

**IN THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT
RANCHI**

Case No. 42 of 2023

Tata Steel Limited (TSL) Petitioner

**CORAM: HON'BLE JUSTICE MR. AMITAV KUMAR GUPTA, CHAIRPERSON
HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)
HON'BLE MR. ATUL KUMAR, MEMBER (TECH)**

For the Petitioner : Mr.P.S. Pati, Advocate

ORDER

Date – 20th February, 2024

1. The Petitioner, TataSteel Limited (TSL) has filed the petition under section 94 of the Electricity Act, 2003 read with Order 47 rule 1 of the code of civil Procedure, 1908 and clause A 41 of the JSERC (Conduct of Business) Regulations, 2016 for Review of (i) Order dated 29.09.2023 for True-up for FY 2020-21 and (ii) Order dated 29.09.2023 for True-up for FY 2021-22, APR for FY 2022-23, ARR & Tariff for FY 2023-24.

Submission of the Petitioner

2. Learned Counsel for the Petitioner has submitted that the petition has been filed to review and modify the TSL True-up FY 2020-21 Order dated 29.09.2023 and TSL True-up FY 2021-22, APR FY 2022-23, ARR & Tariff for FY 2023-24 Order dated 29.09.2023; to the extent stated in the instant petition;
 - I. Consideration of amount of Approved O&M costs of FY 2020-21 and Sharing of gain in O&M costs for FY 2020-21 in final ARR table of FY 2020-21.
 - II. Calculation of O&M costs for FY 2021-22 based on actual O&M costs;
 - III. Calculation of cumulative Gap/(Surplus) till FY 2023-24

In view of the submission of petitioner and the facts available on record, the issues raised by the petitioner have been dealt separately as hereunder: -

I. Consideration of amount of Approved O&M costs of FY 2020-21 and Sharing of gain in O&M costs for FY 2020-21 in final ARR table of FY 2020-21.

Submission of the Petitioner

3. Learned counsel for the petitioner has submitted that the Hon'ble Commission had approved the Operation & Maintenance (O&M) as Rs 81.12 Cr for FY 2020-21 in table no 47.

Since the O&M cost was considered as Rs. 81.12 cr. in final ARR table of FY 2020-21, which is total Normative O&M expenses, as such the sharing of O&M cost for consumers should be Rs. 3.21 cr. (40% * saving of Rs. 8.01 Cr.), However, the amount has been deducted as Rs. 4.80 cr. in place of Rs. 3.21 cr.

Commission's Observation and Finding

4. The Commission is of view that there is an inadvertent arithmetical error in the computation of impact of sharing of Gain/(Loss) on O&M expenses for FY 2020-21 as such the Commission after prudent check has re-calculated the impact

of sharing of Gain/(Loss) on O&M expenses for FY 2020-21 and allows the review on the aforesaid issue as per the revised table below:

Revised Table 1: Summary of ARR (Rs Crore) as approved by the Commission for FY 2020-21

Particulars	Petition	Approved in T.O. dated 29.9.2023	Approved Now
Power Purchase Cost	1,189.85	1,162.74	1,162.74
O&M Expenses	82.86	81.12	81.12
Depreciation	27.75	27.37	27.37
Interest and Finance Charges	5.04	4.91	4.91
Interest on Consumer Security Deposit	2.43	2.45	2.45
Interest on Working Capital including Funding Cost of DPS	17.49	17.19	17.19
Return on Equity	31.66	31.50	31.50
Less: Non-Tariff Income	3.55	5.45	5.45
Annual Revenue Requirement	1,353.53	1,321.82	1,321.82
Revenue from Sale of Power	1,537.75	1,509.65	1,509.65
Revenue Gap/(Surplus)	(184.22)	(187.83)	(187.83)
Add: Impact of Sharing of (Gain)/Loss on O&M Expenses	(3.90)	(4.80)	(3.20)
Net Revenue Gap/(Surplus)	(188.12)	(192.64)	(191.03)

II. Calculation of O&M costs for FY 2021-22 based on actual O&M costs;

Submission of the Petitioner

- Learned counsel for the Petitioner has submitted that it seems that a typographical error has occurred in table no. 25 of True up FY 2021-22 order dated 29.09.2023. The actual O&M costs of FY 2021-22 was considered as Rs. 29.51 cr., however it has been mentioned as Rs. 29.64 cr. This has led to lesser approval of Normative O&M Costs for FY 2021-22.
- It was also submitted that if the actual R&M costs of Rs. 29.64 cr. is considered then the values in table nos. 25, 27, and 28 of Tariff Order shall change.
- It was further submitted that, after taking the above said correction in actual R&M costs of FY 2021-22 the O&M costs of FY 2021-22 the revised rate will be Rs. 84.50 Cr. in place of Rs. 84.42 Cr.
- Learned counsel for the Petitioner has requested to revise the closing revenue gap as on last day of FY 2022-23 and approve Rs.743.92.

