



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No. 10 of 2023/281
Date: 08th January 2024

To

The Executive Director (C&R)
Jharkhand Bijli Vitran Nigam Ltd. (JBVNL),
Engineering Building, H.E.C.,
Dhurwa, Ranchi – 834 004.

Sub: Additional data requirement pertaining to deficiencies observed in the Petition for True-up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2024-25 of the Control period from FY 2021-22 to FY 2025-26 of the petitioner – JBVNL – Regarding thereof.


Sir,

Please find enclosed a copy of Order dated 04.01.2024 passed by the Commission in Case (Tariff) No. 10 of 2023 along with office report dated 04.01.2024 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 order.

Thanking you.

Yours faithfully,


(R. P. Nayak)
Secretary

**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

FORM OF PROCEEDING

Case (Tariff) No. **10** of **2023**

Jharkhand Bijli Vitran Nigam Limited (JBVNL)

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Petitioner

Sl. No.	Date of proceeding	Proceedings of the Commission with signature	Office action taken with date
1	2	3	4
2.	04.01.2024	<p>The petition dated 01.12.2023 for True-up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2024-25 of the Control period from FY 2021-22 to FY 2025-26 of the petitioner - JBVNL has been scrutinized and several deficiencies/discrepancies have been pointed out as shown in the office report dated 04.01.2024.</p> <p>The petitioner is directed to meet the deficiency and remove the defects within two weeks.</p> <p>Put on receipt of replies.</p> <p style="text-align: center;">Sd/- Sd/- Sd/- Member (T) Member (L) Chairperson</p>	



Office Report

The petition dated 01.12.2023 for True-up for FY 2022-23, Annual Performance Review (APR) for FY 2023-24 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2024-25 of the Control period from 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:

Note on Discrepancies/ Data gaps in respect of the Petition for Audited True-up of FY 2022-23, APR for FY 2023-24, and ARR & Tariff for FY 2024-25 of the Control Period from FY 2021-22 to FY 2025-26 filed by The Jharkhand Bijli Vitran Nigam Limited (JBVNL).

True-up of FY 2022-23

1. The petitioner is required to provide the Working Model (i.e. including True-up for FY 2022-23, APR for FY 2023-24, ARR & Tariff for FY 2024-25, Sales & Revenue Model, Power purchase model reconciliation with Audited account).
2. The petitioner is required to submit the searchable annual audit account for FY 2022-23.
3. The Petitioner is directed to furnish the details of monthly injection and drawl of energy at inter/intra state Transmission level for FY 2022-23.
4. The Petitioner is directed to submit the detailed bills against the payment made for power purchase for FY 2022-23.
5. As per table 2-1 of the petition, the Petitioner has claimed the energy sale as 9301.28 MUs against 10042.77 MUs approved as per approved Business plan for the period. In this regard, the Petitioner is required to provide the proper justification for such a decrease in energy sales.
6. 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 2022-23 as per Regulation 6.31-6.37 of the JSERC (Terms and Condition for Determination of the Distribution Tariff) Regulations, 2020.
7. The Petitioner is directed to submit the time-block power purchase and sale rate on the PTC (IEX). Also, the Petitioner is required to submit documentary evidence for such purchase and sale.

