Sri Nirmal
ABPS

Rajendra
3/6/2020

JCADVC

ASSOCIATION OF DVC HT CONSUMERS OF JHARKHAND

LO

171
Dated 02/6/20

ADHCJ/JSERC/06/2020-21 **May 30, 2020**

To,
The Secretary,
Jharkhand State Regulatory Commission,
New Police Line Road, Opposite C.M. House,
Kanke Road, Ranchi – 834008

Sub.: **Objections for True Up for Year 2017-18**

Dear Sir,

We are enclosing herewith our objection for petition filed by Damodar Valley Corporation for True up for FY 2017-18 for Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand.

Kindly acknowledge us the receipt of the same.

Thanking you,

Yours faithfully,
for **Association of DVC HT Consumers of Jharkhand**

Pramod Ku Agarwal

Joint Secretary
Pramod Agarwal
Ph: 9431144078
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pramodshivamiron@gmail.com

C.C. to:

1. Mr. Manik Rakshit
Chief Engineer (Commercial)
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for information & necessary action please

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BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI, JHARKHAND

Petition No. ________

IN THE MATTER OF: Petition filed by Damodar Valley Corporation for True up for FY 2017-18 For Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand

Damodar Valley Corporation ... Petitioner

Versus

Association of DVC HT Consumers of Jharkhand ... Objector

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Objector

Association of DVC HT Consumers of Jharkhand

Pramod Ilu Agrawal

(Joint Secretary)

Mobile - 9431144078.

~~Ranchi~~ GIRIDIH, Jharkhand

BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI, JHARKHAND

Petition No. ______

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IN THE MATTER OF:

Damodar Valley Corporation ... Petitioner

Versus

Association of DVC HT Consumers of Jharkhand ... Objector

REPLY ON BEHALF OF OBJECTOR, ASSOCIATION OF DVC HT CONSUMERS OF JHARKHAND

Most respectfully showeth:

1. I say that the instant Petition has been filed by Damodar Valley Corporation (hereinafter referred to as "DVC" or "Petitioner"), a statutory body incorporated under the provisions of the Damodar Valley Corporation Act, 1948 towards True up for FY 2017-18 For Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand

2. It is respectfully submitted that the Association of DVC HT Consumers of Jharkhand, (hereinafter referred to as the 'Objector' or 'JCADVC') being the association of industries, represents the interest of member industrial houses receiving power from Damodar Valley Corporation in Jharkhand. The Objector has examined the instant Petitions, the additional submissions, the revised ARR and other documents filed by the Petitioner towards for True up for FY 2017-18 For Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand. In view of the noticeable and certain inadmissible departure and infirmities in the filing of the Petitioner, the Objector has evaluated the filings in

context of the applicable legal and regulatory framework as well as accounting standards and norms and has finalised this Objection Statement based on various issues. The detailed Objections have been presented hereunder.

STATEMENT OF OBJECTIONS

Background

Damodar Valley Corporation (DVC) was created by enactment of the Damodar Valley Corporation Act, 1948 with an objective for the development of Damodar Valley area in the provinces of Bihar (now Jharkhand) and West Bengal.

The Tariff Order for the FY 2017-18 was issued by the Honourable Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the **'Hon'ble JSERC'** or the **'Hon'ble Commission'**) vide Case (T) No. 07 of 2018 & 02 of 2019 on 28.05.2019. In compliance with the directions of the Hon'ble Commission contained in Para 4.50 of the said Order, DVC filed an application on 25.06.2019 for True up for FY 2017-18 for the Distribution and Retail Supply of electricity for the part of the Damodar Valley Area falling within the territory of the state of Jharkhand before the Hon'ble JSERC. It further filed additional submissions on 18.07.2019 in response to the queries of Hon'ble JSERC in the aforesaid Petition.

The Petition for True up for FY 2017-2018 which has been prepared by DVC purportedly based on the input cost as per the tariff orders issued by the Hon'ble Central Electricity Regulatory Commission (herein after referred to as '**CERC**' or '**Central Commission**') for the FY 2014-19 period for the respective generating station, transmission & distribution (herein after referred to as the '**T&D**') network of DVC.

The Petition has been filed by DVC in terms of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 notified on 10.11.2015 (herein after referred to as '**Tariff Regulations**') and in compliance with the directives of JSERC in the Order in Case (T) No. 7 of 2018 & 02 of 2019 dated 29.05.2019.

The reduction in tariff by around 14% in the Tariff Order dated 18.05.2018 along with other positive measures (rebates etc.) effected by this Hon'ble JSERC after considering the due representations of Objector and other industries of region, has spurred the industrial consumption of the region with the consumption during FY 2017-18 increasing at a 2 year CAGR of around 7% in FY 2018-19 against the earlier annual averages of 4-5%. These lower power rates were long due to the consumers of DVC in Jharkhand and will be instrumental in development of state's economy in the long run.

The Petitioner has also filed the Petition in the matter of True-up for FY 2018-19 and also in the matter of APR for FY 2019-20 and ARR for FY 2020-21 along with determination of retail tariff. The public notice in respect of these two Petitions was published on 10.05.2020 and comments/objections from stakeholders have been invited.

However, it seems that the Petitioner has inadvertently missed out to publish the public notice in respect of True-up for FY 2017-18. By means of this Objections Statement, the Objector herein, requests the Hon'ble Commission to take on record the Petition filed by DVC towards True-up for FY 2017-18; consider the Objections filed herein by the Objector and finalise the True-up for FY 2017-18 and FY 2018-19 along with determination of APR for FY 2019-20 and determination of ARR and tariff for FY 2020-21.

This Objections Report presents the objections/comments of **Association of DVC HT Consumers of Jharkhand**, against the application of DVC in respect of True up for FY 2017-18 for its distribution and retail supply of electricity for the part of the Damodar Valley area falling within the territory of State of Jharkhand.

