



झारखण्ड राज्य विद्युत नियामक आयोग JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION

JSERC/Case (Tariff) No. 05 of 2022/234
Date: 02nd November 2022

To

Shri Sharad Kumar
Chief Power Systems & Energy
Tata Steel Ltd. (TSL)
Sakchi Boulevard Road
Northern Town, Bistupur
Jamshedpur – 831 001

Sub: Additional data requirement pertaining to deficiencies observed in the Petition for True-up of ARR for FY 2020-21, Annual Performance Review of ARR for FY 2021-22 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2022-23 of Tata Steel Ltd. (TSL) – Regarding thereof.


Sir,

Please find enclosed a copy of Order dt. 01.11.2022 passed by the Commission in Case (Tariff) No. 05 of 2022 along with office report dt. 01.11.2022 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

**JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION
RANCHI**

**FORM OF PROCEEDING
Case (Tariff) No. 05 of 2022**

Tata Steel Limited (TSL)

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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.	01.11.2022	<p>The petition dated 29.11.2021 for True-up of ARR for FY 2020-21, Annual Performance Review of ARR for FY 2021-22 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2022-23 of the petitioner – Tata Steel Ltd. (TSL) has been scrutinized and several deficiencies/ discrepancies have been pointed out as shown in the office report dated 01.11.2022.</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>Sd/- Member (T)</p> <p>Sd/- Member (L)</p> <p>Sd/- Chairperson</p>	



Office Report

The petition dated 29.11.2021 for True-up of ARR for FY 2020-21, Annual Performance Review of ARR for FY 2021-22 and Aggregate Revenue Requirement (ARR) & Tariff for FY 2022-23 of the petitioner – Tata Steel Ltd. (TSL) has been scrutinized and several deficiencies/ discrepancies have been scrutinized and several deficiencies/ discrepancies have been found in the petition as indicated below:

Note on Discrepancies/ Data gaps in respect of the True-Up Petition FY 2020-21, Annual Performance Review for FY 2021-22 and ARR for FY2022-23 filed by Tata Steel Limited True-Up for FY 2020-21:

1. The Petitioner is required to provide the Readable and Searchable pdf of the Annexure. Further, the Petitioner is directed to submit clear copies of Annexure-3,7 (page no-254, 536, 539, 542, 545, 548, 551, 554, 604).
2. The Petitioner is required to provide the load curve for FY 2020-21 including the base load and peak load.
3. The Petitioner is required to provide the Word file of the Petition along with the Excel sheet which is used in the preparation of Tariff Model.
4. As per table 2-1 of the Petition, the Petitioner has claimed the sale of energy under LTTS, MESRTODL, and IEX as 0.23 MUs, 0.22 MUs & 65.33 MUs respectively. But the same was not approved in the Tariff Order dated 29-09-2020 for ARR of FY 2020-21. In this regard, the Petitioner is required to justify such deviation.
5. As per table 2-2 of the Petition, the Petitioner has claimed Overall Distribution Losses as 2.69% against the 2.53% as approved in ARR for FY 2020-21. In this regard, the Petitioner is directed to provide the proper justification.
6. It is observed that, the Petitioner didn't fulfilled the Renewable Purchase Obligation (RPO). But a certain quantum of RPO is fulfilled through G-TAM (Green Term Ahead Market) and Solar rooftops. In this regard, the Petitioner is directed to submit the monthly quantum of power generated through rooftops connected to the Petitioner's distribution system.
7. As per table 2-3 of the Petition, the Petitioner has claimed the Power Purchase Rate as Rs 4.71/KWh against Rs 4.64/KWh as approved in ARR in the T.O. dated 29.09.2020. In this regard, the Petitioner is required to provide a detailed justification for such an increase in the Power Purchase Rate.
8. As per Renewable Purchase Obligation (RPO) compliance (read with para 2.4.17, table 2-6) for FY 2020-21, the Petitioner has purchased a quantum of power through Solar as 6.63 MUs against the target of 137.72 MUs and Non-Solar as 3.24 MUs against the target of 89.10 MUs towards RPO compliance. In this regard, the Petitioner is directed to provide proper justification.

