
**GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)
LEVY AND COLLECTION OF FEES AND CHARGES BY SLDC
REGULATIONS, 2005**

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**GUJARAT ELECTRICITY REGULATORY COMMISSION (GERC)
LEVY AND COLLECTION OF FEES AND CHARGES BY SLDC
REGULATIONS, 2005**

In exercise of the powers conferred under Section 181 of the Electricity Act, 2003 (Act 36 of 2003), and all powers enabling it in that behalf, the Gujarat Electricity Regulatory Commission hereby makes the following Regulations, namely:-

CHAPTER 1

GENERAL

1. Short Title, Extent and Commencement :-

These regulations may be called the Gujarat Electricity Regulatory Commission (Levy And Collection of Fees and Charges by SLDC) Regulations, 2005. These Regulations extend to the whole of the State of Gujarat. These shall come into force on the date of their publication in the Gazette.

CHAPTER 2

DEFINITIONS AND INTERPRETATIONS

2. Definitions and Interpretation :-

(1) In these Regulations, unless the context otherwise requires: "Acts" refers jointly to the Electricity Act and the Gujarat Electricity Industry Act. "Charges" refers to or charges payable to the SLDC on a periodic basis in accordance with these Regulations. "Commission" means the Gujarat Electricity Regulatory Commission. "Electricity Act" means the Electricity Act, 2003 (Act 36 of 2003). "Fees" means fees payable to the SLDC for connection with the State Grid. "Fund" shall mean the State Electricity Regulatory Commission Fund constituted under S.103 of the Electricity Act, 2003 "Generating Company" shall have the meaning ascribed to it under the Electricity Act. "Grid" means the high voltage backbone system of inter-connected transmission lines, sub-stations and generating plants; "Gujarat Electricity Industry Act" means the Gujarat Electricity Industry (Reorganisation and Regulation) Act, 2003 (Gujarat Act 24 of 2003. "Licensees" means a licensee under the Acts. "Proceedings" means and include proceedings of all nature that the Commission may hold in the discharge of its functions under the Acts. "Regulations" mean these Gujarat Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2004. "Schedule" refers to the schedule appended to these Regulations. "Secretary" means the Secretary of the Gujarat Electricity Regulatory Commission. "SLDC" means the State Load Despatch Centre established by the State Government under the Electricity Act for the purpose of exercising the powers and discharging the functions as specified under the Electricity Act. "Transmission Licensee" means a licensee authorised to establish or operate transmission lines under Section 14 of the Electricity Act, 2003 Words and expressions used and not defined in the Regulations but defined in the Acts shall have the meanings assigned to them in the Acts. Expressions used herein but not specifically defined in the Regulations or in the Acts but defined under any law passed by a competent legislature and applicable to the electricity industry in the state shall have the meaning assigned to them in such law. Subject to the above, expressions used herein but not specifically defined in these Regulations or in the Acts or any law passed by a competent legislature shall have the meaning as is generally assigned in the electricity industry. The Bombay General Clauses Act, 1904, shall apply for the purpose of the present Regulations.

(2) Interpretation: In the interpretation of these Regulations, unless

the context otherwise requires: words in the singular or plural term, as the case may be, shall also be deemed to include the plural or the singular term, respectively; the terms "include" or "including" shall be deemed to be followed by "without limitation" or "but not limited to" regardless of whether such terms are followed by such phrases or words of like import; references herein to the "Regulation" shall be construed as a reference to these Regulations as amended or modified by the Commission from time to time in accordance with the applicable laws in force. the headings are inserted for convenience and may not be taken into account for the purpose of interpretation of these Regulations. references to the statutes, regulations or guidelines shall be construed as including all provisions consolidating, amending or replacing such statutes, regulations or guidelines, as the case may be, referred to.

CHAPTER 3

FEES AND CHARGES TO BE PAID TO SLDC

3. Application for connection to Grid :-

Generating Companies and Licensees requiring long-term access to the Grid shall submit an application to the SLDC in the specified format at least one month before the proposed date of connection to the State Grid, along with Fee of Rs.10,000 (Rupees Ten Thousand only). The existing Licensees and Generating Companies shall register themselves with SLDC by filing an application along with the above-mentioned Fees. The SLDC, after scrutinising the application and after being satisfied of the completeness and correctness of the information furnished in the application, shall register the application in SLDC records duly intimating the applicant regarding the acceptance of the same.

4. Levy and Collection of Charges from Generating Companies and Licensees :-

(i) From the date the SLDC is established by the Government of Gujarat under Section 31 of the Electricity Act, 2003, all expenses incurred by the SLDC shall be accounted separately.

