



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No.03 of 2022/278
Date: 24th November 2022

To

The Executive Director (C&R)
Jharkhand Bijli Vitran Nigam Ltd. (JBVNL)
Engineering Building
H.E.C., Dhurwa, Ranchi – 834004

Sub: Additional data requirement pertaining to deficiencies observed in the Petition for Truing-up for FY 2020-21, APR for FY 2021-22 and ARR for FY 2022-23 of Jharkhand Bijli Vitran Nigam Limited (JBVNL) – Regarding thereof.

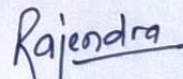
Sir,

Please find enclosed a copy of Order dt.24.11.2022 passed by the Commission in Case (Tariff) No. 03 of 2022 along with office report dt.24.11.2022 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,


(R. P. Nayak)
Secretary

Office Report

The petition dated 30.11.2021 for True-up of FY 2020-21, Annual Performance Review for FY 2021-22 and approval of Aggregate Revenue Requirement for FY 2022-23 of the control period (FY 2021-22 to FY 2025-26) of the petitioner - JBVNL has been scrutinized and several deficiencies/discrepancies have been found in the petition as indicated below:

1st Note on Discrepancies/ Data gaps in respect of the True-Up Petition FY 2020-21/ Annual Performance Review (APR) for FY 2021-22 & Annual Revenue Requirement (ARR) for FY 2022-23 filed by The Jharkhand Bijli Vitran Nigam Limited (JBVNL)

True-Up for FY 2020-21

1. The Petitioner is directed to submit the Computation model/ Working model of various ARR components and Power Purchase Model and formats of the Petition in Ms-Excel format with proper linkage and formula.
2. The Petitioner is directed to furnish the details of monthly injection and drawl of energy at intra-state Transmission level i.e. (JUSNL) for FY 2020-21.
3. The Petitioner is directed to submit the Consumer category-wise sales duly certified by the statutory auditor. As of now, 100% metering is still in progress for rural Consumers. In this regard, the Petitioner is required to demonstrate how they are measuring the sale to unmetered Consumers/ areas.
4. As per table 2-1 of the petition, the Petitioner has claimed the energy sale as 7,913.41 MUs against the 9,893.78 MUs approved in ARR for FY 2020-21. In this regard, the Petitioner is required to provide category wise proper justification for such a decrease in energy sales.
5. The Petitioner should submit the approval of the Commission for procurement of power from PTC (IEX) on a short-term power requirement basis for FY 2020-21 as per Regulation 5.20-5.22 of the JSERC (Terms and Condition for Determination of the Distribution Tariff) Regulation, 2015.
6. The Petitioner is also directed to submit the 96-time block-wise data for which Short-term power procurement is made along with proper justification for such purchase.
7. The Petitioner is directed to submit the time-block power purchase and sale rate from the PTC (IEX). Also, the Petitioner is required to submit documentary evidence for such purchase and sale.
8. The Petitioner is required to submit the source wise power purchase bills for claiming the Power Purchase Cost of Rs. 5,592.13 Cr. as per Table- 2-2 of Petition. Also, the Petitioner is directed to submit the reconciliation of Power Purchase Cost with Audited Annual Accounts.
9. As per table 2-2 of the True-Up Petition, it is observed that JBVNL has not procured power from North Karanpura during FY 2020-21. However, the Commission vide its

ARR Order dated 01-10-2020 has approved the power purchase from North Karanpura. In this regard, the Petitioner is directed to submit the detailed reason.

10. The Petitioner is required to provide the basis for scheduling of power from each source on daily basis. Further, the Petitioner is required to demonstrate alongwith documentary evidence with Merit Order Dispatch is followed while scheduling the power.
11. As per table 2-3 of the petition, the Petitioner has claimed the Transmission Loss as 8.92% against the 2.23% approved in the ARR for FY 2020-21. In this regard, the Petitioner should justify its claim with substantial evidence.
12. The Petitioner at para 2.4.6 has submitted that the actual distribution loss for FY 2020-21 is coming to 34.97%. Further, the Petitioner has claimed the distribution loss of 18% for FY 2020-21. In this regard, the Petitioner is directed to submit a detailed justification for a higher distribution loss of 34.97% for FY 2020-21. The Petitioner is directed to submit the detailed reason for the increase in distribution loss from 13% to 18% for FY 2020-21. Also, the Petitioner is required to submit the excel computation of claiming 18% distribution loss.
13. The Petitioner is required to provide the bills for claiming Intra-state transmission Charge of Rs 219.75 Cr, and Inter-state transmission charge of Rs 254.46 Cr.
14. As per table 2-5 of the petition, the Petitioner has claimed Terminal Benefit as Rs 59.06 Cr against the Rs 18.75 Cr approved in ARR for FY 2020-21. In this regard, the Petitioner is directed to submit the detailed justification for such deviation.
15. As per table 2-6 of the petition, the Petitioner has claimed Repair and Maintenance expenses as Rs 137.24 Cr against the Rs 124.36 Cr approved in the ARR for FY 2020-21. In this regard, the Petitioner is required to submit proper justification for such an increase in R&M expenses.
16. It is observed that the capital expenditure claimed for FY 2020-21 is Rs. 2,458.76 Cr. which is much lesser than the approved capital expenditure of Rs. 4,032.56 Cr. in ARR for FY 2020-21. In this regard, the Petitioner is directed to submit the scheme-wise detailed justification for such deviation in the capitalization. Also, the Petitioner is required to reconcile the claimed capital expenditure of Rs. 2,458.76 Cr. with Annual Audited Accounts.
17. The Petitioner is required to provide the detail of activities carried out under its Capex plan as claimed for FY 2020-21. Further, the Petitioner is also required to provide the comparison with the approved scheme alongwith the approved amount.
18. The Petitioner should submit the detailed scheme-wise comparison of Capitalization approved by the Commission vis-à-vis claimed for FY 2020-21. Further, in addition to above, the Petitioner is required to provide a project/ scheme completion certificate certifying that the project/ scheme is completed and in operation/ put to use.
19. As per table 2-8 of the petition, the Petitioner has claimed capital expenditure of Rs 2458.76 Cr under various central and state government schemes. In this regard, the Petitioner is required to provide a detailed break-up of the capital expenditure scheme-wise alongwith allocation of Grant/Debt/Equity/Consumer Contribution.
20. As per table 2-9 of the Petition, the Petitioner has claimed Opening CWIP as Rs 6,375.44 Cr. In this regard, the Petitioner is directed to provide the basis for considering the Opening CWIP.