9. As per table 2-13 of the Petition, the Petitioner has claimed actual A&G expense to the tune of Rs. 29.42 Cr against Rs. 22.64 Cr as depicted in Audited Annual Accounts. In this regard, the Petitioner is directed to reconcile the same with Audited Annual Accounts.
10. As per Audit note 10 (e) of the Balance sheet, the Petitioner has booked Rs 0.66 Cr under Other Miscellaneous Expenses. In this regard, the Petitioner is directed to provide the break-up of Other Miscellaneous Expenses.
11. It is observed that the Petitioner has claimed Petition Filing Charge & CGRF Expense under O&M Expense. Further, as per 6.3 of the JSERC (Term and condition for Determination of Distribution Tariff) Regulations, 2015 there are no such particulars under O&M Cost. In this regard, the Petitioner is directed to provide a detailed justification for considering the same under O&M Expenses.
12. As per para 2.8.4 of the Petition, the Petitioner has claimed Delay Payment Surcharge (DPS) as Rs 1.9 Cr and Interest of funding of Principal amount on DPS as Rs 1.23 Cr. In this regard, the Petitioner is directed to submit the basis of such claim. Also, the Petitioner is directed to submit the details of the Principal amount of DPS.
13. As per para 2.10.1 of the petition, the Petitioner has claimed Non-Tariff Income as Rs 3.55 Cr. In this regard, the Petitioner is directed to reconcile the Non-Tariff Income with Audited Account.

Annual Performance Review for FY 2021-22:

1. The Petitioner is directed to submit all the linked excel workbook which is used in the Tariff Model.
2. As per table 3-4 of the Petition, the Petitioner has submitted Overall Distribution loss during H1 period as 2.58% & H2 period as 3.90% respectively. In this regard, the Petitioner is directed to submit a detailed justification for estimating an increase in Overall Distribution loss during the H2 period.
3. As per table 3-5 of the Petition, the Petitioner has submitted Power Purchase per unit cost during H1 period as Rs 4.62 & H2 period as Rs 5.27. In this regard, the Petitioner is directed to submit a detailed justification for considering an increase in Power Purchase Per Unit Cost during the H2 period.
4. As per para 3.4.10 of the Petition, the Petitioner has incurred Transmission & scheduling Charges for the H1(actual) & H2(estimated) period as Rs 41.41 Cr each. In this regard, the Petitioner is directed to submit the bill of payment for the H1 period and the computation and methodology used for considering the cost of Rs 41.41 Cr for the H2 period.
5. As per para 3.4.14 (read with table 3-6) of the petition, the Petitioner has estimated the purchase of 9.73 MU's of power from exchanges at the rate of Rs. 6 per kWh. In this regard, the Petitioner is directed to submit a detailed analysis of the requirement of power purchase from Short-term. As per MoP guidelines, any short-term power purchase must be approved by the Appropriate Commission. In this regard, the Petitioner is directed to provide a detailed justification of whether the TSL has taken prior approval from the JSERC towards short-term power procurement or not.
6. As per para 3.4.17 & table 3-8 of the Petition, the Petitioner has estimated RPO compliance for FY 2021-22, the Petitioner has purchased a quantum of power through Solar and Non-Solar as 13 MUs and 18 MUs respectively for fulfilling RPO target