Commission's Observation and Finding

- For the approval of actual Repair and Maintenance cost the Commission had considered annexure-11 and balance sheet note 15(b) annexed with the petition. Accordingly, for appreciating the submission of the petitioner, the Commission has re-calculated the R&M expense as tabulated below:

Particulars	Expense (in Rs. Cr.)	Source
Repair and Maintenance	Rs 27.05	As per annexure 11 of the Petition
Substation R&M expense	Rs 2.46	As per balance sheet note 15(b)
Net actual R&M	Rs 29.51	

Accordingly, **Issue No-II**, does not require any interference, in this result the prayer for review is hereby rejected.

III. Calculation of cumulative Gap/(Surplus) till FY 2023-24

Submission of the Petitioner

10. Learned counsel for the Petitioner has submitted there is typographical error in table no. 114 of the True-up FY 2021-22 Order dated 29.09.2023. The calculated carrying cost @ 11.20% on opening Revenue gap of Rs. 741.76 cr. is mentioned at Rs. 79.13 cr., which should be Rs. 83.07 cr. and, the calculated carrying cost @ 11.20% on revenue surplus created during FY 2023-24 of Rs. 141.12 cr. is mentioned as (Rs. 15.80 cr.), which should be (RS. 7.90 cr.).
11. Learned counsel for the Petitioner has submitted that the closing revenue gap of FY 2022-23 should need to be revised as Rs. 743.92 cr.
12. It was also submitted that, on the basis of revised calculations as mentioned above, the cumulative closing Revenue gap of FY 2023-24 for Rs. 678.22 Cr. may be approved.
13. It was also submitted that as on the date of the filing of this review petition, the Petitioner has not filed any appeal or any other proceedings before any other forum in regard to the TSL True-up FY2021-22 Order dated 29.09.2023 and TSL True-up FY 2021-22, APR FY 2022-23, and ARR & Tariff for FY 2023-24 Order dated 29.09.2023.

Commission's Observation and Finding

14. The Commission has considered the submission of the petitioner and perused the impugned order. On prudent check of the material on record, the Commission approves cumulative revenue Gap/(Surplus) for FY 2023-24 as per the table below.

Revised Table 2: Cumulative Gap/(Surplus) (in Rs Crore) as approved by the Commission for FY 2023-24.

Particulars	Approved
Opening Gap/(Surplus) FY 2022-23	743.84
Revenue Gap/(Surplus) during FY 2023-24	(141.12)
Rate of Carrying Cost (%)	11.20%
Carrying Cost on Opening Revenue Gap/(Surplus)	83.31
Carrying Cost on Revenue Gap/(Surplus) during FY 2023-24	(7.90)
Closing Revenue Gap/(Surplus)	678.13

CONCLUSION

15. In view of the discussion made hereinabove, the revised cumulative revenue Gap/Surplus for True-up for FY 2020-21 to FY 2021-22, APR for FY 2022-23, and ARR for FY 2023-24 is as below:

Particulars	Approved			
	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
Opening Gap/(Surplus)	760.63	647.08	647.97	743.84
Revenue Gap/(Surplus) during FY	(191.03)	(63.71)	22.06	(141.12)
Rate of Carrying Cost (%)	11.65%	10.50%	11.20%	11.20%
Carrying Cost on Opening Revenue Gap/(Surplus)	88.61	67.94	72.57	83.31
Carrying Cost on Revenue Gap/(Surplus) during FY	(11.13)	(3.35)	1.24	(7.90)
Closing Revenue Gap/(Surplus)	647.08	647.97	743.84	678.13

16. The review petition is disposed off accordingly.

Sd/-
Atul Kumar
Member (T)

Sd/-
Mahendra Prasad
Member (L)

Sd/-
Justice Amitav Kr. Gupta
Chairperson