21. As per table 2-10 of the petition, the Petitioner has claimed under Consumer contribution and grants as Rs 396.24 Cr. In this regard, the Petitioner is required to provide the documentary evidence for Grants and Consumer Contribution. Also, the Petitioner is directed to submit the details of the actual amount received under Grants and Consumer Contribution.
22. As per table 2-11 of the petition, the Petitioner has claimed opening GFA of Rs 13,768.59 Cr against Rs 13,453.26 Cr as depicted in the Audited Accounts. In this regard, the Petitioner is directed to reconcile the same with Annual Audited Accounts.
23. It is observed that, the Petitioner has claimed a normative debt-equity ratio of 70:30 as per Regulation in order to compute normative equity and normative loan. In this regard, the Petitioner is required to provide the details of source of funding for the Capital expenditure and capitalization as claimed for FY 2020-21.
24. The Petitioner has claimed a Depreciation Rate equivalent to 5.94%. In this regard, the Petitioner is directed to provide the basis for considering the same. Also, the Petitioner is required to provide a detailed computation of the Depreciation Rate in excel. The Petitioner should confirm that Depreciation in FY 2020-21 is not more than 90% of the Gross Fixed Assets (GFA) for all assets, since assets cannot be depreciated beyond 90% of GFA in accordance with the JSERC (Terms and Condition for Determination of the Distribution Tariff) Regulation, 2015.
25. The Petitioner is directed to submit the details of the actual loan portfolio as of 1st April, 2020 for projects, if any.
26. As per table 2-14 of the Petition, the Petitioner has claimed Interest on Consumer Security Deposit as Rs 53.44 Cr. In this regard, the Petitioner is required to provide the details of the actual interest disbursed against the claimed amount. Further, as per note-16 of the Petition, the Petitioner is required to submit the explanation about the security deposit of the consumer disconnected during the year. Also, the Petitioner is directed to submit the details on whether the security deposit has been refunded or not.
27. It is observed that, the Petitioner has claimed bank and finance charges as Rs 0.05 Cr against zero as approved in ARR for FY 2020-21. In this regard, the Petitioner is required to provide a detailed break-up of the same. Also, the Petitioner is directed to submit the bills towards bank and finance charges.
28. As per table 2-17 of the petition, the Petitioner has claimed Deemed Addition as Rs 699.30 Cr against the zero approved in ARR for FY 2020-21. In this regard, the Petitioner is directed to provide the detailed justification for such a claim.
29. As per table 2-18 of the petition, the Petitioner has claimed the corresponding receivable against Delayed Payment Surcharge as Rs 2,816.37 Cr. by dividing DPS from Consumer by 18%. In this regard, the Petitioner is directed to provide the basis for such derivation.
30. The Petitioner is required to submit a copy of the communication from the Energy Department, Government of Jharkhand vide letter dated 14th July 2014 stating that *"Amount released towards resource gap may be utilized to meet the slashes/disallowances worked out by the Hon'ble Commission while fixing the tariff"*
31. The Petitioner is required to submit the compliance towards Renewable Purchase Obligation (RPO) target set by the Commission for FY 2020-21 for solar and non-solar

- separately as per Regulation 5.2 of the JSERC (Renewable Energy Purchase Obligation and its compliance) Regulations, 2016 and First Amendment, 2021
32. As per page no 70 of the standalone financial statements for FY 2020-21, the Petitioner has claimed collection efficiency as 90.92%. However, as per para 5.24 of JSERC Generation Tariff Regulations 2015, Collection efficiency should be 100%. In this regard, the Petitioner is directed to provide the necessary explanation.
33. The Petitioner is required to submit the Cost Data Book and Fixed Asset Register (FAR) for FY 2020-21.

