

**ANDHRA PRADESH ELECTRICITY REGULATORY
COMMISSION**

**LEVY AND COLLECTION OF FEES AND CHARGES BY
STATE LOAD DESPATCH CENTRE**

Regulation No.1 of 2006

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INTRODUCTION

Sub-section (1) of section 31 of the Electricity Act, 2003, provides that the State Government shall establish a State Load Despatch Center (SLDC). Sub-section (2) of the Section 31 provides that the said SLDC shall be operated by a Government company/ authority/ corporation constituted by or under any State Act and that until such company /authority /corporation is notified by the State Government, the State Transmission Utility (STU) shall operate the SLDC. The Government of AP notified in GO Ms.No.8 dated 17-01-2004 that the existing SLDC shall continue as SLDC and be operated by the Transmission Corporation of AP Ltd., being the STU, until the State Government establishes a Government company or any authority or corporation.

Section 32(3) of the Act provides for levy and collection of such fees and charges from the generating companies and licensees engaged in the intra-state transmission of electricity as may be specified by the State Commission.

In exercise of powers conferred under Section 181 (2) (g) read with Section 32(3) of the Electricity Act 2003 (36 of 2003) and all other

powers enabling it in that behalf, the Andhra Pradesh Electricity Regulatory Commission hereby makes the following Regulation, namely:

PART –I
PRELIMINARY

1 SHORT TITLE, EXTENT AND COMMENCEMENT

- i. This Regulation may be called the Andhra Pradesh Electricity Regulatory Commission (Levy and collection of fees and charges by State Load Despatch Centre) Regulation, 2006.
- ii. This Regulation shall be applicable to all generating companies and licensees engaged in intra-state transmission of electricity in the State of Andhra Pradesh.
- iii. This Regulation does not apply to stand-alone generators, franchisees, etc. not connected to the intra-state transmission network.
- iv. This Regulation shall come into force on 1st April, 2007.

2 DEFINITIONS AND INTERPRETATION

- i. In this Regulation, unless the context otherwise requires:
 - (a) “Act” means the Electricity Act, 2003 (36 of 2003);
 - (b) “Commission” means the Andhra Pradesh Electricity Regulatory Commission;
 - (c) “Licence” means a licence granted under Section 14 of the Act to transmit, or distribute electricity within the State of Andhra Pradesh and to undertake trading in electricity as an electricity trader;

(d) “Licensee” means a person granted a licence under Section 14 of the Act;

(e) “State” means the State of Andhra Pradesh;

(f) “SLDC” or “State Load Despatch Centre” means the centre established under sub-section (1) of section 31 of the Act;

(g) “User” means the generating companies, Distribution Licensees or Trading Licensees as the case may be who use the intra-state transmission network for the purpose of selling/procuring electricity.

ii. Words and expressions used and not defined in this Regulation but defined in the Act shall have the meanings as assigned to them in the Act.

iii. All proceedings under this Regulation shall be governed by the Andhra Pradesh Electricity Regulatory Commission (Conduct of Business) Regulations, in force.

3 REGISTRATION OF USERS AND REGISTRATION FEE

3.1 All generating companies whose generating stations intending to get connected to the intra-state transmission network shall be required to register their generating stations with SLDC on payment of Rs. 1000 per generating station (irrespective of the installed capacity) as Registration fee.

3.2 The existing Generating Companies, Distribution Licensees and Trading Licensees connected to or intending to get connected to the State Grid shall register themselves with SLDC by filing an application along with the above-mentioned fee within a month of coming into force of this Regulation.

3.3 The SLDC, after scrutinizing the application and after being satisfied of the completeness and correctness of the information furnished in the application, shall register the application in its records duly intimating the applicant about its acceptance and also file a copy thereof with the Commission.

3.4 The SLDC shall file consolidated information about the Generating Companies and Licensees connected to the intra-State transmission network and being monitored/ serviced by it, to the Commission every year by November 15th.

4 ANNUAL FEE AND OPERATING CHARGES

4.1 Users shall pay to SLDC an annual fee and monthly operation charges leviable on the electricity transmitted, in MWs (megawatts), subject to the charges for a minimum of one MW.