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1. Summary of Points of Objections

Table 1: Revenue Gap as per Objector's Assessment v/s Petitioner's claim

(in Rs. Crore)

S. No.	Particulars	As per Tariff Order dated 28.05.2019	True-up claimed by the Petitioner	As per Objector's Assessment	Disallowance proposed by the Objector
1	Own generation cost	7684.08	7,554.06	7,338.35	215.70
2	Power purchase cost (incl. transmission charges, excl. RPO)	696.81	787.68	775.74	11.93
3	**Gross ARR (1+2)**	**8,380.89**	**8,341.73**	**8,114.10**	**227.64**
4	Non- tariff income	466.76	466.76	1,123.24	(656.48)
5	Add: Interest on temporary financial accommodation	307.26	359.59	-	359.59
6	Add: Tariff filling and publication expenses for CERC	5.21	5.21	5.21	-
7	Add: Water & pollution cess	0.16	0.16	0.16	-
8	**Net ARR DVC (3-4+5+6+7)**	**8,226.76**	**8,239.94**	**6,996.23**	**1,243.71**
9	**NET ARR allocated in the state of Jharkhand (At the ratio of sales)**	**4,747.66**	**4,756.66**	**4,037.17**	**719.49**
10	Add: Rebate on sale of power	29.48	30.35	30.35	-
11	Add: Cost of RPO	73.7	84.29	84.29	-
12	Add: Tariff filling fees & Publication expenses in Jharkhand	0.95	0.95	0.95	-
13	Add: Interest on security deposit in Jharkhand	0.42	0.48	0.48	-
14	Add: Interest On Working Capital (IoWC) Jharkhand	6.12	97.01	5.20	91.81
15	**Total ARR of DVC in Jharkhand area (9+10+11+12+13+14)**	**4,858.33**	**4,969.73**	**4,158.44**	**811.29**
16	MU sold in Jharkhand	10984.1	10,984.10	10,984.10	
17	**Average Rate (15/16)**	**4.42**	**4.52**	**3.79**	
18	Revenue from Sale of power to firm consumers in Jharkhand	5285.18		5,285.19	
19	**Revenue Gap/(surplus) (15-16)**	**(427.18)**		**(1,126.75)**	

Note: Energy Sales Ratio= Jharkhand: West Bengal = 57.705: 42.285

Table 2: Total Disallowance proposed by the Objector

(in Rs. Crore)

S. No.	Particulars	FY 2017-18
1	ARR as per Petitioner's submission	4,969.73
2	ARR as per Objector's Assessment	4,158.44
3	**Disallowance proposed in the ARR (1-2)**	**811.29**

The detailed objections are presented in the succeeding sections.

2. Point-wise Objections

The point-wise objections against the petition towards True up of FY 2017-18 of DVC are herein mentioned below:

2.1 Loss Levels

The Petitioner has claimed the T&D loss at 3.35% for FY 2017-18 as against 3.23% approved by the Hon'ble JSERC in the Tariff Order dated 28.05.2019.

Objections:

2.1.1 It is respectfully submitted that the Distribution Loss has been classified as a controllable parameter under Clause 5.30 of the Tariff Regulations, 2015. In view thereof, the distribution & retail tariff has to be framed strictly in line with the provisions of the Tariff Regulations framed by the Hon'ble Commission; thereby the normative T&D loss of 3.23% has to be considered instead of 3.35% claimed by the Petitioner.

2.1.2 It is also pointed out that the Petitioner has achieved T&D Loss levels of 3.23% in FY 2016-17. It was on this ground that the Hon'ble Commission had approved the Loss levels of 3.23% for the FY 2017-18. Allowing a higher T&D Loss level than that what is achieved in the immediately previous year would tantamount to passing the inefficiency of DVC on to the consumers.

2.1.3 It is respectfully submitted that the Hon'ble Commission had disallowed the actual Loss levels claimed by the Petitioner for the period FY 2012-13 to FY 2015-16 vide Order dated 18.05.2018. The relevant extracts of such order are reproduced below:

> *"4.15 The Commission, in the MYT Order dated 4th September 2014, had set a T&D loss target of 3.00% for the Period from FY 2012-13 to FY 2015-16. The Commission observes that the Petitioner has failed to achieve the loss target in the year FY 2015-16. Accordingly, the Commission finds it prudent to adopt the T&D loss of 3.00% for FY 2015-16 and thus power procured in excess of normative loss level has been disallowed."*

2.1.4 The excessive energy on account of the difference between the T&D loss claimed and allowable is around 24.70 MUs which is demonstrated in the table below. The financial impact of the same is to the tune of Rs. 10.74 Crore, which is explained in the subsequent section titled 'Power purchase costs'.

Table 3: Excessive Power Purchase due to Higher T&D Losses

Particulars	As per Tariff Order dated 28.05.2019	As per Petitioner	As per Objector's Assessment	Disallowance (MUs)
Energy sales within the state of Jharkhand	10,984.1	10,984.10	10,984.10	24.70
Energy sales within the state of West Bengal	8,050.68	8,050.68	8,050.68	
Total energy sales in DVC Area	19,034.8	19,034.78	19,034.78	
Energy wheeled	272.42	712.74	712.74	
Overall Utilization	19,307.2	19,747.52	19,747.52	
T&D loss (MU)	644.44	683.84	659.13	
T&D loss (%)	**3.23%**	**3.35%**	**3.23%**	
Total Energy Requirement for DVC	19,951.6	20,431.36	20,406.65	

2.2 *OWN GENERATION COST*

Fixed Charges:

The Petitioner has claimed that it has calculated the cost of own generation for FY 2017-18 based on the input cost as approved in the Tariff Orders issued by the Hon'ble CERC for the period FY 2014-19 and for T&D system based on true-up order for FY 2009-14.

Additionally, the Petitioner has computed ARR considering the entire pension, gratuity and sinking fund contribution as determined by the CERC for its stations without applying the actual Plant availability factor on the same.

Objections:

2.2.1 The Petitioner has considered the ARR for T&D system based on the True up Order for FY 2009-14. It is pointed out that the Hon'ble CERC has issued the ARR for T&D system as per the following Orders:

- Orders dated 09.08.2019 in Petition No. 150-TT-2018 in the matter of "Approval of tariff for Transmission & Distribution system activities of the network in respect of DVC for the tariff period 2014-19".
- Order dated 05.02.2020 in Petition No. 335-TT-2018 in the matter of "Approval of transmission tariff for new transmission element and combining with the existing system of transmission and distribution system activities of the network in respect of DVC for the tariff period 2014-19".

It is respectfully submitted that the Hon'ble Commission is bound to consider the input cost for T&D system from the most recent and relevant Orders issued by the Hon'ble CERC which are Order dated 09.08.2019 and 05.02.2020. It is pointed out that the ARR allowed for FY 2017-18 in such CERC orders is Rs. 370.11 Crore as against Rs. 530.65 Crore as claimed by the Petitioner. Thus, the Trued up ARR for FY 2017-18 to be considered is bound to be lower by Rs. 160.54 Crore.

2.2.2 The Petitioner has claimed Pension and Gratuity and Sinking Fund as "pass thru" amounting to Rs. 9.57 Crore. Such an approach is contrary to the CERC Regulations as well as past Orders issued by Hon'ble APTEL and Hon'ble JSERC/ WBERC. The Objections on this account are summarized below:

- JSERC Order dated 04.09.2014 in the matter of "Multi Year Order for Determination of ARR from FY 2013-14 to FY 2015-16 and Retail Supply Tariff for DVC Command area of Jharkhand" with regard to Pension and Gratuity observed as follows:

  "Commission's Analysis 6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the Commission has disallowed the cost claimed by the Petitioner under this head."

