



झारखण्ड राज्य विद्युत नियामक आयोग

JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No. 17 of 2016/ 743
Date: 27th February 2017

To

Shri B. Narayan
Chief Engineer TR. (O&M)
Jharkhand Urja Sancharan Nigam Limited (JUSNL)
Engineering Building, H.E.C.
Dhurwa, Ranchi – 834004.

Sub: 3rd Discrepancies and Additional data requirement pertaining to the petition for approval of Business Plan for 2nd MYT Control Period FY 2016-17 to FY 2020-21 of JUSNL – Regarding thereof.

Ref: Your petition dated 16.11.2016.

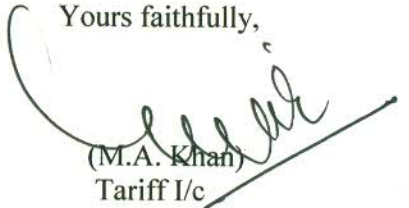
Sir,

Please find enclosed a copy of order dt. 27.02.2017 passed by the Commission in case (Tariff) No. 17 of 2016 on the subject cited.

A compliance report to this effect removing the discrepancies may please be sent within two weeks as stipulated in the order.

Thanking you.

Yours faithfully,


(M.A. Khan)
Tariff I/c

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**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

FORM OF PROCEEDING

Case (Tariff) No. 17 of 2016

Jharkhand Urja Sancharan Nigam Limited (JUSNL)

Petitioner

Sl. No.	Date of proceeding	Proceedings of the Commission with signature	Office action taken with date
1	2	3	4
6.	27.02.2017	<p>The petition dated 16.11.2016 of Jharkhand Urja Sancharan Nigam Limited (JUSNL) for Business Plan in respect of 2nd Control Period FY 2016-17 to FY 2020-2121 and reply to discrepancies (2nd) vide letter No. 47 dt. 31.01.2017 has been scrutinized with the assistance and advice of our consultant. Several deficiencies (3rd) have been found in the petition as shown in the office report.</p> <p>The petitioner is allowed 2 weeks time to meet the deficiencies (3rd) and remove the defects.</p> <p>Put up on 13.03.2017 at 2.30 P.M</p> <p style="text-align: center;">Sd/- Member (Engg.)</p>	<p style="text-align: center;">Sd/- Chairperson</p>



Office Report

The petition dated 16.11.2016 of Jharkhand Urja Sancharan Nigam Limited (JUSNL) for Business Plan for 2nd Control Period FY 2016-17 to FY 2020-21 and reply to discrepancies (2nd) vide letter No. 47 dt. 31.01.2017 has been scrutinized with the assistance and advice of our consultant and several deficiencies (3rd) have been found in the petition as indicated below :-

1. The Petitioner has submitted the projected capital expenditure in ongoing schemes as Rs. 407.29 Cr in Table No. 11 of the Petition. However, as per the information provided in Annexure 3 of the reply to the 2nd discrepancy note, the remaining amount of expenditure for ongoing schemes is Rs. 474.31 Cr. The Petitioner has failed to submit justification for the same.
2. With respect to the information submitted by the Petitioner in Annexure 3 of reply of 2nd discrepancy note, the approved capital expenditure for the ongoing schemes is Rs. 2206.90 Cr, however, the funding received is Rs. 2445.39 Cr. The Petition is required to submit the justification for the same.
3. The Petitioner is required to align the format of information provided in Annexure 3 of the reply to 2nd discrepancy note for capital expenditure incurred during the past five years to the format used to provide information of capital expenditure schemes in the petition for substations (400/220, 400/220/13, 220/132, 220/132/33, 132/33) as well as transmission lines (400kV/220kV/132kV).
4. The Petitioner is required to align the information provided in Annexure 4 of the reply to 2nd discrepancy note for ongoing/proposed capital expenditure schemes for FY 2016-17 to the information provided in the petition for substations as well as transmission lines.
5. The Petitioner in Annexure 4 to the reply of the 2nd discrepancy note has submitted that the expenditure upto 30.01.2016 is Rs. 301.26 Cr. However, as per Annexure 3, the expenditure incurred upto FY 2015-16 in ongoing schemes is Rs. 329.33 Cr. The Petitioner is has failed to reconcile the same with adequate justification.