(ii) Expenses incurred by the SLDC in the discharge of its functions as specified in Section 32 of the Electricity Act, 2003 shall be recovered from the Generating Companies and Licensees through Charges.

(iii) The Charges to be recovered from Generating Companies and Licensees shall be determined taking into account the following

expenses:

- a. Employee Cost
- b. Administration and general Charges
- c. Repairs and Maintenance Expenses
- d. Depreciation
- e. Interest and finance charges
- f. Interest on working capital, if any
- g. Any other expenses incidental to discharging the functions of SLDC.

(iv) The expenses mentioned in sub-clause (iii) above shall be determined in accordance with Schedule 1.

(v) Not later than four months before the commencement of the financial year the SLDC shall provide to the Commission, full details of its calculations of the estimated expenses for the ensuing financial year and proposed allocation of charges to Licensees and Generating Companies. The details shall also be furnished to the Generating companies and Licensees simultaneously.

(vi) Any proposal for capital expenditure shall be submitted to the Commission. The Commission will duly approve the proposal after examining the need and applying prudence checks.

(vii) The details of calculation of the expenses and other related information shall be provided in the format prescribed in the Schedule 1.

(viii) The details of capital investment programme for the ensuing financial year shall be furnished along with the details of estimated expenses.

(ix) The details of estimated expenses shall be filed, in the form of a petition, by the SLDC in six(6) sets with each set signed by an authorised officer of the SLDC, who shall be responsible for verifying and certifying the correctness thereof.

(x) The details of estimated expenses filed by the SLDC shall be

scrutinised by the Commission and as a result of such scrutiny, the Commission may, within fifteen (15) working days, call for such further information and clarification as may be required.

(xi) The Commission will thereafter follow, as far as practicable, the procedure specified as per the GERC (Determination of Tariff) Regulations, for disposal of application by the SLDC.

(xii) The Commission may get the books/records of SLDC examined by its officers and/or by any authorised person at any point of time during the pendency of the petition for the determination of Charges or otherwise. The reports of the officers etc. shall be made available to the parties concerned and they shall be given opportunity to reply/respond to the reports. The Commission shall duly take into account the report or the opinion given by the officers and/ or by any authorised person and the reply filed by the parties thereon, and if considered necessary, the Commission may examine the person giving the reports or the opinion, while deciding the matter.

(xiii) Upon the Commission being satisfied that all the information and clarification sought for by it have been produced and that sufficient opportunity has been afforded to all the parties concerned, the Commission shall pass appropriate orders on the estimated expenses and determine the Charges recoverable from the Generating Companies and the Licensees on equitable basis.

(xiv) The Charges so determined by the Commission shall be valid till the approval of next revision of Charges.

(xv) The SLDC shall file the application for the determination of the Charges (together with the details of estimated expenses for the ensuing year) every year even when no revision of Charges is required. The Commission shall validate such expenses and pass appropriate orders.

(xvi) The SLDC shall submit periodic returns containing operational and cost data, as may be prescribed by the Commission.

(xvii) Short-term open access users of the Grid shall pay such scheduling and system operation Charges as may be specified by the Commission.

(xviii) Scheduling and system operation Charges recovered from short-term open access users of the Grid shall not be considered in

the determination of the Charges of the SLDC.

5. Billing and Collection of SLDC Charges :-

(i) The SLDC shall furnish necessary monthly bills at the rate of one twelfth of the annual Charges as approved by the Commission, to the Generating Companies and the Licensee for each billing month with in seven days after the last day of the preceding month.

(ii) The Generating Companies and the Licensees shall make payment to the SLDC of the amounts due within fifteen (15) days of the date of receipt of the bill.

(iii) If the payment is not made within the due date, a penal interest at the rate of two percent above the State Bank of India's prime lending rate shall be payable on the unpaid amounts.

(iv) Generating Companies and Licensees shall arrange payment of the Charges on a priority basis over all other payments except statutory payments

(v) Disputes arising out of billing of Charges shall be, as far as possible, settled by mutual negotiations. If the disputes are not resolved through mutual negotiations within ninety (90) days, the matter shall be referred to the Commission through a petition by either of the parties. The decision of the Commission shall be binding on both the parties.

6. Amendment :-

The Commission may, at any time, add, vary, alter, modify or amend any of the provisions of these Regulations

SCHEDULE 1

Components of SLDC Charges

Schedule I

Components of SLDC Charges

The **SLDC charges** shall comprise of the recovery of annual fixed **charges**, which shall include a assured Return on Equity.

The annual fixed **charges** shall consist of:

- a. Interest on loan capital;
- b. Depreciation
- c. Operation and maintenance expenses;
- d. Interest on working capital.
- e. Overheads and General & administration

f. Return on Equity;

Considering the predominant fixed cost structure of **SLDC**, no variable **charges** are being envisaged.