- APTEL judgment dated 23.03.2016 in Appeal No. 255 of 2014 with regard to treatment of Pension and Gratuity costs. The relevant extract of the said judgment is reproduced below:

  "(k) As regards the another issue of pension & gratuity and sinking fund contribution, the State Commission in its Impugned Order dated 04.09.2014 vide para 6.72 states as follows:

  "6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the Commission has disallowed the cost claimed by the Petitioner under this head."

  *The State Commission has stated that the pension & gratuity and sinking fund has been appropriately considered by the Central Commission while determining tariff of generating stations of the Appellant and hence the State Commission has not undertaken any determination/re-determination on the same and this cost has in fact been allowed as input cost as part of the power procurement cost from the Appellant's generating stations and as such no part of it is required to be re-determined by the State Commission. **We are in agreement with the State Commission's findings as above**." (**Emphasis Supplied**)*

2.2.3 As is evident from the above findings of Hon'ble APTEL, the issue of adjustment of contribution to P&G and sinking fund based on the actual availability has already been settled by Hon'ble APTEL as well as by both Hon'ble JSERC & WBERC in plethora of Orders. The Petitioner, despite being fully aware of this fact is trying to rake up the same issue every time before Hon'ble Commission. The Petitioner has continued to do the same in the current petition, intentionally mentioning selective portions of various orders out of context, so as to mislead the Hon'ble Commission. The Objector humbly requests the Hon'ble Commission to reprimand the Petitioner for such conduct and issue strict directions for not raising the same issue repeatedly before the Hon'ble Commission.

2.2.4 As per Clause 36(A)(a) of the CERC (Terms and Conditions of Tariff) Regulations, 2014:

> *"All thermal generating stations, except those covered under clauses (b), (c), (d), & (e) - 85%*
>
> *Provided that in view of shortage of coal and uncertainty of assured coal supply on sustained basis experienced by the generating stations, the NAPAF for recovery of fixed charges shall be 83% till the same is reviewed.*
>
> *The above provision shall be reviewed based on actual feedback after 3 years from 01.04.2014."*

It is observed that the Petitioner has claimed an NAPAF of 83% for all its generating stations. It can be seen from the Clause 36(A)(a) above that the Hon'ble CERC had to review the relaxation of 2% lower NAPAF with effect from 01.04.2017. The Hon'ble Commission may kindly conduct a prudence check whether there was any revision in the NAPAF norms or was there any actual coal shortage at DVC stations.

2.2.5 The Petitioner has not followed the methodology for the Computation of Capacity charge and Energy Charge for Hydro Generating Stations (MHS, PHS and THS) as envisaged under Section 31 of CERC Tariff Regulations 2014. The Objector prays that the Hon'ble Commission may direct the Petitioner to strictly adhere to the methodology specified in the relevant section of the CERC Regulations.

2.2.6 Based on the aforesaid discussions on the Annual Fixed Cost, the Objector has re-worked the Cost of own generation for FY 2017-18, as below:

Table 4: Disallowances in Power Purchase Costs proposed by the Petitioner

(in Rs. Crore)

Particulars	Disallowance
Impact due to Higher T&D Cost	160.54
Impact due to P&G and Sinking Fund	9.57
Impact due to Relaxed NAPAF	45.59
Capacity and Energy Charges for Hydel Stations	**0**
Disallowance in Power Purchase Cost	**215.70**
Disallowance proposed for JH	**124.47**

Table 5: Detailed computation of the Cost of own generation for FY 2017-18

S. No.	Name of the generating Station	Normative Availability (NAPAF)	Actual Plant Availability (PAF)	Ex- bus Energy	% share of generation for firm consumers	Share of Energy for sale to consumers of DVC	Fixed cost as considered by the Petitioner	Fixed cost as per the final true-up order /tariff order of CERC	Allowable Fixed cost as per PAF	Total fixed cost applicable for the distribution activity	Energy charge Rate	Energy charge	Total Cost of Generation
		(%)	(%)	(MU)	(%)	(MU)	Rs. lakh	Rs. lakh	Rs. lakh	Rs. lakh	Paise/ kWh	Rs. lakh	Rs. lakh
[1]	[2]	[3]	[4]	[5]	[6]	[(7)= (5) x (6)/100]	[10]	[8]	[9]	[(10)=(9)x(6)]	[11]	[(12)=(7)x(11)/10	[(13)=(10)+(12)]
1	BTPS Unit III - 130 MW	75.00%	60.07%	493.55	100.00%	493.55	12,426.14	15,514.57	12,426.14	12,426.14	234.06	11,552.03	23,978.17
2	CTPS Unit III - 130 MW	75.00%	24.99%	278.44	100.00%	278.44	3,447.32	10,346.10	3,447.32	3,447.32	265.83	7,401.77	10,849.09
3	DTPS Unit IV - 210 MW	74.00%	60.96%	832.29	100.00%	832.29	9,021.66	10,951.49	9,021.66	9,021.66	292.23	24,322.01	33,343.67
4	MTPS Unit I to III - 630 MW	83.00%	75.70%	3,108.21	100.00%	3,108.21	31,570.17	34,614.58	31,570.17	31,570.17	249.66	77,599.57	1,09,169.74
5	MTPS Unit IV - 210 MW	85.00%	71.99%	810.34	100.00%	810.34	12,644.18	14,929.23	12,644.18	12,644.18	252.69	20,476.48	33,120.66
6	Hydel - 147.2 MW	80.00%	80.00%	265.63	100.00%	265.63	6,741.22	6,741.22	6,741.22	3,370.61	126.89	3,370.61	6,741.22
7	T&D	98.00%	99.30%	-	100.00%	-	53,065.08	37,011.12	37,011.12	37,011.12	-	-	37,011.12
8	MTPS Unit V, VI - 500 MW	85.00%	66.12%	2,426.70	43.97%	1,067.02	16,002.55	46,358.38	36,061.37	15,856.18	242.82	25,909.38	41,765.56
9	MTPS PH II Unit VII, VIII - 1000 MW	85.00%	67.98%	5,101.27	25.55%	1,303.37	21,899.15	1,04,110.68	83,264.05	21,273.96	230.08	29,988.04	51,262.00
10	CTPS Unit VII, VIII - 500 MW	85.00%	88.26%	3,398.68	0.00%	-	-	53,806.68	53,806.68	-	182.08	-	-
11	DSTPS (New) Unit I, II - 1000 MW	85.00%	83.45%	6,182.37	70.10%	4,333.84	79,399.12	1,13,267.29	1,11,201.83	77,952.48	219.46	95,110.48	1,73,062.96
12	KTPS Unit I, II - 1000 MW	85.00%	73.65%	5,622.11	25.47%	1,431.95	27,242.94	1,19,812.01	1,03,813.58	26,441.32	191.25	27,386.07	53,827.39
14	RTPS Unit I, II - 1200 MW	85.00%	25.17%	2,103.82	55.95%	1,177.09	24,148.36	1,39,837.31	41,408.30	23,167.94	254.34	29,938.04	53,105.98
13	BTPS A	85.00%	74.08%	2,757.96	99.01%	2,730.66	64,491.85	72,981.34	63,605.38	62,975.69	159.75	43,622.23	1,06,597.92
	Total			**33,381.37**		**17,832.39**	**3,62,099.73**	**7,80,282.00**	**6,06,022.98**	**3,37,158.77**		**3,96,676.72**	**7,33,835.49**