- against the Solar RPO Target of 394.91 MUs and Non-Solar RPO target of 349.68 MUs. In this regard, the Petitioner is directed to provide proper justification.
7. As per table 3-9 of the Petition, the Petitioner has projected Employee cost, A&G Expenses, and R&M Expenses as Rs 14 Cr, Rs 18 Cr and Rs 20 Cr respectively. In this regard, the Petitioner is directed to provide the detailed computation of Employee cost, A&G Expenses, and R&M Expenses for the H2 period.
 8. As per table 3-12 of the Petition, the Petitioner has computed Normative R&M Expenses by considering the 'K' factor as 5.09%. In this regard, the Petitioner is directed to submit the detailed methodology and computation to obtain the 'K' factor as 5.09%.
 9. As per Table 3-21 of the Petition, the Petitioner has computed a Return on Equity considering rate of Pre-Tax equity of 19.38%% (Crossing-up the post-tax rate of 14.50% with the applicable tax rate i.e. 25.17%). However, Regulation 10.52 of the JSERC Distribution Tariff Regulation, 2020 allows the Petitioner to claim Return on Equity on a Post-Tax basis at the base rate of 14.50% and Petitioner is required to claim Income Tax at the time of Truing-Up as per Regulation 10.52 of the JSERC Distribution Tariff Regulation, 2020. In this regard, the Petitioner is directed to provide the proper justification.

Aggregate Revenue Requirement (ARR) for FY 2022-23:

1. It is observed that the Petitioner has projected energy sales to JUSCO & IEX- Power Market as 400 (MUs) & 30 (MUs) respectively. In this regard, the Petitioner is directed to provide the detailed computation for considering the energy sale to JUSCO & IEX.
2. It is observed that the Petitioner has projected energy available from Unit 2 & Unit 3 of Tata Power Company Limited as 735.53 MUs & 718.20 MUs respectively. In this regard, the Petitioner is directed to submit the methodology used for the computation of energy availability.
3. The petitioner is required to provide the basis for considering the PGCIL and ERLIDC charges.
4. As per table 4-6 of the Petition, the Petitioner has expected Renewable Energy generation under net metering as 12 MUs for FY 2022-23. In this regard, the Petitioner is directed to provide the methodology used for projecting Renewable Energy generation under net metering.
5. As per table 4-7 of the Petition, the Petitioner has projected an Additional Manpower cost of Rs 3.70 Cr for FY 2022-23. In this regard, the Petitioner is directed to provide the break-up of cadre-wise additional manpower costs for FY 2022-23.
6. As per table 4-9 of the Petition, the Petitioner has computed Normative R&M Expenses by considering the 'K' factor as 5.09% for FY 2022-23. In this regard, the Petitioner is directed to submit the detailed methodology and computation to obtain the 'K' factor as 5.09%.
7. It is observed that the Petitioner has considered Petition Filing Fee as Rs 0.20 Cr and CGRF expense Rs 0.34 Cr for projecting O&M Expenses. But as per 10.3 of the JSERC (Term and condition for Determination of Distribution Tariff) Regulations, 2020 there are no such particulars under O&M Cost. In this regard, the Petitioner is directed to provide a detailed justification for considering the Petitioner Filing Fee and CGRF Expense for projecting O&M Expenses.

8. The Petitioner has Projected additional capital expenditure amounting to Rs 54 Cr in its Aggregate Revenue Requirement (ARR) Petition. In this regard, the Petitioner is required to provide the scheme-wise break-up of additional capitalization, cost-benefit analysis, DPR and applicable Regulatory provision.
9. The petitioner is required to provide the basis for considering the Consumer contribution received during the FY 2022-23.
10. As per Table 4-18 of the Petition, the Petitioner has computed a Return on Equity for FY 2022-23 considering a rate of Pre-Tax equity of 19.38%% (Grossing-up the post-tax rate of 14.50% with the applicable tax rate i.e. 25.17%). However, Regulation 10.52 of the JSERC Distribution Tariff Regulation, 2020 allows the Petitioner to claim Return on Equity on a Post-Tax basis at the base rate of 14.50% and Petitioner is required to claim Income Tax at the time of Truing-Up as per Regulation 10.52 of the JSERC Distribution Tariff Regulation, 2020. In this regard, the Petitioner is directed to provide the proper justification.
11. As per para 4.12.1 of the Petition, the Petitioner has considered Rs 7.10 Cr towards Non-Tariff income for FY 2022-23. In this regard, the Petitioner is required to provide the break-up of Non-Tariff income as per para 10.54 of the JSERC (Term and condition for Determination of Distribution Tariff) Regulations, 2020.


Secretary