

JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION AT RANCHI

Form of Proceedings

Case No. 12 of 2025

Tata Steel Limited (TSL)..... Petitioner

CORAM: HON'BLE MR. MAHENDRA PRASAD, MEMBER (LAW)
HON'BLE MR. ATUL KUMAR, MEMBER (TECH.)

For the Petitioner: - Mr. Saket Upadadhyay, Advocate

ORDER

Date – 19th August, 2025

1. Tata Steel Limited (TSL) had filed the instant petition under section 94(1)(f) of the Electricity Act 2003 read with Regulation 41 (Chapter V) of the JSERC (Conduct of Business) Regulations 2024 and Order 46, Rule 1 of the Civil Procedure Code 1908, for review of order dated 28.03.2023 passed by the Commission in Case (Tariff) No. 9 of 2024 for True-up for FY 2023-24, APR for FY 2024-25 and ARR & Tariff for FY 2025-26.
2. The Prayers of the Petitioner-TSUISL are as under: -
 - i. For review of the TSL True-up for FY 2023-24 Order dated 28.03.2025 and to allow Rs 4.39 Cr as "Interest on Energy Security Deposit" and accordingly amend the Standalone and Cumulative Revenue Gap/Surplus figures.
 - ii. For allowing the Interest on Security Deposit as Rs 2.74 Cr for FY 2022-23 in view of the submission of Consumer Wise Interest on Security deposit payment data subsequent to Order of Hon'ble Commission.
3. Considering the prayer of the Petitioner on the aforesaid issues, the matters prayed for review have been discussed and dealt as hereunder: -

A. Approval of Interest on Security deposit for FY 2023-24

Submission of the Petitioner

4. Learned Counsel for the Petitioner has submitted that in the True-up order dated 28.03.2025 for FY 2023-24, there is a clerical/arithmetical error in "**Approval of Interest on Security deposit for FY 2023-24**" and there is sufficient cause for review and rectification/modification of the said order.
5. It was submitted that the Commission while allowing the "Interest on Security Deposit" missed to consider the actual interest paid on Energy Security deposit and allowed the same based on average of "Opening Security Deposit" and "Closing Security Deposit".
6. Learned Counsel further submitted that such approximation of "Interest on Security Deposit" may be appropriate for utilities which have not submitted the data on "Actual interest paid on Security Deposit" either because they have not paid, or they do not maintain sufficient data. However, in the instant case, the Petitioner has provided data of actual interest paid on Security deposit; but the Commission inadvertently did not consider the said data and allowed Interest on Security deposit based on estimates derived by multiplying the interest rate with "half of the sum of "opening security deposit" and "closing security deposit" values. Accordingly, it was pointed out that allowed values are thus lower by Rs 34 Lakhs as only Rs 4.05 Cr has been mentioned as against the actual payment of Rs 4.39 Cr.
7. It was submitted that Interest on security deposit is dependent on 3 variables: Principal Amount, Period and Interest Rate Applicable.

- A. Principle Amount - the amount of security deposit of consumer
- B. Period - The number of days in a year energy security deposit was there with the Licensee in the financial year. This value may be from 1 to 365. The Interest is paid based on the number of days of retention of Security deposit amount to different consumers
- C. Interest Rate - taken as per the regulations. 10.10% for FY 2024 (SBI Base rate as on 1st April of 2023)

In accordance with the above, the total interest on energy security deposit paid to customer was Rs 4.39 Cr for FY2023-24, which was claimed in the petition dated 28.11.2024.

- 8. Learned Counsel submitted that the approval for the Interest on Security deposit has been provided as Rs. 4.05 Crs. only, based on Average (50% of sum of opening and closing security deposit) value of Security deposit during FY 2023-24, as given in table no. 56 page 75 of TSL Tariff Order dated 28.03.2025. However, the consumer wise details of Interest on security deposit payment of Rs. 4.39 Cr. (attached as **Annexure 2** of the review petition) has been also verified by the Statutory Auditors for FY 2023-24
- 9. Learned Counsel in its conclusion has prayed to consider the actual interest paid on energy security deposit as Rs 4.39 Cr and allow the same.

B. Approval of Interest on Security deposit for FY 2022-23

- 10. Learned Counsel for the Petitioner submitted that the Commission, in its order dated 20.12.2024 passed in Case no. 26 of 2024 has already acknowledged similar submission for FY 2022-23; subject to submitting the data on how much interest on security deposit has been paid to the consumer. The relevant part of the order is reproduced below-

"The Petitioner is at liberty to clearly demonstrate how much interest on security deposit was required to be given and how much interest has actually been disbursed to the consumers in the next tariff determination process along with all facts and figures for consideration by the Commission on merit...."

