.32	0.97	1.29	1.29	1.29
Office Furniture and other infrastructure equipment (including Communi- cation Equipment)	1.36	98.47	99.83	6.33%	0.34	2.40	4.90	5.73	6.10
Any other assets not categorised	154.52	0.00	154.52	5.28%	8.16	8.16	8.16	8.16	8.16
SCADA and IT Hardware	149.36	364.61	513.97	15.00%	28.35	41.35	55.39	67.17	74.53
SCADA and IT Software	339.57	416.27	755.84	15.00%	55.57	66.49	82.85	98.53	108.75
Total	850.96	1276.09	2127.05		103.42	137.33	175.67	203.96	221.91
Weighted Average Rate of Depreciation					10.51%	9.99%	10.00%	10.45%	10.69%