Annual Performance Review (APR) for FY 2021-22

1. The Petitioner is directed to submit the Revised Tariff Model, formats, and supporting documents of the APR Petition for FY 2021-22 considering the revised balances of FY 2020-21 as per final Audited Accounts in accordance with JSERC (Terms and Condition for Determination of the Distribution Tariff) Regulation, 2020.
2. As per table 3-2 of the petition, the Petitioner has estimated a Distribution Loss of 21% for FY 2021-22. In this regard, the Petitioner is directed to submit the basis of projecting the same.
3. As per para 3.4.2 of the petition, the Petitioner has projected the Transmission and Scheduling Charges by escalating the actual transmission and scheduling charge by 5%. In this regard, the Petitioner is directed to provide the basis for considering such escalation on transmission and scheduling charge for FY 2021-22.
4. As per para 3.4.2 of the petition, the Petitioner has projected Power Purchase Cost from New Plants (North Karanpura) at Rs 4.00/kWh (Energy Charge-Rs 1.75/kWh and Capacity Charge-Rs 2.25/kWh). In this regard, the Petitioner is required to provide the basis for such an assumption.
5. The Petitioner has Projected Renewable Energy Costs from SECI-Solar & Inox Wind at Rs 2.61/kWh and Rs 2.66/kWh respectively. In this regard, the Petitioner is required to provide the basis for such an assumption.
6. The Petitioner has claimed normative debt: equity ratio of 70:30 to calculate Normative Equity and Normative Loan. The Petitioner is required to provide the details regarding the source of Debt and Equity for the capital expenditure and capitalization as projected for FY 2021-22.
7. The Petitioner is required to provide the detail of activities carried out under each capex plan as claimed for FY 2021-22. Further, the Petitioner is also required to provide a comparison with the approved scheme along with the approved amount.
8. The Petitioner has estimated a Depreciation Rate equivalent to 5.94%. In this regard, the Petitioner is directed to provide the basis for considering the same. Also, the Petitioner is required to provide a detailed computation of the Depreciation Rate in excel.

Aggregate Revenue Requirement (ARR) for FY 2022-23

1. The Petitioner is directed to submit the Revised Tariff Model, formats, and supporting documents of the ARR Petition for FY 2022-23 considering the revised balances of FY 2021-22 in accordance with JSERC (Terms and Condition for Determination of the Distribution Tariff) Regulation, 2020.
2. As per table 4-2 of the Petition, the Petitioner has projected Distribution Loss as 20%. In this regard, the Petitioner is required to submit the rationale and justification for projecting the Distribution Loss.
3. As per para 4.3.1 of the Petition, the Petitioner has projected the Power Purchase Cost for FY 2022-23 by 6% over per unit charges of FY 2021-22. In this regard, the Petitioner is directed to provide the basis for such escalation.
4. As per para 4.3.1 of the petition, the Petitioner has projected the Transmission and Scheduling Charges of FY 2022-23 by escalating the transmission and scheduling charge of FY 2021-22 by 6%. In this regard, the Petitioner is directed to provide the basis for such escalation.
5. As per para 4.3.1 of the petition, the Petitioner has projected Power Purchase Cost from New Plants at the rate of FY 2021-22 after escalation by 6% to the existing rate. In this regard, the Petitioner is required to provide the basis for such an assumption.
6. The Petitioner has Projected Renewable Energy Costs from SECI-Solar & Inox Wind at Rs 2.61/kWh and Rs 2.66/kWh respectively. In this regard, the Petitioner is required to provide the basis for such an assumption.
7. As per table 4-9 of the Petition, the Petitioner has claimed terminal benefits to the tune of Rs. 66.08 Crore for FY 2022-23 by escalating terminal benefits of FY 2021-22 by 4.99%. However, Note-3 of Regulation 10.6 of the JSERC (Terms and Conditions of Distribution Tariff) Regulation, 2020 states that terminal liabilities will be approved as per the actual submitted. In this regard, the Petitioner is directed to submit a detailed justification for such claim.
8. The Petitioner has Projected additional capital expenditure amounting to Rs 1,049 Cr in its Aggregate Revenue Requirement (ARR) Petition. In this regard, the Petitioner is required to provide the cost-benefit analysis, DPR, and applicable Regulatory provision.
9. As per para 4.10.1 of the petition, the Petitioner has projected a Consumer Deposit of FY 2022-23 after considering the escalation of 5% over the accumulated Consumer Security of FY 2021-22. In this regard, the Petitioner is required to provide the basis for such an assumption.
10. The Petitioner has projected a Depreciation Rate equivalent to 5.94% for FY 2022-23. In this regard, the Petitioner is directed to provide the basis for considering the same. Also, the Petitioner is required to provide a detailed computation of the Depreciation Rate in excel.

11. As per table 4-19 of the petition, the Petitioner has projected Bank and Finance charge as Rs 0.05 Cr. In this regard, the Petitioner is required to submit the break-up of Bank and Finance Charge.

The Petitioner is directed to submit the Cost Data Book and Fixed Asset Register for FY 2022-23.

Rajendra
Secretary