Provided that for the purpose of billing and collection the above-mentioned fee and charges, a fraction of a MW shall be treated as one full MW:

Provided further that the operating charges shall be leviable for a minimum period of one month, a fraction of a month being rounded off to a full month.

4.2 The annual fee shall be determined by the Commission after taking into account the required capital investment for setting up the Centre. The fee will be revised only on the basis of a filing made to the Commission by SLDC to cover any investments for upgradation and/or modernization of SLDC that may be required.

4.3 The basis for determination of the annual fee shall be the Capital Cost to cover the repayment of principal and payment of interest on investments in a year, plus any residual capital cost of past investments.

4.4 The annual fee shall be computed as follows:

Annual SLDC Fee (Rs/MW/p.a) =

$$\frac{\text{Capital Cost (CC) (in Rs.)}}{\text{Total Generation Capacity(MW)}}$$

where

Capital Cost (CC) for a given year shall be computed as follows:

$$\text{CC (in Rs.)} = \text{Investment} \times \frac{r}{1 - \frac{1}{(1+r)^t}}$$

Where,

Investment = Actual investment made in an year plus any residual value of previous investment (s).

r = Actual rate of interest on borrowed capital or 150% of the Bank Rate, whichever is the lower.

t = Number of years in which the investment is proposed to be recovered; for software, it would be 5 years and 10 years for other investments.

4.5 The Operating Charges shall be fixed for an year on the basis of the filing of the SLDC and will cover:

a) Employee cost;

b) Administration and general charges;

- c) Repairs and Maintenance expenses; and
- d) Any other relevant costs and expenses deemed appropriate by the Commission.

4.5.1 *Employee Cost*

The employee cost to be considered for the year shall be as per the approved staffing plan or the actual employee cost, whichever is lower. As a first step, SLDC shall file the staffing plan within three months from the date of notification of this Regulation. The Commission will approve the staffing plan after examining the details thereof. The approval shall be for the purpose of cost recovery through operating charges alone and for no other purpose whatsoever.

4.5.2 *Administration and General Expenses & Repairs & Maintenance Expenses*

These expenses for the first Control Period will be fixed on the basis of the information filed by SLDC and accepted by the Commission. Thereafter, these will be fixed as per the norms to be determined by the Commission.

4.5.3 *Other expenses*

All other expenses, not covered by Capital cost, Employee cost, Administration and General Expenses or Repairs & Maintenance expenses shall fall under this category of expenses. The SLDC shall file the details of such expenses, if any, at the time of its filings for the purpose of fixation of charges.

4.6 The monthly operating charges per MW shall be computed as

per the following formula:

Operating Charges (Rs/MW/pm)

$$= \frac{\text{Annual Operating charges}}{\text{Total Generation Capacity (MW) x 12}}$$

4.7 Variations in recovery of capital cost and operating charges over the fee and charges fixed for a year on account of variations in SLDC usage shall be adjusted in the subsequent control period, or earlier in case the variations are considered to be significant by the Commission warranting adjustment thereof before the commencement of the subsequent control period, with financing cost at the average rate(s) of borrowing during the year(s) to which the variations relate.

5 COLLECTION OF SLDC FEE AND CHARGES

5.1 The SLDC charges (Annual Fee and Operating charges) shall be payable by Generating companies (including captive generating plants), Distribution Licensees and Trading Licensees using the intra-State transmission network under any agreement or arrangement with the Transmission Licensee in proportion to the capacity contracted.

5.2 **Fees:** The annual fee as specified by the Commission shall be paid by all Users in advance in two equal installments, by 10th of April and 10th of October, every financial year starting from 2007-08 onwards:

Provided that in case where the usage of intra-state transmission system commences after the 10th of April or the 10th October of a year, the fee for the period up to 30th September of the year and 31st March of the subsequent year respectively shall be

required to be paid before the commencement of intra-state transmission.

5.3 **Operating charges:** The operating charges of SLDC shall be paid monthly.

5.4 If the fee and charges as the case may be are not paid by the due date(s), surcharge at the rate of two percent per month shall be levied on the unpaid amounts.