Capital Cost

Subject to prudence check by the **Commission**, future costs incurred in the up gradation, modernization, automation and expansion of infrastructure would constitute capital expenditure and the same in addition to present fixed asset base (derived from the opening balance sheet) post constitution of **SLDC** into a separate entity shall form the basis for determination of final tariff. Any cost overruns would need to be vetted by the **Commission**. Capital expenditure would be modular and scalable in nature for the **SLDC** and hence regular investments would be envisaged. At any time a spare handling capacity of 20% would need to be built in the system to handle short term transactions, emergencies etc.

Note1

Scrutiny of the cost estimates by the **Commission** shall be limited to the reasonableness of the capital cost, financing plan, interest during construction, use of efficient technology, and such other matters for determination of tariff. Scalability of the technology and systems adopted is necessary to accommodate growth in the operations.

Note 2

Any expenditure on replacement of old assets shall be considered after writing off the gross value of the original assets from the original fixed asset.

Debt-Equity Ratio

Normative debt equity not recommended and left to the discretion of the **SLDC**.

Interest on loan capital

- a. Interest on loan capital shall be computed loan wise on the loans;
- b. In case any moratorium period is availed of by the **SLDC**, depreciation provided for in the tariff during the years of moratorium shall be treated, as repayment during those years and interest on loan capital shall be calculated accordingly.

Depreciation

For the purpose of **fees**, depreciation shall be computed in the following manner, namely:

- i. The value base for the purpose of depreciation shall be the historical cost of the asset;

- ii. Depreciation shall be calculated annually, based on straight line method over the useful life of the asset and at the rates prescribed by the Companies Act, 1956 for the asset class. The residual life of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the historical capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded from the capital cost while computing 90% of the historical cost of the asset. The historical capital cost of the asset shall include Additional Capitalisation on account of Foreign Exchange Rate Variation up to 31.3.2004;
- iii. Depreciation shall be chargeable from the first year of operation. In case of operation of the asset for part of the year, depreciation shall be charged on *pro rata* basis.

Return on Equity

Return on equity shall be computed on the equity base determined @ 14% per annum.

Explanation

The premium raised by the **SLDC** issuing share capital and investment of internal resources created out of free reserve for the funding of the expenditure be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal resources are actually utilised for meeting the capital expenditure and forms part of the approved financial package.

Operation and Maintenance expenses

Normative operation and maintenance expenses shall be detailed under major heads as direct labour, parts and consumables, rent on tools and tackles, and any other directly involved in the operation and maintenance of the despatch centre.

Interest on Working Capital

Working capital shall cover:

- i. Operation and Maintenance expenses for one month;
- ii. Maintenance spares
- iii. Receivables as per the payment norms detailed in the Regulation on Open Access in Intra State Transmission and Distribution regulation and Regulation on Terms and conditions of Tariff.
- iv. Rate of interest on working capital shall be on normative basis and shall be equal to the short-term Prime Lending Rate of State Bank of India as on 1.4.2004 or on 1st April of the year. Interest on working capital shall be payable on normative basis notwithstanding that the **SLDC** has not taken working capital loan from any outside agency.

Overheads and General & Administrative Expenses

Overheads and General & administration expenses would include the following heads like staff & management costs, power & other utility consumption, stationary , rentals etc.

The rent would include rent of office space availed (subject to review by the **Commission** of the space required for the purpose of operations, staffing employees, locating servers/ IT systems and any other requirements necessary for the purpose of the operation of the load dispatch centre.

Rebate

The terms of payment of the **fees** for **SLDC** shall be in line with the Regulation on Open Access in Intra State Transmission and Distribution regulation and Regulation on Terms and conditions of Tariff.

For payment of bills of **charges** through a letter of credit on presentation, a rebate of 2% shall be allowed. If the payments are made by a mode other than through a letter of credit but within a period of a week of presentation of bills by the **SLDC**, a rebate of 1% shall be allowed.

Late Payment Surcharge

In case the payment of bills of **charges** is delayed beyond a period of 15 days, from the date of billing, a late payment surcharge at the rate of 1.25% per month shall be levied.

Billing and Payment of Charges

Billing and payment of **charges** shall be done on a fortnightly basis in the following manner:

SLDC charge in Rs per Mw per hour = Total **charges** / Aggregate capacity (long term customer) in MW /8760.

The above rate would apply for long term customers. Short term customers would bear a charge of 25% of the long term SLD charge per MW per hour. This amount received from short term customers would be set off against **charges** from long term customer in the next year on a pro rata basis based on allotted transmission capacity.