2.3 Power Purchase Cost From Other Stations Including Transmission Charges

The Petitioner has claimed Power purchase to the tune of 1,992.87 MU for the FY 2017-18. This excludes the solar power purchase quantum towards fulfilment of its Renewable Purchase Obligation (RPO).

Objections:

2.3.1 The Hon'ble Commission in the Order dated 18.05.2018 for the True up for FY 2015-16 has prescribed the approach towards disallowance of power procured in excess of normative loss levels. The relevant extract of the same is reproduced below:

> *"In order to disallow power procured in excess of normative loss level, the Commission has, first, disallowed the power procured through the UI mechanism to the extent of difference in power procured based on actual and normative T&D loss since purchase through UI indicates inefficiency in forecasting and scheduling on behalf of the Licensee and such inefficiency cannot be passed on to the consumer. After such disallowance of power procured through UI mechanism, the Commission has then adopted the Merit Order Dispatch principle and the Commission has disallowed the purchase of energy from generating stations (except hydro) having the highest variable cost per unit among all the CSGS and other sources from where DVC procures power."*

2.3.2 The Loss Levels to be allowed for FY 2017-18 is 3.23% instead of the 3.35% claimed by the Petitioner. Considering the approach followed by the Hon'ble Commission, the Objector has estimated the disallowance in power purchase in excess of normative loss level (24.70 MUs) (*ref.* Table 3 above) from generating station *i.e.* FSTPS – III (NTPC) having the highest variable cost per unit among all the CSGS. The financial impact of the same is Rs. 10.74 Crore which is ought to be disallowed to the Petitioner for the FY 2017-18.

2.3.3 It is further pointed out that the fixed charges claimed by the Petitioner for KBUNL *i.e.* Rs. 9.56 Crore, does not match with the bills submitted which shows the total expenses of Rs. 8.37 Crore. This claim merits disallowance.

2.3.4 In view of the above, the Hon'ble Commission is respectfully submitted to allow Rs. 775.74 Crore as against Rs. 787.68 Crore claimed by the Petitioner for the FY 2017-18.

Table 6: Power Purchase Cost from Other Generating Stations as per the Objector's Assessment

S No.	Source	Net Energy (MU)	Total Rate (Paise/kWh)	Energy Charges (in Rs. Crore)	Fixed Charge (in Rs. Crore)	Total Charges (in Rs. Crore)
1	Rangit (NHPC)	32.30	406.94	13.15	Included in Total Charges	13.15
2	Teesta (NHPC)	228.54	274.77	62.80		62.80
3	FSTPS -I & II (NTPC)	43.50	168.98	7.35		7.35
4	**FSTPS -III (NTPC)**	**179.97**	**434.74**	**78.24**		**78.24**
5	KHTPS - I (NTPC)	21.52	351.22	7.56		7.56
6	KHTPS - II (NTPC)	46.34	346.80	16.07		16.07
7	TSTPS (NTPC)	44.44	303.13	13.47		13.47
8	Chukha (PTC)	176.37	246.05	43.40		43.40
9	Kurichu (PTC)	39.93	221.66	8.85		8.85
10	Tala (PTC)	156.70	220.67	34.58		34.58
11	MPL	870.78	376.32	327.69		327.69
12	**KBUNL**	**-**	**-**	**-**		**8.37**
13	Purchase from Exchange	0.80	272.80	0.22		0.22
14	Unscheduled Interchange (UI)	126.97	379.55	48.19		48.19
15	Transmission & Related Expenditure			105.81		105.81
16	**Total**	**1,968.17**		**775.74**		**775.74**

2.4 Interest on Temporary Financial Accommodation

The Petitioner has claimed Rs. 359.6 Crore towards Interest on temporary financial accommodation for the FY 2017-18.

Objections:

2.4.1 The Petitioner's claim of Rs. 359.60 Crore towards Interest on temporary financial accommodation is violative of the Tariff Regulations 2015. It is well settled in law that the Appropriate Commission is bound to follow its own Regulations while framing Orders. There is no ARR item such as Interest on temporary financial accommodation in the Tariff Regulations 2015 and hence, such claim ought to be disallowed. Any reference to WBERC Regulations/ Order will not entitle DVC to claim such amount before Hon'ble JSERC.

2.4.2 In the instant Petition for the True up of FY 2017-18, The Petitioner has claimed such financial accommodation on the grounds of shortage of cash flow due to poor collection efficiency, majorly on account of JBVNL. The relevant extract is reproduced below:

"In view of the above DVC submits Billed amount, Payment Realisation details and collection efficiency for FY 2017-18 in respect of distribution activity of DVC in the state of Jharkhand in the following tabular format:

Particulars		Billed Amount (Rs.Crs.)	* Payment Realised (Rs.Crs.)	Collection Efficiency
		A	B	C = B/A
All Consumers	x	5285.16	4773.30	90.32%
JBVNL	y	2439.14	1983.10	81.35%
Other Consumers	z = x-y	2846.02	2790.20	98.04%

*** Note: Figures in respect of 'payment realized' are excluding payment realized against delay payment surcharge (DPS) and electricity duty (ED).**

It is clear from the above table that the collection efficiency of DVC is generally high excluding the realization from JBVNL and accordingly DVC submits before this Hon'ble Commission to consider the issue related to shortage of cash flow due to delayed payments leading to additional cost incurred for borrowing on short term basis to meet the cash shortage. DVC therefore prays before this Hon'ble Commission to allow the cost of temporary financial accommodation which is essentially required to meet the shortage in cash flow due to delayed receipt of payments against the electricity bills raised. Hon'ble Commission in the order dtd. 28.05.2019 has accepted the prayer of DVC in this regard."

