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**Sent:** Monday, May 20, 2024 7:27:07 PM

**Subject:** Comments on Draft Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024

The following are submitted with reference to the subject matter:

1. In spite of the proposed Regulations are to be implemented from 01.04.2024, as the draft Central Electricity Regulatory Commission (Fees and Charges of Regional Load Despatch Centre and other related matters) Regulations, 2024 published on 04.04.2024, the last date for submission of comments is being 20.05.2024 and the finalization of regulations may take another 2 – 3 months, the treatment of subject matter during the period from 01.04.2024 to till final publication of these regulations shall be clearly specified. Otherwise, the regulations prevailing prior to 01.04.2024 shall be made applicable.
2. The RLDCs and NLDC are being involved in all ISTS and ISGS transactions and all users connected with electricity grid are under the control of the RLDC / NLDC, despite the fee and charges levied are increasing day by day and burdening the end consumers, none of the utilities may be interested to offer the fair comments and face the consequences immediately / later. The situation is similar to 'Who Will Tie the Bell to Cat'. In view of this, the utilities are restrained from giving any comments and feeling that anyways, these charges are recovered from the public. However, the same is costing heavily to the public. Therefore, any expenses for NLDC / RLDC shall be allowed only after detailed cost benefit analysis. Further, RLDCs / NLDC are coordinating with the concerned utilities within their respective jurisdiction and providing services thereof, any decision for the RLDC / NLDC shall be taken only after receipt of collective view of these entities. Further, the primary users of RLDC / NLDC are RPCs, CEA and SLDC, and they do not have any business transactions with (under) NLDC / RLDC, they may give an independent and unbiased opinion / feedback. Therefore, all proposals associated with RLDC and NLDC shall be deliberated in detail at RPC, NPC and CEA level, as applicable and only those schemes that had consent of RPC, NPC and CEA shall be considered by the Commission for further needful.
3. In order to bring transparency and maintain neutrality, the computation of monthly RLDC Fee and Charges shall be issued by RPC and the same shall be made available in public domain.
4. As per Electricity Act, 2003, though the role of RLDC and NLDC is to coordinate among various grid connected entities and maintain the grid stability, which is purely service, preferably to be carried out by Govt. Agency, wherein, the profit / loss shall not arise. However, contrary to this, it has been made as a PSU and year on year driving it towards highly profit oriented organization and giving a shape of commercial organization at the cost of burdening the public at large.
5. As the tasks associated with RLDC / NLDC are similar to that of SLDC but at different levels and magnitude, the regulations and norms provided for RLDC / NLDC may be adopted by SLDCs, any norms proposed for RLDC / NLDC shall be comparable and at par with SLDCs but not with foreign entities. The Commission may remember that the Purchasing Power of Indian Consumers is much lower than that of many developing economies.
6. To bring uniformity and arrive at more apt regulations and norms to RLDC / NLDC, an Independent Committee of experts from different States, CEA, RPC, Individual experts may be constituted, which shall hold public consultations at length prior to arrive at any decision w.r.t. RLDC / NLDC. The finalized regulations and norms, may be reviewed at regular intervals by the Committee and fine tune the same.
7. With respect to recovery of AFC by grid connected entities i.e. generator, transmission lines, the Commission has notified certain standards / norms i.e. NAPAF, MW, Ckm, MVA etc, to be maintained by these entities, however, no such parameters have been identified and set for recovery of AFC by RLDC / NLDC. Therefore, there is a need to first identify these standards and set norms to assess the performance of RLDC and NLDC and recovery of AFC. For instance, no. of utilities, MW, Ckm, MVA etc, they have coordinated and actual energy transfers may be considered. In order to bring transparency and confidence of concerned utilities, these standards may be assessed at RPC / CEA.