8. The Petitioner is directed to provide details computation bills against FPPPA for the period of FY 2022-23.
9. As per table 2-2 for FY 2022-23 the Petitioner has mentioned a heading as Supplementary bills and has claimed an amount of Rs.354.11Cr. The Petitioner is directed to provide details of the transaction.
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 along with documentary evidence whether Merit Order Dispatch is followed while scheduling the power.
11. As per table 2-4 of the petition, the Petitioner has claimed the Transmission Loss as 8.46% against the 2.23% approved in the Business Plan for FY 2022-23. In this regard, the Petitioner should justify its claim with substantial evidence.
12. The Petitioner at para 2.5.6 has submitted that the actual distribution loss for FY 2022-23 as 30.28%. In this regard, the Petitioner is directed to submit a detailed justification for a higher distribution loss for FY 2022-23 as the distribution loss is controllable parameter according to clause 6.44 of JSERC (Distribution Tariff Regulation) 2020. Further, the Petitioner is directed to submit the detailed reason for the increase in distribution loss to 30.28% for FY 2022-23.
13. The petitioner is also directed to submit the proper reason for poor collection efficiency during FY 2022-23.
14. As per table 2-5 of the petition, the Petitioner has claimed Repair and Maintenance expenses as Rs 266.55 Cr against the Rs 247.62 Cr approved in the Business Plan for FY 2022-23. In this regard, the Petitioner is required to submit proper justification for such an increase in R&M expenses.
15. As per table 2-6 of the petition, the Petitioner has claimed A&G expenses as Rs.114.12 Cr against Rs.100.07 Cr approved for FY 2022-23 in the Business Plan. In this regards the Petitioner is required to submit proper justification for such an increase in A&G expense.
16. The petitioner is required to submit the proper justification regarding to not implementing the clause 6.49 to 6.50 during claim of operation and maintenance charge.
17. As per table 2.7 it is observed that the addition to Capital Expenditure for FY 2022-23 is Rs.706.81 Cr. In this regard, the Petitioner is directed to submit the scheme-wise Capital Expenditure details.

18. The Petitioner should submit the detailed scheme-wise comparison of Capitalization approved by the Commission vis-à-vis claimed for FY 2022-23. Further, in addition to above, the Petitioner is required to provide 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 under consumer contribution as Rs.53.38 Cr for FY 2022-23. 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.
20. The Petitioner should confirm that Depreciation in FY 2022-23 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, 2020.
21. The Petitioner is directed to submit the details of the actual loan portfolio as of 1st April, 2022 for projects, if any.
22. As per table 2-12 of the Petition, the Petitioner has claimed Interest on Consumer Security Deposit as Rs 58.97Cr. In this regard, the Petitioner is required to provide the details of the actual interest disbursed against the claimed amount.
23. As per table 2-13 it is observed that, the Petitioner has claimed bank and finance charges as Rs 11 Cr for FY 2022-23. In this regard, the Petitioner is required to provide proper justification. Also, the Petitioner is directed to submit the bills towards bank and finance charges.
24. As per table 2-16 the petitioner has claimed Rs 6.57 Crore under Transformer rent which is against the audited account i.e Meter Rent. whereas the Commission has already disallowed meter rent from NTI, in this regard, the petitioner is directed to provide proper justification.
25. Further, petitioner in table 2-16 has claimed Rs 167.57 crore under Wheeling Charge/Fuel Surcharge/outside sale. In this regard, the petitioner is required to provide break-up of the same.
26. It is observed that the company has not accounted for the assistance in the nature of providing the loan facility by the state government at concessional rate of interest or by deferring the payment of interest and principal of loan as per Ind AS 20. The Commission is of opinion that the company must account for government grant at a

lower interest rate as per Ind AS 109. In this regard, the petitioner is directed to provide the proper justification.

27. It is observed that the company has not applied the Ind AS 107 Financial Instrument Disclosures and has not disclose the impact of financial risk i.e. credit risk, liquidity risk, market risk and its impact on the financial statement. In this regard, the petitioner is directed to provide the proper justification.
28. It is observed that the petitioner has not applied the Ind AS 36 in respect of the impairment of assets for those assets which have been carried at more than the recoverable amount through use and sale of the assets. In this regard, the petitioner is directed to provide the proper justification.
29. It is observed that the petitioner gets government fund under various scheme in the form of loan and grant. In this regard, the petitioner is required to provide the balance confirmation certificate.
30. It is observed that the petitioner has paying various type of advance without interest to its staff against the Ind AS 109-financial instruments. In this regard, the petitioner is required to provide the proper reconciliation and justification.
31. It is observed that the petitioner has transacted amount tuned Rs 206.27 cr. to the PTPS in the previous years. In this regard, the petitioner is required to provide the proper justification and submit the balance confirmation and reconciliation of closing balance of inter-company transaction.
32. The petitioner is required to provide the categories wise consumer disconnected during the FY 2022-23. In this regard, the petitioner is directed to reconcile the categories wise consumer disconnected with amount of Rs 3.77 cr.