2.4.3 The frameworks of the Tariff Regulations (Interest on Working Capital) along with Supply Code (Security Deposit) provide sufficient cushion and security towards Working capital requirements. The Petitioner is to be held completely responsible for all defaults in complying with the provisions of the Supply Code. The receivables position of DVC demonstrates that the Petitioner has allowed continuous power supply to JBVNL in spite of mounting receivable beyond the stipulated due dates of payment. This is contrasted with the fact that electricity supply of HT consumers is disconnected immediately upon payment default. The approach of claiming Interest on temporary financial accommodation is penalizing the timely paying customers at the cost of defaulter JBVNL. Such an approach promotes inefficiency and is against the interest of justice.

2.5 REBATE ON SALE OF POWER FOR CONSUMERS OF JHARKHAND

The Petitioner has claimed rebate on sale of power for consumers of Jharkhand in FY 2017-18 as Rs. 30.35 Crore.

<u>Objections:</u>

2.5.1 The amount claimed by the Petitioner towards rebate on sale of power for consumers of Jharkhand for FY 2017-18 could not be validated from the Audited Annual Accounts of DVC for FY 2017-18.

2.5.2 The Objector prays that the Hon'ble Commission may allow rebate on sale of power for consumers of Jharkhand subject to prudence check.

2.6 NON- TARIFF INCOME

The Petitioner has submitted the non-tariff income for the FY 2017-18 as Rs. 466.76 Crore. DVC has not considered entire other income as non-tariff income.

Objections:

2.6.1 Non-Tariff Income has been defined in the JSERC Tariff Regulations 2015, as under:

> *"n) "Non-Tariff Income" means income relating to the Licensed business other than from tariff (Wheeling and Retail Supply), and excluding any income from Other Business, cross-subsidy surcharge and additional surcharge;*
>
> *6.50 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Licensee shall constitute non-tariff income of the Licensee;*
>
> *6.51 The amount received by the Licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee."*

2.6.2 The above definition of Non-tariff Income provides for items to be excluded from Non-tariff income. Any other income earned by the Petitioner has to be treated as Non-Tariff Income in terms of the aforesaid Regulations and applied as a reduction from the ARR.

2.6.3 A detailed analysis of the audited accounts of DVC available up to FY 2017-18, reveals that the actual incomes earned by the Petitioner are far in excess of what it has applied for reduction in the yearly ARR submitted in the current petition. The table below exhibits the actual non-tariff incomes as per audited accounts up to FY 2017-18.

Table 7: Actual Non-Tariff Incomes as per audited accounts for the period FY 2006-07 to FY 2011-12

Particulars (in Rs. Crore)	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Incomes attributable to Power Business:						
Rental Charges	3.01	4.43	1.71	7.30	5.02	4.88
Recovery of old dues						
DPS						
Miscellaneous	49.01	89.41	72.97	164.16	46.76	91.57
Dividend Income from PTC and BPSCL	2.35	2.35	2.35	2.35	2.55	2.85
Interest on Bonds	134.13	120.37	106.62	92.86	79.11	65.35
Interest on short term deposit & others	117.57	248.78	187.53	60.48	1.37	0.20
Share of dams	0.21	0.21	0.21	0.28	0.28	0.10
Share of subsidiary activities	0.08	0.08	0.09	1.41	0.23	0.25

Particulars (in Rs. Crore)	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12
Total	**306.35**	**465.63**	**371.47**	**328.85**	**135.33**	**165.20**

Table 8: Actual Non-Tariff Incomes as per audited accounts for the period FY 2012-13 to FY 2017-18

Particulars (in Rs. Crore)	FY 2012-13	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
a) Interest						
from Employee loans & advances	0.63	0.79	0.5	0.47	0.75	0.59
from Non current investment	51.74	38.25	25.72	12.54	1.4	1.36
on IT Refund	4.63		7.28	2.41	75.17	123.87
Int. On Security Deposit- Other than Power Purchase						
Int. On Security Deposit- Power Purchase		0.43	0.04	0.06	0.23	0.19
on adv. to contractors & Suppliers		0.05		0.6	0.02	
on Short term Deposit	1.43	33.55	0.23	0.09	5.36	0.04
b) Dividend						
Dividend- Non current investment	2.85	2.98	4.71	29.19	45.14	27.28
c) Other Non operating income						
Delayed Payment Surcharge	231.60	20.79	71.57	28.27	621.42	616.96
Income from service charge		74.65				0.04
Profit on disposal of fixed assets	0.12	0.25	3.02	4.91	0.87	0.79
Provisional written back -doubtful debts		121.81	49.24	61.86		58.86
Provisional income tax written back	5.64				117.27	228.75
Other misc. Income	46.82	47.61	29.96	46.58	40.75	54.76
Sub -Total Direct	**352.46**	**341.17**	**192.28**	**187**	**899.53**	**1,113.49**
Sh of Revenue Income						
Hd 6	0.66	4.89	6.06	12.84	9.71	8.62
Hd 5	0.19	0.14	0.18	0.81	0.2	0.18
Common Service	-0.01	-0.01	-0.02	-0.05	-0.06	-0.05
Capitalized	-5.79	-3.57	-5.78	-33.98	-0.66	-0.11
Hd 1	-0.27	0.04	-0.01	-0.01	-0.01	-
Hd 4	0.23	0.59	0.26	0.68	0.52	1.11
Total Share	**-4.99**	**2.08**	0.69	**-19.71**	**9.7**	**9.75**
Total Direct & Share	**347.47**	**343.25**	**192.97**	**167.29**	**918.93**	**1123.24**

2.6.4 The Hon'ble Commission has made following observations in the Order dated 19.04.2017 while dealing with the issue of non-tariff income:

"Non-Tariff Income (NTI)

Commission's Analysis:

5.51 The Commission observed that the Petitioner has claimed non-tariff income only to the extent of the Delayed Payment Surcharge (DPS). Further, ***the NTI, as reflected in the audited annual accounts, was in excess of the non-tariff income as claimed by the Petitioner.*** *The Commission also notes that DVC, being a vertically integrated organisation, also carries* *out the business of generation and transmission of electricity besides distribution.* ***Accordingly, the Commission directed the Petitioner to submit information on non-tariff income, as per audited accounts, segregated into generation, transmission and distribution business.***

....

....

5.53 The Commission has taken note of the fact that entire capital expenditure of the Petitioner is attributable to the generation and transmission business as the Petitioner does not claim any capital expenditure for the distribution business. ***Accordingly, the non-tariff income, other than the Delayed Payment Surcharge, may be attributable to the generation and transmission business.***

5.54 However, the Commission also notes that non-tariff income attributable to the generation and transmission business ultimately impacts the end-use consumer as the costs (net of any revenue) for generation and transmission business become the input costs for distribution business which drive the retail tariffs applicable for the end-consumer. ***Hence, the Commission directs the Petitioner to submit, within one month of notification of this Order, whether such non-tariff income has been accounted for in costs for the generation and transmission business of the Petitioner. Based on the justification provided by the Petitioner, the Commission may take an appropriate view on the same and pass suitable Orders to the effect."*** ***(Emphasis Supplied)***

It is further submitted that in response to the directive of Commission, DVC filed its submissions before the Hon'ble Commission on 17.05.2017 submitting that the other items on non-tariff income have not been adjusted anywhere else *viz.* generation or transmission charges.

