



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No. 13 of 2022/220

Date: 18th October 2022

To

Shri Rajul Harkerni
General Manager (TA-Electrical)
Steel Authority of India Limited (SAIL)
Bokaro Steel Plant, Ispat Bhawan
Bokaro Steel City, Bokaro
Jharkhand – 827001.

Sub: Additional data requirement pertaining to deficiencies observed in the Petition for True-up of FY 2019-20 to FY 2020-21, Multi Year Tariff (MYT) and Business Plan of FY 2021-22 to FY 2025-26, Annual Performance Review (APR) of FY 2021-22 and ARR of FY 2021-22 & FY 2022-23 of Steel Authority of India Ltd. (SAIL) – Regarding thereof.

Sir,

Please find enclosed a copy of Order dt. 18.10.2022 passed by the Commission in Case (Tariff) No. 13 of 2022 along with office report dt. 18.10.2022 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



**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

**FORM OF PROCEEDING
Case (Tariff) No. 13 of 2022**

Steel Authority of India Limited (SAIL)

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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.	18.10.2022	<p>The petition dated 30.03.2022 for True-up of FY 2019-20 to FY 2020-21, Multi Year Tariff (MYT) and Business Plan of FY 2021-22 to FY 2025-26, Annual Performance Review (APR) of FY 2021-22 and ARR of FY 2021-22 & FY 2022-23 of the petitioner - Steel Authority of India Limited (SAIL) has been scrutinized and several deficiencies/ discrepancies have been pointed out as shown in the office report dated 18.10.2022.</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 align="center">Sd/- Sd/- Sd/- Member (T) Member (L) Chairperson</p>	



Office Report

The petition dated 30.03.2022 for True-up for FY 2019-20 to FY 2020-21, Multi Year Tariff (MYT) and Business Plan of FY 2021-22 to FY 2025-26, Annual Performance Review (APR) of FY 2021-22 and ARR of FY 2021-22 & FY 2022-23 of the petitioner - Steel Authority of India Limited (SAIL) have been scrutinized and several deficiencies/discrepancies have been found in the petition as indicated below:

1st Information Requirement/Discrepancies/Data Gaps on True-Up for FY 2019-20 to 2020-21, Multi Year Tariff and Business Plan of FY 2021-22 to 2025-26, Annual Performance Review of FY 2021-22 and ARR of FY 2021-22 & 2022-23 of Distribution Business of Steel Authority of India Limited- Bokaro Steel Limited

SAIL is required to provide the following clarifications/information on Petition submitted for True-up for FY 2019-20, FY 2020-21, MYT for FY 2021-22 to 2025-26, APR of FY 2021-22 and ARR for FY 2021-22 & FY 2022-23:

TRUE UP for FY 2019-20 to 2020-21

A. General

1. The data submitted has not been checked and verified properly. For example: MYT formats: form S2, S3, S6, F1, F2, F3, F4a, F4b, F6a, F9a, F9b, F10, F11, F12, F13, F14, F15, F16, F17, F19, F20, T1, T3, P1, P1a, P2, P3, P4 are left blank or filled NA. Also, in other forms of MYT format, various line items are left blank. The Petitioner should submit the Financial Model and formats of the Petition in MS Excel format with proper linkages and formula.
2. The Petitioner is required to provide the load curve detailing the base load and peak load of the Licensee for last six months.
3. The Petitioner is directed to submit word file of petitions.

B. Sales and Power Purchase

1. The Petitioner is directed to submit the detailed justification for the steep decrease in the number of consumers, connected load, and energy sales for DS-LT category for FY 2019-20 & 2020-21.
2. After continuous directions from this Commission to SAIL-BSL to comply with the distribution loss levels as set by this Commission. The Petitioner has submitted an increased distribution loss to 41.26% for FY 2019-20 and 38.87% for FY 2020-21 in its True-Up Petition against the approved levels of 16% for FY 2019-20 and 10% for FY 2020-21 as approved in MYT Order dated 07-06-2018. In this regard, the Petitioner is directed to submit a detailed justification towards such non-compliance and submit the detailed measures alongwith timelines to reduce the distribution loss.