8. It is observed that at the time of bifurcation of RLDC and RPC from erstwhile REB, the strength of RPC and RLDC was almost equal, however, with expansion of grid and time, though majority of the tasks are automatized, the man power of RLDCs / NLDC was increased multifold in comparison to the man power of RPC.
9. In regards to reference made for 'Capacity Building of Indian Load Despatch Centres' (CABIL), it is noticed that the subject report is of a subgroup of FoR, which hadn't any participation of stakeholders, including RPC, CEA, utilities, public etc, and further the subject report is being of 2018, formulation of regulations on the basis of this report may not be appropriate.
10. The regulation 3 of CERC (Procedure for making of application for determination of tariff, publication of the application and other related matters), Regulation, 2004, mandates petition to kept on website at least 30 days, publication of notice of application in two newspapers, invite public comments and submit such objections to the Commission. However, the RLDC / NLDC are filing various applications fee & charges, additional man power, PLI etc, before the Hon'ble Commission without making any public notice and the Hon'ble Commission without inviting any public comments, granting prayers of the company.
11. In regard to draft regulation 13, it is noted that the regulation proposed for allowing IDC and IEDC during construction, however, as such these are applicable only for the plants / lines prior to their COD and no such instance can be drawn for RLDC / NLDC, the IDC and IEDC shall not be allowed.
12. In regard to regulation 17 and 23, it is noted that these regulations proposed for Interest On Working Capital (IWC). However, this is applicable only for the capital-intensive entities / industries which involve a significant amount in maintaining certain material to meet the demand for the next few days. In the instant case, as the same is not the case with RLDC / NLDC, the same shall not be allowed.
13. In regard to the regulation 18, which proposed for 15.5 % Return on Equity (RoE), it is to mention that this is an instrument allowed for the entities which have competition and may invest in future expansions. On the contrary to this, RLDC / NLDC do not have any competition and also all the investment made by RLDC / NLDC is being allowed separately or to be funded from LDCD fund, as such there is no equity made by these entities. Therefore, the same may not be considered. It may also be noted that as the prevailing regulations provide for 14 % RoE to transmission companies (core and on field job), the proposal for 15.5 % to RLDC / NLDC is unsound. Further, as such there is neither any basis nor any requirement for 15.5 %, if at all it is allowed, it shall be linked with bank rate.
14. In regards to regulation 20, as already mentioned that all the expenses incurred by RLDC / NLDC are reimbursed, as on date, there is no asset left for capitalization, Therefore, the depreciation does not have any relevance.
15. In regards to draft regulation 21, it is to mention that irrespective of the fact that the organization has made huge profit (savings made due to major margins) and without considering actual expenses, the regulations proposed for 5.25 % annual escalation, however, it should be arrived at only after detailed examination of past expenses. Further, the proposed escalation rate is very high, particularly for RLDC / NLDC, wherein, more and more automation is being introduced from time to time and O & M is purely for salaries.
16. In regards to draft regulation 21(2), which proposed for additional O & M expenses due to new hardware or software, it is to mention that such new hardware / software may facilitate ease of doing business and expected to reduce manpower of RLDC / NLDC. Therefore, additional O & M shall not be considered. Otherwise, it will be doubly jeopardize the public one in terms of additional capital expenditure and other is additional O & M. In addition, in order to ensure the man power and O & M expenses are optimum, certain measures shall be introduced to encourage the RLDC / NLDC reduce the manpower.
17. In regard to regulation 24, proposed for human resource expenses, it is to mention that these are expenditure on manpower, funding for participation in national or international conferences and publication of technical papers there-in, facilitating higher education, availing institutional membership with national bodies and international bodies, funding of analytics tools development, funding of pilot projects and hiring consultancy services for learning & implementation of new technologies and market products. In addition, the regulations also provided for expenses associated with the capacity building workshops and training programs organized for

other stakeholders also form part of the HRD expenses. However, as these are incurred by all industries but not specific to RLDC / NLDC, shall be made of O & M norms and cannot be allowed separately. Further, in order to bring transparency and accountability and equal opportunity for all, the expenses made for other stakeholders shall not be made part of HRD of RLDC / NLDC. In case, if such expenses are warranted, these shall be allowed through respective entities only on reimbursement basis.

18. In regard to regulation 26 proposed for allowing expenses associated with FOLD, it is to mention that as these are for all LDCs across the country and the same may be made out of contribution made by all LDCs but shall not be allowed. Otherwise, it is putting public money in one hand and allowing it to be spent on behalf of all.

19. The regulation 27 provides for interest free loan from LDCD fund, but contrary to this, Interest on loan is provided under regulation 20. The same shall be modified accordingly.

20. In regards to Regulation 28, which proposes for Performance Linked Incentive (PLI), it is to mention that the RLDC / NLDC are being statutory organizations coordinate among various utilities to collectively maintain various parameters of grid, but not production-based entity, the Performance Linked Incentives shall not be applicable. In case, if it is to be allowed, the same may be made out of savings made out of O & M, as it is done for any other entity. Accordingly, the PLI cannot be allowed over and above AFC and the regulation 17 (4) shall be deleted.

21. In regards to regulation 29 i.e. incentives for certificate, it is to mention that these are being regular and routine, the same shall meet out of O & M norms allowed. Therefore, the regulation may be deleted.

22. In regards to regulation 30, as mentioned earlier, in order to ensure transparency and instill the confidence of all utilities, fees and charges may be computed by RPC / CEA and the same may be made available on public domain.

23. Considering the above, it is observed that the proposed regulations aimed to create a corpus and give a free hand to NLDC / RLDC but not to meet the actual requirement of RLDC / NLDC. This may encourage any entity for higher and lavish expenses at the cost of public and manipulations in the expenses. In addition, it is also noticed that the proposed regulations assigned additional tasks to RLDC / NLDC in terms of filling various forms, accounts etc, which may necessitate additional manpower and burden the common man, without any significant benefit.

Submitted for kind consideration.

Regards,

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