2.6.5 Thereafter, on a contempt Petition filed by the Objector (CONTEMPT PETITION (C) NO. 1197 OF 2018), the Supreme Court issued the following directions vide Order dated 26.10.2018–

"However, we request the APTEL to expedite the hearing of Appeal Nos. 163 of 2017 and 198 of 2017 expeditiously."

With the issue of non-tariff income still pending before the Hon'ble APTEL even when there is no stay at any higher forum and when all the relevant details are available before the Hon'ble Commission, the delay in implementing the effect of same in the Tariff and passing on the benefits to consumers is keeping the consumers devoid of rightful reduction in tariffs.

2.6.6 The income on account of Delayed Payment Surcharge as submitted by the Petitioner is Rs. 466.76 Crore, while the Audited Accounts indicate a figure of Rs. 616.96 Crore for the same. The Objector prays that the Hon'ble Commission may direct the Petitioner to provide due justification for the divergence observed.

2.6.7 Further, it may be noted that DVC is engaged in the business of Power Trading, and therefore, it is submitted that the revenue earned therefore must be utilized for reducing DVC's ARR. In this regard, the appellants seek to rely upon the following observation from CERC's order dated 03.10.2006, passed in Petition No. 66/2005:

> ***"97. The Petitioner-Corporation is also engaged in the power trading business. The objector-intervener has pointed out that the revenue earned by the Petitioner-Corporation through the inter-State and intra-State trading business should be adjusted against its Aggregate Revenue Requirement (ARR). We direct that the revenue earned by the Petitioner-Corporation through the business of trading shall be accounted for while projecting ARR before the State Regulatory Commissions".***
>
> ***(Emphasis supplied)***

2.6.8 In view of the above noted direction of the Hon'ble CERC, it is submitted that the Hon'ble Commission has failed to adhere to the same. As a result, DVC's income from power trading business has not been considered by the Hon'ble Commission in the impugned tariff order. Such non-consideration has occasioned the fixation of a higher provisional tariff than what would have been arrived at after factoring in income from DVC's trading operation.

2.6.9 It has come to the notice of the appellants that DVC is a joint venture partner in following companies:

- Maithon Power Ltd. (MPL) - DVC - 26% and the Tata Power Company Ltd. - 74%
- Bokaro Power Supply Co. (BPSCL), DVC - 50% and SAIL - 50%
- DVC-EMTA Coal Mines Ltd., DVC-26% and EMTA-74%
- Damodar Valley Tourism Development Company (P) Ltd. - DVC-50% and IL&FS-IDC-50%
- National High Power Testing Laboratory Pvt. Ltd. - DVC, NTPC-NHPC and PGCIL, CPRI-20% each
- PTC India Ltd - DVC has an equity share of Rs. 10 Crore

2.6.10 It is submitted that the Hon'ble Commission ought to examine the income earned by DVC from the above noted joint venture companies. The income from the said joint venture companies may be treated as DVC's non-tariff income, and the same may be reduced from its ARR projections.

2.6.11 Non-tariff income as per Objector's assessment is depicted below:

Table 9: Allowable Non-tariff income

(in Rs. Crore)

Non- tariff income	FY 2017-18
As per Petitioner's claim	466.76
As per Objector's Assessment	1,123.24
Total Disallowance proposed	**(656.48)**
Disallowance proposed for JH	**(378.82)**

2.7 Interest on Working Capital

The Petitioner has revised the approach for computing Interest on working capital for FY 2017-18 from the earlier determined approach of JSERC. Accordingly, the Petitioner has claimed interest on working capital as Rs. 9,701 Lakh during FY 2017-18.

Objections:

2.7.1 It is respectfully submitted that as per the Clause 6.29 of the JSERC Tariff Regulations 2015, Interest on Working capital shall comprise of:

(a) One-twelfth of the amount of Operation and Maintenance expenses for such financial year; plus

(b) Maintenance spares at 1% of Opening GFA; plus

(c) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus

(d) Amount held as security deposits under clause (a) and clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users; minus

(e) One-month equivalent of cost of power purchased, based on the annual power procurement plan.

2.7.2 The Hon'ble Commission in the Tariff Order for FY 2012-13 dated 22.11.2012 has made the following observations with respect to the GFA and O&M cost of the Petitioner as below:

"7.40 However, the Commission noticed that the GFA and O&M cost of the Petitioner cannot be segregated into that of pertaining to generation and transmission business and that for distribution and retail business at present. Hence, applying the aforementioned methodology for computation of IWC is not possible. Therefore, the Commission decided to continue with the methodology as applied by the Commission for truing up the ARR for FY 2006-07 to FY 2011-12 in this Order."

2.7.3 Further, the Interest on working capital has been worked out by Hon'ble Commission in the orders dated 28.05.2019 and 18.05.2018 also consistent with its approach in the Order dated 19.04.2017, wherein its observations are as below:

"6.55 However, since the O&M cost and other expenses of the Petitioner are included in the cost of generation of power from its own stations, applying the aforementioned methodology as per the 'Distribution Tariff Regulations, 2010' is not possible.

6.56 Hence, the Commission has adopted the same methodology as described in the Tariff Order for FY 2012-13 dated 22nd November, 2012."

2.7.4 The Hon'ble Commission is humbly requested to disallow the Petitioner's claim of Rs. 97.01 Crore and approve Rs. 5.20 Crore computed in line with the Hon'ble Commission's observations and the same is explained in the table below:

Table 10: Allowable Interest on working capital

(in Rs. Crore)

Sl. No.	Particulars	Approved in Tariff Order dated 28.05.2019	Petitioner's Claim	Objector's Assessment
A	Revenue from sales in Jharkhand	4,858.00	4,969.77	4,158.44
B	Cost of power purchase allocated for Jharkhand in the ratio sales		538.82	
C	Two months receivable (A/6)		828.30	
D	One month power purchase cost (B/12)		44.90	
E	Security deposit held		7.34	
F	Working Capital (C-D-E)		776.05	
	Working Capital Requirement in Jharkhand Area (at 1% of Revenue from sale of power)	48.58		41.58
G	Interest rate (%)	12.60%	12.50%	12.50%
H	**Interest on Working Capital for Jharkhand Area**	**6.12**	**97.01**	**5.20**

2.8 REVENUE FROM SALE OF POWER

The Petitioner has submitted the details in respect of the amount of Revenue billed for FY 2017-18. However, the Petitioner has urged the Hon'ble Commission to consider the revenue on realised basis instead on accrued (billed) basis.