Annual Performance Review for FY 2023-24

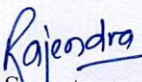
33. As per para 3.3.1, the Petitioner has projected distribution loss of 24% & 19% for FY 2023-24 & FY 2024-25 respectively against the distribution loss of 13% as approved by the Commission for the control period. In this regard, the petitioner is directed to provide the proper justification.
34. As per para 3.4.3, the Petitioner has considered an escalation of 5% against transmission and scheduling charges. The Petitioner is directed to provide the justification for considering the same.

35. As per para 3.7.4 the Petitioner has considered an inflation factor of 3.10% for escalating employee and A&G expense. The Petitioner is directed to provide justification for considering the same.
36. As per table 3-7 the Petitioner has projected terminal benefits of Rs 259.97 with an escalation factor of 3.10% for FY 2024-25. However, under clause 10.6 (Note-3) of 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.
37. As per para 3.9.4 the Petitioner has projected addition to Capital Expenditure for FY 2023-24 of Rs. 1332.63 Cr. In this regard, the Petitioner is directed to submit the scheme-wise Capital Expenditure details.
38. As per para 3.11.6, the Petitioner has considered an escalation rate of 5% over the accumulated consumer security of FY 2021-22 for FY 2022-23. In this regard, the Petitioner is directed to provide the justification for considering the same.
39. It is observed that the Petitioner has estimated bank charge to the tune of Rs.11 Cr. The Petitioner is directed to provide details for such consideration.
40. The Petitioner has considered meter rent/transformer rent under Non-Tariff income, whereas the Commission has already disallowed meter rent from NTI. The Petitioner is required to provide proper justification for such claim.

ARR for FY 2024-25

41. As per para 4.1, JBVNL has provided details of consumption parameters (consumer numbers, connected load and sales) and has considered escalation rates accordingly. The Petitioner has directed to provide details for such assumption and provide calculations sheets is any for the same.
42. As per para 4.2 the Petitioner has projected distribution loss of 19% against the approved value of 13% by the Commission. As such the Petitioner is directed to provide justification for the same and necessary actions for achieving the approved trajectory by the Commission.
43. As per para 4.3 the Petitioner has projections for its Power purchase by considering unit escalation of 5% on the generating units of FY 2023-24 for FY 2024-25 and has also confirmed for measures for reducing dependency on costlier plants. The Petitioner is directed to provide basis for such escalation.

44. As such considering the present scenario the Petitioner is directed to provide details of its power procurement as per Merit order Dispatch methodology if any.
45. As per para 4.5.3 the Petitioner has considered intrastate transmission loss of 8.46% against the approved figure of 2.23%. The Petitioner is directed to provide basis for such consideration.
46. As per para 4.6.1 the Petitioner has projected an escalation of 5% on intra state transmission charges upon FY 2023-24 to arrive at FY 2024-25. As such the Petitioner is directed to provide basis for such escalation.
47. As per para 4.7.3 the Petitioner has projected terminal benefits of Rs 231.25 Cr with an escalation factor of 3.10% for FY 2024-25. However, under clause 10.6 (Note-3) of 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.
48. As per para 4.9.4 the Petitioner has projected capital expenditure of Rs.2607.73 Cr and transfer to GFA as Rs.2185.61 Cr. In this regard the Petitioner is directed to provide details of the same.
49. As per table 4-11, the Petitioner has projected Govt grant of Rs.1033.95 Cr and Consumer contribution of Rs 53.38 Cr. As such the Petitioner is directed to provide details for such consideration.
50. As per para 4.12.1 the Petitioner has considered an escalation of 5% for FY 2024-25 over the accumulated consumer security deposit over the previous year. The Petitioner is directed to provide basis for such consideration.
51. As per para 4.12.3 the Petitioner has projected bank and finance charges as 11 Cr. The Petitioner is directed to provide justification for such consideration.
52. The Petitioner has considered meter rent/transformer rent under Non-Tariff income as per table 4-18 whereas the Commission has already disallowed meter rent from NTI. The Petitioner is required to provide proper justification for such claim.


Secretary