



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No. 17 of 2016 & 03 of 2017/227
Date: 29th June 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: Discrepancies observed and additional data requirements pertaining to Petition for approval of Business Plan and determination of ARR for 2nd MYT Control Period FY 2016-17 to FY 2020-21 filed by JUSNL.


Sir,

Please find enclosed a copy of Order dt. 29.06.2017 passed by the Commission in Case (Tariff) No. 17 of 2016 & 03 of 2017 along with office report dt. 29.06.2017 pointing out some discrepancies in the petition as cited.

A compliance report to this effect removing the discrepancies together with required additional data may please be sent within two weeks as ordered.

Thanking you.

Yours faithfully,


(M.A. Khan)
Tariff/c

C.C:

- (1) The Chairman cum- Managing Director, Jharkhand Urja Vikas Nigam Limited (JUVNL), Engineering Building, H.E.C., Dhurwa, Ranchi – 834004.
- (2) The Managing Director, Jharkhand Urja Sancharan Nigam Limited (JUSNL), Engineering Building, H.E.C., Dhurwa, Ranchi – 834004.

2रा तल्ला, राजेन्द्र जवान भवन-सह-सैनिक बाजार, मेन रोड, राँची-834001

2nd Floor, Rajendra Jawan Bhawan-cum-Sainik Bazar, Main Road, Ranchi-834001

Tel. : 0651-2330838 • Fax : 0651-2330924 • E-mail : info@jserc.org • Website : www.jserc.org

**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

FORM OF PROCEEDING

Case (Tariff) No. 17 of 2016 & 03 of 2017

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
7.	29.06.2017	<p>The petition dated 17.11.2016 of Jharkhand Urja Sancharan Nigam Ltd. (JUSNL) for Business Plan for control period FY 2016-17 to FY 2020-21 vide order dt. 17.11.2016 of Case (T) No. 17 of 2016 and petition dt. 21.03.2017 for determination of ARR for 2nd MYT Control Period FY 2016-17 to FY 2020-21 vide order dt. 21.03.2017 of Case (T) No. 03 of 2017 and replies thereof have been scrutinized with the assistance and advice of our consultant. Several deficiencies (4th) have been found in the petition/replies as shown in the office report.</p> <p>The petitioner is directed to meet the deficiency and remove the defects within 2 weeks.</p> <p>Put on receipt of replies.</p>	



Sd/-
Member (Engg.)

Office Report

The petition dated 17.11.2016 of Jharkhand Urja Sancharan Nigam Ltd. (JUSNL) for Business Plan for control period FY 2016-17 to FY 2020-21 vide order dt. 17.11.2016 of Case (T) No. 17 of 2016 and determination of ARR for 2nd MYT Control Period FY 2016-17 to FY 2020-21 vide order dt. 21.03.2017 of Case (T) No. 03 of 2017 both the petitions & replies have been scrutinized with the assistance and advice of our consultant. Several deficiencies (4th) have been found in the petition/replies as indicated below :-

1. As per the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015:

“6.9 The Capital investment plan shall be in conformity with the plans made by the CEA/CTU and with the capital investment plans of the Distribution Licensee and the Generating Company. The investment plan shall be scheme-wise and each scheme shall include:

- (a) Purpose of investment (i.e. replacement of existing assets, meeting load growth, technical loss reduction, meeting reactive energy requirements, improvement in quality and reliability of supply, etc);*
- (b)*
.....
- (e) Cost-Benefit analysis*
- (f) Improvement in operational efficiency envisaged in the control period”*

The petitioner has failed to submit suitable justification for the capex schemes proposed for the Control period.

- (a) The Petitioner did not explain as whether its capital investment plan is in conformity with the capital investment plans of the Distribution Licensee and the Generating Company along with detailed justifications and technical need.
- (b) The Petitioner has failed to submit detailed cost benefit analysis of each scheme proposed in the capex plan. DPR of some of schemes do not mention the cost benefit analysis. They only indicate the breakup of cost estimates.
- (c) The Petitioner did not submit improvement in operational efficiency envisaged in the control period supported by detailed justifications.

- (d) The Petitioner has failed to submit Scheme wise financing plan/funding details. The Petitioner should submit the same.

The Commission might be constrained to disallow the capital investment plan if the Petitioner fails to submit the above information.

2. Petitioner did not indicate as whether it has availed / planning to avail funding for the capital investment plan from the cheapest source possible.

3. As per Regulation 5.3 of the Transmission Tariff Regulations, 2015.

*"The Application (for MYT) shall include statements containing Aggregate Revenue Requirement (ARR) for the Previous Year, Base Year and the projections for Control Period. The information for the Previous Year **Should be based on audited accounts.**"*

[Emphasis Added]

The Petitioner has not submitted audited accounts for FY 2014-15 including the auditor's (CAG's) report. The petitioner has failed to submit such audited accounts without which there may be no basis of acceptance of the petition.

4. The petitioner did not submit the audited accounts of FY 2015-16 along with provisional accounts of FY 2016-17.

5. Some of the schemes in the annexure of the business plan are ending in 2015-16 while the petitioner has shown Capital Expenditure during the control period starting from FY 2016-17 for these schemes. The petitioner failed to justify reason for carrying forward such capital expenditure in the control period.