5.5 An amount equivalent to two months' operating charges shall have to be deposited in advance by every User as security against default in payment of operating charges.

6 APPLICATION FOR DETERMINATION OF FEE AND CHARGES

6.1 The SLDC shall file with the Commission, an application/petition for the control period with statements containing details of the Fee and Charges under its currently - approved levels of fee and charges along with the proposals, if any, for determination of fee and charges for the ensuing control period by 30th November immediately preceding the first year of the control period.

6.2 A control period shall normally be of duration of five years. The first control period shall, however, be of a 2-year duration, from 2007-08 to 2008-09. The subsequent control periods shall be of five-year duration each, starting from 2009-10 onwards.

6.3 The SLDC shall submit an investment plan for each control period, by not less than 120 days before commencement of the control period. The investment plan must include, inter-alia, the

sources of funds for investment.

- 6.4 The application for determination of fee and charges shall be posted at the SLDC's website in downloadable format for easy accessibility by all stakeholders.

7 SEGREGATION OF ACCOUNTS

As specified in clause 5 of the AP Electricity Regulatory Commission (Terms and Conditions for determination of Transmission Tariff) Regulation, 2005, (Regulation No.5 of 2005), the Transmission Corporation of A.P. Ltd., (APTRANSCO) shall be required to maintain separate accounts for SLDC activity and till such time as the accounts are not so segregated, it shall apportion its costs on the basis of an Allocation Statement to be submitted to the Commission with all relevant details.

8 APPLICABILITY OF THE FEE AND CHARGES

- 8.1 The SLDC fee and charges as determined by the Commission shall take effect from the date as may be specified in the Commission's order on the application of SLDC.
- 8.2 The SLDC fee and charges so determined by the Commission shall be valid for the period as may be specified by the Commission in its aforementioned Order or otherwise.

9 USE OF THE INFORMATION

The Commission shall have the right to use the information submitted by the SLDC as it deems fit including publishing it or placing it on the Commission's website and/or directing the SLDC to display the information on the SLDC's website/

APTRANSCO's website.

10. POWER TO AMEND

The Commission may, at any time add, vary, alter, modify or amend any provisions of this Regulation.

11. SAVINGS

11.1 Nothing in this Regulation shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of the process of the Commission.

11.2 Nothing in this Regulation shall bar the Commission from adopting in conformity with the provisions of the Electricity Act 2003, a procedure, which is at variance with any of the provisions of this Regulation, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

11.3 Nothing in this Regulation shall, expressly or impliedly, bar the Commission from dealing with any matter or exercising any power under the Electricity Act 2003, for which no Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

(By order of the Commission)

Hyderabad
Date.26.07.2006

S. SURYA PRAKASA RAO
SECRETARY

Annexure – A
(for Generating Companies)

Format of Application for Registration with SLDC as user of intra-state Transmission System

- Name of the Generating Company :
- Address of the Generating Company :
- Location of the Generating Station :
- Location of Interface with Grid :
(Enclose a layout of switch yard)
- Total Installed capacity :
- COD of the Generating station :
- Nature of use of Energy : Supply to Licensees /
wheeling to 3rd parties /
wheeling for captive use
- Transmission capacity contracted as on :
(Please enclose details of Licensees)
- For supply to Licensees :

For wheeling to 3rd parties :

For wheeling for captive use :

Agreement period for supply to :
licensees

Details of communication system :
installed for communication of data to
SLDC

Establishment in-charge of control :
room for communication with SLDC

Details of Registration fee paid :

Any other information useful for :
assisting efficient Grid Operation

Signature of the Authorized Officer

Annexure - B

(For Distribution Licensees / Electricity Traders)

Format of Application for Registration with SLDC as user of intra-state Transmission System

Name of the Distribution Licensee / Electricity
Trader :

Address of the Distribution Licensee/
Electricity Trader :

Location of Interface with Grid :
(Attach a list of voltage-wise Grid
substations/lines along with details of location,
capacity, No. of bays, line length, type of line,
date of commissioning etc.)

Total capacity (Max. Demand that can be
served) :

Transmission capacity contracted from
Transmission Licensees :
(enclose list of Transmission Licensees with
details)