3. The Petitioner is directed to submit the actual sub-category-wise no. of consumers, contracted load and sales from FY 2013-14 till date.
4. The Petitioner is directed to submit the details of consumer category wise billing master data for FY 2019-20 to FY 2020-21.
5. The Petitioner is directed to submit the following details pertaining to raid activity as per the below format:

FY	Total Number of Raids Conducted	No. of Theft Cases	Total No. Assessment	Total Assessment Amount in Lacs	Total Number of Realisation	Total Amount of Realisation in Lacs
2019-20						
2020-21						

6. The Petitioner is directed to submit documentary evidence towards Steel Plant Consumption of 913.42 MU and 1031.68 MU during FY 2019-20 & 2020-21 respectively.

C. Other Components of ARR:

7. The Petitioner as per para 3.6 of the Petition has computed O&M expenses for FY 2019-20 & 2020-21 by considering actual O&M expenses incurred by TA-Electrical department and the O&M expenses incurred by DNW and ETL based on the ratio of energy transferred to the TA-Electrical to the total energy received. In this regard, the Petitioner is directed to provide break-up of O&M expenses pertaining to TA-Electrical department, DNW and ETL and reconcile the same with Audited Annual Accounts.
8. The Petitioner is directed to submit the details of a number of retired, existing and newly recruited employees pertaining to the Distribution business of SAIL-BSL along with supporting documents for the true-up period.
9. The Petitioner is directed to submit the details of source-wise power purchase for the True-Up Year 2019-20 & 2020-21.
10. As per Table 10 of the Petition, the Petitioner has considered rate of Depreciation as 4.81% for FY 2019-20 and 5.21% for FY 2020-21 in its True-Up Petition. In this regard, the Petitioner is directed to provide detailed justification on consideration of the depreciation rate as same as approved in MYT Order.
11. The petitioner is directed to submit Fixed Asset Register for its distribution business for FY 2019-20 & FY 2020-21.
12. The Petitioner is directed to provide ratio of Debt:Equity considered for the period of FY 2019-20 & FY 2020-21. Also, clarify in case of any deviation from the normative debt:equity ratio.

13. As per Table 9, the Petitioner has claimed opening GFA to the tune of Rs. 44.46 Crore during FY 2019-20 & FY 2020-21. However, the Petitioner has claimed Net Loan-Opening to the tune of Rs. 22.22 Crore during FY 2019-20 & Rs. 20.08 Crore during FY 2020-21 and Opening Equity to the tune of Rs. 13.33 Crore for FY 2019-20 and Rs. 13.33 Crore for FY 2020-21. In this regard, the Petitioner is directed to provide the basis for consideration of Net Loan opening and Opening Equity for FY 2019-20 & 2020-21 and reconcile the same with Audited Annual Accounts.

Multi Year Tariff and Business Plan of FY 2021-22 to 2025-26

A. General:

1. The data submitted has not been checked and verified properly. For example: MYT formats: form S6, F2, F3, F4a, F4b, F6a, F9a, F9b, F10, F11, F12, F13, F15, F16, F17, F19, F20, P1, P1a, P2, P3, P4 are left blank or filled NA. Also, in other forms of MYT format, various line items are left blank. The Petitioner is directed to submit the aforesaid formats and provide proper clarification if the formats not pertain to SAIL-BSL.

B. CAPEX:

2. As per Regulations 6.12 of the (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020 the Petitioner is directed to submit the following scheme-wise details in respect of the Capital Expenditure claimed for the Control Period FY 2021-26:
- Detailed Project Report
 - Implementation Schedule including Timelines
 - Cost-Benefit Analysis & Rate Reasonability
 - Improvement in operational efficiency envisaged in the Control Period
 - Any scheme on-going that will spill over into the Control period FY 2021-26
 - Cost of Financing (interest on Debt) after considering the existing market conditions, terms of the loan agreements

Pursuant to the submission of the above-mentioned information, the Commission shall take appropriate decision in connection with the admissibility of the claimed Capital Expenditure.

C. Distribution Loss:

3. As per Table 30, the Petitioner has claimed following distribution loss for the MYT control period of 2021-26:

Consumer Category	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Distribution Loss	37.50%	35.75%	34.09%	32.50%	30.99%

In this regard, the Petitioner is directed to submit the basis for projection of higher distribution loss for said control period with proper justification.

4. As per submission by petitioner, distribution losses are very high on actual basis and loss trajectory projected for control period is very high and unjustified. Therefore, the Petitioner is

directed to submit a copy of a detailed feeder wise energy audit report showing high loss pockets and feeder wise/cluster wise loss reduction capital investment plan.