6. The cost as per DPR shared by the petitioner in Annexure 4 of 3rd Reply to discrepancy note is different from the project cost of schemes in the Annexures of the Business plan. The petitioner is required to justify:

- a) Reason for such discrepancy
- b) Basis of taking scheme wise project cost in the annexures of the Business plan since it is not based on DPR

7. The petitioner did not submit actual capital expenditure incurred for FY 2016-17 on the schemes mentioned in the Business plan in the following table:

Sl. No.	Scheme Name	Actual Capital Expenditure in 2016-17
1.		
2.		
3.		

8. Since FY 2016-17 is over, for the schemes/projects commissioned in FY 2016-17 as per the annexures, the petitioner is required to state the date of commissioning of such schemes/projects in the following table:

Sl. No.	Scheme Name/ Asset Name	Date of Commissioning
1.		
2.		
3.		

9. The Petitioner is required to share the capital Expenditure and Capitalization for past 5 years on in the following tables:

Capital Expenditure							
S. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1.							

Breakup of Ongoing schemes (Capex)							
Transmission lines	2011-12	2012-13	2013-14	2014-15	2015-16	Total	
400 kV							
220 kV							
132 kV							
Total							

Breakup of Ongoing schemes (Capex)							
GSS	2011-12	2012-13	2013-14	2014-15	2015-16	Total	
400/220							
400/220/132							
220/132							
220/132/33							
132/33							
Total (GSS)							

Capitalization							
S. No.	Particulars	2011-12	2012-13	2013-14	2014-15	2015-16	Total
1	Ongoing Schemes						

Breakup of Ongoing schemes (Capitalisation)							
Transmission lines	2011-12	2012-13	2013-14	2014-15	2015-16	Total	
400 kV							
220 kV							
132 kV							
Total							

Breakup of Ongoing schemes (Capitalisation)							
GSS	2011-12	2012-13	2013-14	2014-15	2015-16	Total	
400/220							
400/220/132							
220/132							
220/132/33							
132/33							
Total (GSS)							

10. The Transmission Infrastructure in Annexure 6 of reply to the 1st discrepancy note does not match with Annexure 6 of Reply to the 2nd discrepancy note. The petitioner has failed to clarify which data is accurate and justification for such discrepancy.
11. The Petitioner has failed to submit actual transmission system availability certified by the SLDC during the past five 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.

12. In its reply to query 11 of the 3rd discrepancy note, the petitioner has mentioned reference documentary evidence from funding proof 1-13. But the petitioner has not shared such funding proofs with the Commission. The Petitioner failed to submit the same.
13. The DPR shared by the petitioner does not mention the schedule of the schemes, date of completion, estimated life extension from a reference date and the phasing of expenditure over such duration. The petitioner has failed to justify the reason for non-inclusion of such information in the DPRs.
14. Some of the schemes in the DPR shared by the petitioner in folder "DPR 1057 Cr. PDF" in its reply to 1st discrepancy note have no mention in the Business plan petition. For example GAWAN Scheme is not mentioned in the Business plan Petition while the petitioner has shared DPR of GAWAN (132 Kv, D/C, 3 Phase Jamua – Gawan Transmission Line (45 Km Approx.) & 132 Kv, D/C, 3 Phase Koderma – Gawan Transmission Line (60 Km Approx.). The petitioner has failed to justify the reason for the same.
15. The Petitioner has not submitted DPRs of all the schemes planned to be undertaken by it. The Petitioner has only partially submitted the DPRs for projects worth Rs. 4000 Cr. The Petitioner is required to submit the DPRs for the remaining projects as well.
16. In cases where DPR is not prepared, the petitioner is required to justify the basis of arriving at the project cost of such scheme. The petitioner may be asked to present such data in the following table.

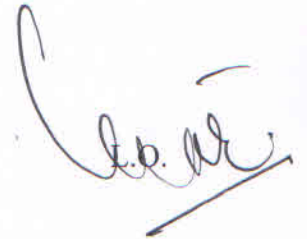
Scheme Name	Project cost as per the petition (Rs. Cr.)	Basis of arriving at this cost

17. Some the schemes like "132 kV D/C Giridih – Saria trans. Line" are mentioned in the Power For All (PFA) plan but the same has no mention in the Business plan petition. The petitioner should justify the reason for the same. The petitioner is required to highlight any other schemes which is mentioned in Power for All plan but is not mentioned in the petition and vice versa with proper justification.

18. The Petitioner has failed to submit the details of the schemes in which it is planning to add/augment transmission infrastructure in the DVC command area. JUSNL has also failed to submit whether it has explored possibility of sharing of existing infrastructure of DVC in the command area.

19. The Petitioner has failed to share actual expenses incurred in FY 2016-17 on:

- O&M expenses with breakup of Employee, R&M and A&G cost for both Transmission and SLDC business
- Energy Wheeled at Transmission level (MU)

A handwritten signature in black ink, appearing to be 'A. P. M.', is located on the right side of the page. The signature is written in a cursive style and is underlined.