

GUJARAT URJA VIKAS NIGAM LIMITED

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CIN U40109GJ2004SGC045195

Tele. No. : 0265-2310582 to 86 (PBX)	Ref. No.: GUVNL : GM (Com.) : 279
Fax : 0265-2344543, 2337918	Date : 18.03.2019

To,
The Secretary
Central Electricity Regulatory Commission
Chanderlok Building,
36 Janpath,
New Delhi – 110001,

Fax no. - 011-23753923

Sub: Draft Central Electricity Regulatory Commission (Fees and Charges of Regional Load Dispatch Centre and other related matters) Regulations, 2019 for period from 1.4.2019 to 31.3.2024 – Reg.

Sir,

This has reference to Hon'ble CERC's public notice dated 26.02.2019 inviting comments / suggestions / objections on the Draft Regulation on CERC Fees and Charges of Regional Load Dispatch Centre and other related matters Regulations, 2019 for the tariff period from 1.4.2019 to 31.3.2024.

In this regard, the provision wise comments / suggestions of GUVNL is as under: suggestions & recommendations of GUVNL are as under:

(a) Debt: Equity Ratio

As per the clause 16 of the draft Regulation, normative debt: equity ratio of 70:30 has been retained.

In this regard, Commission may review the normative debt: equity ratio taking into consideration the fact that Load Dispatch Centre(s) having improved credit profile, comfortable balance sheet and lower risk profile, is having access to credit close to base interest rate. Various schemes / projects have been financed with 80:20 debt:equity ratio. Therefore, revising the same would enable lower fixed burden on beneficiaries as cost of debt capital would be lower than cost of equity. Accordingly, the Equity should be lower of actual or 20% for the purpose of tariff determination

(b) Performance Linked Incentive

As per the clause 32 (5) of draft Regulation, RLDCs or NLDC is allowed to recover incentive @ 15% of annual LDC charge for aggregate performance level of 85%. The incentive shall increase by 1% on pro-rata

basis for every 5% increase of performance level above 85% i.e. total 18% = 15% + 3% at 100% level.

Presently, LDCs are allowed to get incentive @ 7% of annual charges for aggregate performance level of 90% which shall further increase by 1% for every 5% increase of performance level above 90% i.e. total 9% = 7%+2% at 100% level. The proposal to allow more than double incentives (7% to 15%) even at 5% lower performance level (90% to 85%) would place additional burden on end consumers.

GUVNL is of the view that performance incentive may only be allowed above aggregate performance level of 95% and it should not be more than 2.5% of annual charges.

(c) Certification Retainership amount to the employee of RLDC and NLDC:

As per the clause 33 (1) of draft Regulation, Fixed retainer-ship amount of Rs. 7,500/- for Basic level certificate, Rs. 10,000/- for specialist level certificate and Rs. 12,000 for management level certificate shall be allowed to employees of RLDC, NLDC and SLDC.

In this regard, it is to state that the above special allowance should be paid from the incentive received by RLDC/NLDC and should not be part of tariff recovered from beneficiary.

(d) Billing and other Misc. provisions

As per the clause 37 of draft regulation, a rebate of 2% shall be allowed by RLDCs or NLDC to beneficiary on gross bill amount settled through RTGS, NEFT, Letter of Credit or cheque up to seventh day (i.e. T+6 day) from the date of issuance of the bills (where T is the date of issuance of the bill).

In this regard, it is suggested that additional 0.5% rebate should be allowed at the end of the financial year to beneficiaries who make 100% payment towards RLDC charges within T+7 days during the year.

Thanking you,

Yours faithfully,



(K. P. Jangid)

General Manager (Comm.)