5. The Petitioner is directed to submit loss reduction target in accordance to capital investment plan for entire control period. The Petitioner is directed to provide the basis for projecting energy requirements for Steel Plant consumption for the MYT control period 2021-26.
6. The Petitioner is directed to submit a set of targets proposed for other controllable items such as distribution losses, collection efficiency, working capital requirement, quality of supply targets (viz., SAIFI, SAIDI and MAIFI as per the JSERC (Distribution Licensees' Standards of Performance) Regulations, 2015, and subsequent amendments), etc. The targets shall be consistent with the capital investment plan proposed by the Licensee.

D. Power Procurement and Human Resource Plan:

7. The Petitioner is directed to submit the copy of existing PPA signed between SAIL-BSL & DVC and update the status on the renewal of PPA. Further, the Petitioner is directed to seek prior approval of PPA from this Commission under Section 86(1)(b) of the Electricity Act, 2003.
8. As per Regulation 6.23 of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020. The Petitioner is directed to submit details on following points:
 - a. Submit the soft copy of plan for procurement of power to serve the demand for electricity in its area of supply and submit such plan to the Commission for approval for the Control Period from FY 2021-22 to FY 2025-26. The power procurement plan of the Distribution Licensee shall comprise the following:
 - b. A quantitative forecast of the unrestricted demand for electricity for each tariff category, within its area of supply over the Control Period.
 - c. An estimate of the quantities of electricity supply from the identified sources of generation and power purchase.
 - d. An estimate of availability of power to meet the Base Load and Peak Load requirement provided that such estimate shall be monthly estimation of demand and supply expressed both in Mega-Watt (MW) as well as in Million Units (MU).
 - e. Measures proposed to be implemented as regards energy conservation and energy efficiency.
 - f. The requirement for new sources of power generation and/or procurement, including augmentation of generation capacity and identified new sources of supply.
 - g. The plan for procurement of power including quantities and cost estimates for such procurement provided that the forecast/estimate contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantities of power to be procured (in MU) and maximum demand (in MW / MVA)
9. The Petitioner is directed to submit Human Resource Plan with manpower planning including details of the estimated year wise manpower addition and retirements for the Control Period to meet the growth in demand/consumers.

ANNUAL PERFORMANCE REVIEW OF FY 2021-22

1. Submit the actual 6-month data of category-wise and voltage-wise sales, contracted demand and number of consumers, source-wise power purchase quantum and cost, details of capital expenditure, additional capitalization, sources of financing, operation and maintenance expenditure, actual loan portfolio with the interest paid along with other components of APR for FY 2021-22.

Aggregate Revenue Requirement for MYT Control Period of FY 2021-22 to 2025-26

1. The Petitioner is directed to submit the basis for projecting the category-wise number of consumers, connected load, and energy sales for the MYT control period.
2. The Petitioner is directed to submit the detailed justification for projecting higher distribution losses for the MYT control period 2021-22 to 2025-26.
3. The Petitioner is directed to submit the basis for computing the CAGR of 4.04% for projecting per unit power purchase cost for the MYT control period 2021-22 to 2025-26.
4. The Petitioner is directed to provide the basis for consideration of 4.22% as rate of depreciation for the MYT control period 2021-22 to 2025-26.
5. The Petitioner has computed Cross Subsidy Surcharge for FY 2021-22 & 2022-23 in Table 54 and 55 of the Petition. In this regard, the Petitioner is directed to submit the basis of considering system losses for applicable voltage level during FY 2021-22 & 2022-23.
6. The Petitioner has proposed retail tariff for FY 2021-22 & 2020-23 by escalating category-wise Fixed charge rate and Energy charge rate of FY 2020-21 with 15% and 10% respectively as per Format-T3. In this regard, the Petitioner is directed to provide the basis for considering escalation rate of 15% for FY 2021-22 and 10% for FY 2022-23 for proposing the retail tariff.
7. The Petitioner is directed to submit the detailed justification for proposing a tariff hike of around 30% in energy charge and 15% in fixed charge for all the consumer categories in FY 2021-22 and 2022-23.
8. The Petitioner is directed to submit the comparison of proposed tariff with existing tariff, percentage tariff hike, for each category/sub-category.
9. The Petitioner is directed to submit the detailed justification towards claim of Unrecovered Revenue Gap of Rs. 10.52 Crore for FY 2013-14 to 2015-16, Unrecovered Revenue Gap of Rs. 18.47 Crore for FY 2016-17 to 2018-19 and Revenue Gap of Rs. 118.95 Crore for FY 2019-20 to FY 2020-21.


Secretary