Objections:

2.8.1 Clause 5.23 of the JSERC Tariff Regulations 2015 stipulates collection efficiency target of 100% for all the distribution licensees operating in the state of Jharkhand. Therefore, the ARR has to be determined based on the accrual basis i.e. considering revenue from sale of power on revenue billed (or assessed) basis and not on realized basis. This is in line with the Hon'ble Commission's approach of determining Revenue from sales and the same is evident from the JSERC Order dated 18.05.2018 for the true-up of FY 15-16 and also the Order dated 28.05.2019 for the True up of FY 2016-17.

2.8.2 Despite this, the Petitioner has claimed revenue on realized basis rather than on billed basis. The Petitioner has done so stating that it is yet to receive the full billed amount from JBVNL (Rs. 2,875 Crore). The Objector would like to point out that the failure of JBVNL to make full payment, coupled with the inefficiency of the Petitioner in collecting such a high amount from JBVNL, is onerous to the Petitioner. Such a burden must not be passed on to the timely paying consumers. Hence, the claim of the Petitioner ought to be rejected.

2.8.3 The Objector prays that the Hon'ble Commission may continue with its consistent methodology – to consider revenue assessed/billed by the Petitioner as the actual revenue from sale of power.

2.8.4 The Petitioner's claim from sale of power during FY 2017-18 based on *"realized revenue"* is as follows:

Particulars	FY 2017-18
Realized revenue in JH (Rs. Crore)	4,773.30
Sales in JH (MU)	10,984.10
Per unit rate (Rs./kWh)	**4.35**

2.8.5 The revenue billed from sale of power during 2017-18 as per Objector's Assessment (based on Audited Accounts) is as below:

Particulars	FY 2017-18
Billed revenue in JH (Rs. Crore)	5,285.19
Sales in JH (MU)	10,984.10
Per unit rate (Rs./kWh)	**4.81**

2.8.6 Based on the consistent and settled approach of the Hon'ble Commission to consider the revenue on accrued/billed basis, it is respectfully submitted that the revenue in FY 2017-18 be considered as Rs. 5,285.19 Crore i.e. at a billing rate Rs. 4.81/kWh as evident from the Audited Accounts of DVC.

2.9 Treatment of Revenue Gap/Surplus Withheld

2.9.1 The Hon'ble Commission, vide its Order dated 28.05.2019, directed DVC as under:

"Treatment of Gap/(Surplus) withheld for FY 2016-17, FY 2017-18 and FY 2018-19

15.15 The Commission directs the Petitioner to file a proposal for treatment of withheld Gap/Surplus for FY 2016-17, FY 2017-18 and FY 2018-19 along with truing up Petition for FY 2017-18."

2.9.2 DVC has prepared the proposal on treatment of withheld gap during previous years and during FY 2016-17, FY 2017-18 and FY 2018-19 and included it in the present Petition. However, it is pertinent to note that a review has been filed against the said Order dated 28.05.2019, in which 'Treatment of Gap/(Surplus) withheld for FY 2016-17, FY 2017-18 and FY 2018-19', has been raised as an issue. While the review pertains to a separate proceeding, the Objector, would humbly like to bring to the notice of the Hon'ble Commission, important points on this issue:

2.9.3 The Hon'ble JSERC had allowed a revenue surplus of Rs. 1,428.01 Crore (excluding Non-Tariff Income) in the Tariff Order dated 19.04.2017. However, the Hon'ble Commission did not pass the impact on account of this revenue surplus to the consumers.

2.9.4 The Hon'ble JSERC, in its Order dated 19.01.2018 in Petition No. 07 of 2017, declined the request of consumers to pass on the impact of revenue surplus suggesting that during the pendency of Appeal No. 198 of 2017 filed by the Petitioner in this case and Appeal No. 163 of 2017 filed by the respondent, DVC, before the Hon'ble Appellate Tribunal for Electricity, the order dated 19.04.2017 passed in Case (T) No. 02 of 2016 cannot be said to have attained its finality. It is respectfully submitted that neither there is any stay on passing the revenue surplus nor any final order by the Hon'ble APTEL till date.

2.9.5 Despite its clear statement in the Order dated 19.01.2018 in Petition No. 07 of 2017, the Hon'ble Commission, in its Tariff Order dated 18.05.2018 revised the revenue surplus after taking into account the CERC Generation orders for DVC that were issued after issuance of the earlier Tariff order dated 19.04.2017. In view thereof, the Hon'ble Commission revised the revenue surplus amount from Rs. 1,428 Crore to Rs. 1,287 Crore for the period 2006-07 to 2014-15.

2.9.6 The aforesaid revision of revenue surplus amount also didn't include the carrying cost accrued during the intervening period of more than one year i.e. from 19.04.2017 to 18.05.2018, while the surplus amount was kept on hold.

2.9.7 It may be noted that the Hon'ble JSERC had passed a surplus amount of Rs. 771.42 Crore (surplus determined in Table 85 of the Order dated 18.05.2018) vide the earlier Tariff Order dated 18.05.2018 for FY 2016-17. In the Order dated 28.05.2019, the Hon'ble Commission had affected a downward revision of the surplus of FY 2016-17 by not considering the opening surplus of FY 2015-16 and had passed only some percentage of surplus/gap amounts worked out for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20 in the said Tariff Order. This led to a tariff hike of 9.61% in the tariffs of FY 2019-20.

2.9.8 Notwithstanding the aforementioned aspects towards working out the revenue surplus amount, had the entire surplus (which even though is determined erroneously at significantly low level) been allowed in FY 2016-17 and FY 2017-18, no tariff hike would have been needed in 2019-20.

Based on the above submissions and the infirmities pointed out by the Objector, the revenue gap/(surplus) to be passed on as per Objector's assessment is depicted below: (In the workings below, 100% of gap/(surplus) during FY 2016-17 and FY 2017-18 has been passed to consumers).

Table 11: Past Year's Revenue Gap/ (Surplus) to be passed on as per Objector's assessment

(in Rs. Crore)

Particulars	FY 15-16	FY 16-17	FY 17-18
ARR Approved	-	4,705.79	4,158.44
Revenue Realised	-	5,017.09	5,285.19
Gap/Surplus Created	**-484.28**	**-311.30**	**-1,126.75**
Opening Gap	-1,287.39	-1,997.28	-2,584.15
Add: Revenue Gap/ (Surplus) passed for the year	-484.28	-311.30	-1,126.75
Closing Gap / (Surplus)	-1,771.67	-2,308.58	-3,710.90
SBI PLR	14.75%	12.80%	12.60%
Carrying Cost on Opening Gap	-189.89	-255.65	-325.60
Interest on Additions	-35.72	-19.92	-70.99
Total Carrying Cost	-225.61	-275.57	-396.59
Closing Gap / (surplus) including carrying cost	**-1,997.28**	**-2,584.15**	**-4,107.49**

Therefore, as per Objector's assessment, the Petitioner has a revenue surplus of around Rs. 4,107.49 Crore at the end of FY 2017-18, the benefit of which needs to be passed on to the consumers through tariff reduction in subsequent years.