- 11. Learned Counsel pointed out that for the FY 2022-23, the actual interest paid on security deposit was Rs 2.74 Cr. whereas approval was based on estimates was Rs 2.65 Cr. and accordingly prayed to consider the necessary correction for FY2022-23.

Commission’s Observations and findings

- 12. Ongoing to the impugned Order, it is evident that the aforesaid issue has been deliberated and discussed in the Order dated June 28.03.2025 in para 5.111 followed by Table 56, which reads as under:

“On scrutinizing and analysing the annual audit account for FY 2023-24, the Commission has observed that interest on consumer security deposit tuned to Rs 4.39 Cr., while calculating the interest on security deposit at a rate specified (10.10% interest payable at SBI Base Rate as on April 01 of the Financial Year) in the provision of JSERC Electricity Supply code regulation 2015 it would be Rs 4.05 Cr. Accordingly, the Commission approves the interest on consumer security deposit tuned to Rs 4.05 Cr. for FY 2023-24 as tabulated hereunder.”

Table 56: Interest on CSD (Rs. Cr.) as approved by the Commission

Particulars	ARR	Petition	Approved
OpeningConsumerSecurityDeposit	38.42	38.42	38.42
Consumer SecurityDepositAddition	5.22	3.33	3.33
ClosingConsumerSecurityDeposit	43.64	41.75	41.75
Average Security Deposit	41.03	40.09	40.08
Interest Rate	10.10%	10.10%	10.10%
InterestonConsumerSecurityDeposit	4.14	4.39	4.05

- 13. Further, the Commission has also observed that the Petitioner has furnished the consumer wise details of Interest on security deposit payment of Rs. 4.39 Cr. during the year FY 2023-24.
- 14. The Commission further observes that similar submission regarding Interest on security deposit was claimed by the Petitioner for FY 2022-23 in Case no. 26 of 2024. However, the Commission in its order dated 20.12.2024 didn’t allowed the claim of

the Petitioner due to non-availability of adequate data on the interest of security deposit that has been given to the Consumers. In the same order, the Commission gave the liberty to the Petitioner to provide details and evidence of interest on security deposit in the next tariff determination process for the consideration of the Commission.

CONCLUSION

15. The Commission has considered the submissions made by the Petitioners and perused the materials available on records. In view of the aforesaid discussion and based on the materials available on record, the Commission approves the claim of the Petitioner on actual basis for FY 2022-23 and 2023-24. The revised Interest on CSD (Rs. Cr.) as approved by the Commission and corresponding revenue gap/surplus of the Petitioner in respective tariff orders will be as follows:

Revised Table 42: Interest on CSD (Rs. Crore) as approved by the Commission for FY 2022-23.

Particulars	ARR	Petition	Approved
OpeningConsumerSecurityDeposit	31.84	31.85	
Consumer SecurityDepositAddition	8.13	6.58	
ClosingConsumerSecurityDeposit	39.97	38.42	
Average Security Deposit	35.91	35.13	
Interest Rate	7.55%	7.55%	
InterestonConsumerSecurityDepositi	2.71	2.74	2.74

Revised Table 53: Summary of ARR (Rs Crore) as approved by the Commission for FY 2022-23

Particulars	APR	Petition	Approved
Net Power Purchase Cost	1,601.60	1,616.39	1,616.33
Power Purchase Cost	1,601.60	1,725.42	1,616.33
Less: Sale of Surplus power	-	109.02	-
O&M Expenses after sharing of Gain/loss	93.88	84.57	84.25
Interest on Loan	2.06	1.81	1.81
Interest on Working Capital	14.04	14.47	14.47
Financing Cost of DPS FY 2020-21	-	1.04	-
Interest on Security Deposit	2.71	2.74	2.74
Depreciation	17.30	16.93	16.73
Return on Equity	30.63	30.38	30.37
Gross Aggregate Revenue Requirement	1,762.22	1,768.32	1,766.70
Less: Non-Tariff Income	7.10	2.50	2.50
Aggregate Revenue Requirement	1,755.12	1,765.82	1,764.20
Revenue from sale of Power @ Existing Tariff	1,733.06	1,801.27	1,810.33
Net Revenue Gap/(Surplus)	22.05	(35.45)	(46.13)

Revised Table 56: Interest on CSD (Rs. Cr.) as approved by the Commission for FY 2023-24

Particulars	ARR	Petition	Approved
OpeningConsumerSecurityDeposit	38.42	38.42	
Consumer SecurityDepositAddition	5.22	3.33	
ClosingConsumerSecurityDeposit	43.64	41.75	

Particulars	ARR	Petition	Approved
Average Security Deposit	41.03	40.09	
Interest Rate	10.10%	10.10%	
Interest on Consumer Security Deposit	4.14	4.39	4.39

Revised Table 67: Summary of ARR (Rs Cr.) as approved by the Commission for FY 2023-24.