6. As per the JSERC Regulations, 2015, the capital investment plan shall be in conformity with the plans made by the CEA/CTU. The Petitioner has failed to furnish details for the same.

Moreover, the Petitioner has submitted that:

“The Power for All document was taken as a reference for preparation of the capital investment plan. However, few additional schemes were incorporated considering the status of ongoing schemes with JUSNL.”

The Petitioner is required to submit details of the capital investment which is in conformity with the power For All document along with the details of the additional schemes which were not in conformity with the PFA document.

7. The Petitioner has not submitted DPR's of all the schemes planned to be undertaken by it. The Petitioner has only partially submitted the DPR's for projects worth Rs. 4000 Cr. The Petitioner is required to submit the DPRs for the remaining projects as well.
8. The Petitioner has submitted DPR's of projects worth Rs. 4000 Cr, however, the Petitioner has not reconciled the same with the submissions made by it in the Business Plan. The Petitioner has failed to submit detailed scheme-wise breakup of DPRs and align it with the submission in the Petition.
9. The Petitioner has not submitted the cost benefit analysis of the schemes proposed in the capital investment plan. The DPRs indicate only the cost estimated for the project. However, detailed financial appraisal of the same indicating the cost-benefit analysis has not been provided.
10. The Petitioner has not submitted a detailed rationale for considering an escalation factor/cost over- run of 8% for the project costs for various schemes proposed in the control period. The Petitioner is required to note that the JSERC Regulations, 2015 as referred to the Petitioner, prescribe a composite index of WPI and CPI for computation of the O&M expenses and do not provide any escalation factor for the project costs/ cost over- run.
11. The Petitioner did not submit documentary evidences of the sources of the debt raised/to be raised / grants etc. for funding of capital investment during the control period.
12. The Petitioner has not provided detailed breakup of its assets clearly indicating the useful life, date of achieving COD, original value of the asset as on COD of each of its asset.

13. The Petitioner has not provided detailed explanations for the methodology used for computing the opening value of the Net Assets for the FY 2016-17 (in Table 42 of the Petition) from the audited accounts of FY 2013-14. The Petitioner is required to submit the details with the instant Business Plan Petition in line with the Regulations 6.6 of the JSERC Tariff Regulations, 2015.
14. The opening value of the Net Assets for a particular year do not match with closing balance of the previous year in Table 42 of the Petition. The Petitioner has failed to submit justifications for the discrepancy observed. The Petitioner has also not submitted the details with the instant Business Plan Petition in line with Regulation 6.6 of the JSERC Tariff Regulations, 2015.
15. The Petitioner has failed to submit actual transmission system availability certified by the SLDC during the past 5 years. The Petitioner is required to submit the details with the instant Business Plan Petition in line with Regulation 6.6 of the JSERC Tariff Regulations, 2015.
16. As per the tri-partite MoU signed under the UDAY scheme, the Government of Jharkhand is required to reduce the transmission losses to 4% by 2019. The Petitioner is required to submit its detailed action plan for the achieving the target envisaged in the UDAY scheme.
17. The Petitioner has not submitted to submit provisional accounts for FY 2015-16 as well audited accounts for FY 2013-14 and provisional accounts for FY 2014-15 and FY 2015-16 in excel format.
18. As communicated by the Petitioner telephonically, the Petitioner has got approval for the scheme of strengthening its communication system whereby 30% of the expenditure will be funded by PFC/REC/Government grant and remaining shall be funded by the Petitioner. The Petitioner has not provided details of the same.


L.O.
27/2/17