3. Summary of Objections

In view of the aforementioned discussions, the Objector's assessment on the True up Petition for FY 2017-18 have been summarised below:

Table 12: Summary of Objections for the True-up for FY 2017-18

Objection	Rationale	Financial Impact (Rs Crore)
Loss Levels to be allowed at 3.23% instead of 3.35% claimed by the Petitioner	1. Distribution Loss is "Controllable Parameter" – Clause 5.30 of Tariff Regulation, 2015 2. Actual Loss in FY 2016-17 was 3.23% {*ref:* Para 5.13; Pg. 51 ; Order dated 28.05.2019} 3. Loss level allowed in FY 2012-13 to 2015-16 was 3.00% {*ref:* Para 4.15; Pg. 24; Order dated 18.05.2018}	10.74
Own Generation Cost of Rs. 7338.35 Crore to be allowed instead of Rs. 7554.06 Crore claimed by the Petitioner (for JH and WB combined)	1. AFC for T&D system considered as per latest CERC Orders {*ref.* Order dated 09.08.2019 in Petition No. 150-TT-2018 (Para 70, Pg. 47), Order dated 05.02.2020 in Petition No. 335-TT-2018(Para 78, Pg. 48-49)} 2. PAF shall apply on actual AFC – {*ref.* JSERC Order dated 04.09.2014 (Para 6.72 (Pg. 70), APTEL Judgment dated 23.03.2016 in Appeal No. 255 of 2014 (Para 13(k), Pg.56)} 3. No relaxation in NAPAF – Status of NAPAF review by CERC based on actual coal shortage scenario may be checked by the Hon'ble Commission - CERC Regulations Clause 36(A)(a) 4. Both Energy and Capacity charges shall form part of Hydel Generation Costs-CERC Regulations Clause 31	215.70
Power Purchase Cost of Rs. 775.74 Crore to be allowed instead of Rs. 787.68 Crore claimed by the Petitioner.	1. Energy purchased pertaining to higher T&D Losses disallowed {JSERC Order dated 18.05.2018 (*ref.* Para A22 Pg. 32)} 2. KBUNL Fixed charges to be allowed on actuals – Bills mismatch {*ref.* Annexure 8 of the Additional Submission of the instant Petition}	11.93
Interest on Temporary Financial Accommodation of Rs. 359.60 Crore as claimed by the Petitioner shall be disallowed	1. No such provision in JSERC Regulations 2. Shortage in cash flow on account of Inefficient collection from JBVNL {*ref.* Para 27, Pg. 5-6 of the instant Petition} 3. Sufficient funds provided under JSERC Regulations (Working Capital (Clause	359.60

Objection	Rationale	Financial Impact (Rs Crore)
	6.1) and JSERC Supply Code 2015 (Security Deposit (Para 8.2.8)) alongside Receivables	
Rebate on Sale of Power may be allowed subject to prudence check	1. Audited Accounts not reflecting any such expenses (P&L statement of AA for FY 2017-18)	-
Non-Tariff Income of Rs. 1123.24 Crore to be allowed instead of Rs. 466.76 Crore claimed by the Petitioner.	1. Actual Non-Tariff Income as per Audited Accounts considered {*ref.* JSERC Regulations Clause 6.50, 6.51} 2. Actual DPS of Rs. 616.76 permissible as against Rs. 466.76 Crore (*ref.* AA for FY 2017-18) 3. Income from Power Trading Businesses shall form part of NTI (Para 97 of the CERC Order w.r.t Petition No. 66/2005 dated 3.10.2006)	(656.48)
Interest on Working Capital of Rs. 5.20 Crore to be allowed instead of Rs. 97.01 Crore claimed by the Petitioner.	1. Allowed as per Hon'ble JSERC's defined methodology {*ref.* Para 5.54, Pg. 63 of the JSERC Order dated 28.05.2019}	91.81
Revenue from Sale of Power to be considered at Rs. 5,285.19 Crore as against Rs. 4,773.30 Crore submitted by the Petitioner	1. Collection Efficiency considered 100% for the Petitioner – Clause 5.24, JSERC Regulations 2015 2. Revenue from sale of power is on accrual basis {*ref.* Para A60, Page 41 of JSERC Tariff Order dated 18.05.2018}	(511.89)

Thus, the total financial impact of the disallowances proposed is to the tune of Rs. 1346.26 Crore while the disallowance on account of revenue from Sale of Power to Jharkhand Consumers is Rs. 511.89 Crore. The impact on True-up for Jharkhand business for FY 2017-18 amounts to Rs. 811.29 Crore.

4. Prayers

Wherefore, the Objector most respectfully prays that this Hon'ble Commission may be pleased to:

A. Consider the above Objection Statement filed by the Objector and approve the True-up for FY 2017-18 along with the ARR and Retail Tariff Petition for FY 2020-21;

B. Disallow the own generation cost on account of the AFC approved in the latest Tariff order/true up order by the CERC.

C. Disallow the excess T&D losses over and above the approved loss level for FY 2017-18.

D. Disallow the excessive expenses towards Power purchase cost as provided in this Objections Statement.

E. Disallow the Interest on temporary financial accommodation as per the rationale provided in this Objection statement.

F. Allow the entire amount of rebate on sale of power for consumers of Jharkhand, claimed by the Petitioner, subject to prudence check.

G. Allow the Non-tariff income in accordance with the provisions of the Tariff Regulations based on the Audited Accounts of the Petitioner.

H. Allow Interest on working capital in line with the established methodology of Hon'ble Commission.

I. Consider Revenue from Sale of Power on billed basis, consistent to the methodology of the Hon'ble Commission.

J. Pass the benefit of Revenue Surplus of past period to the consumers through tariff reduction.

K. Pass necessary orders as may be deemed appropriate in the facts and circumstances of the case in the interest of justice.

L. Permit the Objector to participate and make additional submission and produce additional details and documentations during the course of the Public Hearing, in the interest of justice and equity.

Pramod Kumar Agrawal

Date: 30/05/20 **OBJECTOR**

Place: GIRIDIH **Association of DVC HT Consumers of Jharkhand**

Joint Secretary

Mobile - 9431144078