Particulars	APR	Petition	Approved
Net Power Purchase Cost	1,632.72	1,593.76	1,593.88
Power Purchase Cost	1,632.72	1,700.36	1,593.88
Less: Sale of Surplus power		106.60	
O&M Expenses after sharing of Gain/loss	99.44	100.92	94.30
Interest on Loan	0.59	1.73	1.51
Interest on Working Capital	15.41	16.86	18.03
Financing Cost of DPS FY 2020-21	-	2.62	-
Interest on Security Deposit	4.14	4.39	4.39
Depreciation	16.84	17.18	16.82
Return on Equity	30.57	31.48	31.29
Gross Aggregate Revenue Requirement	1,799.71	1,768.94	1,760.12
Less: Non-Tariff Income	2.50	2.92	2.92
Aggregate Revenue Requirement	1,797.20	1,766.02	1,757.20
Revenue from sale of Power @ Existing Tariff	1,956.94	1,898.20	1,898.20
Net Revenue Gap/(Surplus)	(159.73)	(132.18)	(141.00)
Collection efficiency	-	7.31	5.01
Net Revenue Gap/(Surplus) after sharing of collection efficiency	(159.73)	(124.87)	(135.99)

- This is pertinent to mention that since the Petitioner submitted the consumer-wise data for FY 2022-23 after the True-up order of the respective financial years, the Commission is not allowing the carrying cost on the extra Revenue Gap/(Surplus) created because of the difference in “Interest on consumer security deposit” (i.e. 2.74-2.65 =0.09 Cr.). This amount will be passed directly with the Closing Revenue Gap/(Surplus) for FY 2022-23, which will form the opening Revenue Gap/(Surplus) for FY 2023-24.
- However, for FY 2023-24 the carrying cost is given on the whole Revenue Gap/(Surplus) created after including the Interest on consumer security deposit on actual basis.
- Treatment of carrying cost on Revenue-gap/surplus will be according to Table 1,2 and 3.

Table 1 Original Revenue-Gap as per True Up Orders

Particulars	FY 2022-23	FY 2023-24
Opening Gap/(Surplus)	646.09	665.29
Revenue Gap/(Surplus) during FY	(46.22)	(136.33)
Rate of Carrying Cost (%)	10.50%	12.00%
Carrying Cost on Opening Revenue Gap/(Surplus)	67.84	79.83
Carrying Cost on Revenue	(2.43)	(8.18)

Particulars	FY 2022-23	FY 2023-24
Gap/(Surplus) during FY		
Closing Revenue Gap/(Surplus)	665.29	600.61

Note: - The opening-gap for FY 2022-23 has been taken from the True-up order of FY 2022-23, dated June 26,2024, page no. 124.

Table 2 Modified Revenue-Gap for FY 2022-23

Particulars	FY 2022-23
Opening Gap/(Surplus)	646.09
Revenue Gap/(Surplus) during FY	(46.22)
Rate of Carrying Cost (%)	10.50%
Carrying Cost on Opening Revenue Gap/(Surplus)	67.84
Carrying Cost on Revenue Gap/(Surplus) during FY	(2.43)
Closing Revenue Gap/(Surplus)	665.29
Closing Revenue Gap/(Surplus) after including the difference in “Interest on consumer security deposit”	[665.29+0.09=] 665.38

Table 3Modified Revenue Gap for FY 2023-24

Particulars	FY 2023-24
Opening Gap/(Surplus)	665.38
Revenue Gap/(Surplus) during FY	(135.99)
Rate of Carrying Cost (%)	12.00%
Carrying Cost on Opening Revenue Gap/(Surplus)	79.85
Carrying Cost on Revenue Gap/(Surplus) during FY	(8.16)
Closing Revenue Gap/(Surplus)	601.08

19. The Closing Gap for FY 2023-24 as shown above shall form the opening gap for FY 2024-25 as and when the Tariff Order for the same will be issued.
20. Accordingly, the review petition stands disposed off.

Sd/-

Member (Tech.)

Sd/-

Member (Law)