

Office Report

The petition dated 06.06.2019 of Tata Steel Limited (TSL) for True-up for FY 2016-17 and FY 2017-18, Annual Performance Review (APR) for FY 2018-19, ARR and Revised Tariff proposal for FY 2019-20 have been scrutinized and several deficiencies have been found in the petition as indicated below:

A. General

1. It is observed that the values submitted in the Petition does not match with the model submitted. The Petitioner should rectify the discrepancies and make revised submissions.
2. The financial model submitted by the Petitioner has reference errors and are also linked to external files. The Petitioner should submit complete interlinked financial model along with appropriate formulae without any external links.
3. The Petitioner should submit the PPAs executed with TSW (Captive) and DVC for power procurement.
4. The Petitioner should submit the actual sub-category-wise no. of consumers, contracted load and sales from FY 2013-14 to FY 2018-19.
5. The Petitioner should submit the summary of actual bills of all the HT consumers for FY 2016-17, FY 2017-18 and FY 2018-19 along with details such as Consumer Name, Consumer Type, Contracted Load, Billed Demand, Fixed Charges, Energy Charges, Billed Amount, amount of Rebate, power factor, hours of supply, load factor, etc.
6. TSL should submit the details of quantum of water supplied and actual Water Charges/Taxes collected from the different users/groups of water supply from April 1, 2011 to till date and the actual Water Charges/Taxes paid to GoJ.

B. True up for FY 2016-17 & FY 2017-18

7. The Petitioner should clearly submit if the quantum provided under the Connected Load head on Page 13 and 47 of the Petition is in kVA or kW.
8. The Petitioner should provide justification for the external power purchase even though there is energy availability from its long term power purchase cost as along with necessary load curves for the same.

9. The Petitioner should submit the load connected to each source (TSL, TSW, DVC 132 kV and DVC 400 kV), its consumption and the interconnection capacity. The Petitioner should also provide justification as to why MoD may not be applicable for the same due to constraint in the interconnection.
10. The Petitioner should submit the reason for not considering the power purchase from 132 kV DVC for RPO compliance.
11. It is observed that the Petitioner has considered the power purchase cost of Rs. 4.09/kWh for TSW for FY 2017-18 in spite of the actual cost being only Rs. 3.99/kWh. The Petitioner should submit appropriate justification for the same.
12. The Petitioner should submit the documentary evidence for purchase of RECs.
13. The Petitioner should submit the justification for considering the WPI as per 2004-05 basis in spite of availability of 2011-12 basis for FY 2016-17.
14. The Petitioner should submit the receipt towards fees paid to JSERC for FY 2016-17 and FY 2017-18.
15. The Petitioner should submit the details of the capitalisation of assets approved in the previous MYT, along with the capitalisation approved by the Commission and the actual capitalisation till FY 2015-16.
16. It is observed that the depreciation for FY 2016-17 and FY 2017-18 is not as per the Tariff Regulations. The Petitioner has depreciated an amount of Rs. 287 for FY 2016-17 and FY 2017-18 against Freehold Land and Roads, Rs. 1,49,157 against the asset addition of Rs. 1,85,793 in Office Equipment in FY 2016-17 and Rs. 2,07,202 against the average asset of Rs. 6,85,323 (~30%) in Office Equipment in FY 2017-18. The Petitioner should justify the same and reconcile in case of any discrepancies.
17. The Petitioner should submit the documentary evidence for considering the consumer contribution for FY 2017-18 as the same is not available in the Audited Accounts.
18. The Petitioner should provide basis for calculation of Interest on Consumer Security Deposit as the same is not available in the Audited Accounts for FY 2016-17 and FY 2017-18.
19. The Petitioner should submit the basis for considering the rate of 34.61% on RoE for income tax calculation as the same is not substantiated by documentary evidence.
20. It is observed that the Consumer Contribution for FY 2016-17 is more than the capitalisation for that year. The Petitioner should submit appropriate justification for the

same and propose the treatment of excess consumer contribution received over and above capitalisation for that year.

21. The Petitioner should explain the term Capital Contribution Transferred in the Profit and Loss Account for FY 2017-18 along with the significance of the same in the ARR for FY 2017-18.

C. APR for FY 2018-19

22. The Petitioner should submit the actual details of no. of consumers, contracted demand (clearly mentioning kVA or kW) and sales for each sub-category of consumers as on 31.03.2019.
23. It is observed that the distribution loss mentioned in para 4.3.1 of the Petition does not match with the value provided in Table 4-2 (3.18% and 1.97% respectively). The Petitioner should rectify the discrepancy in its Petition.
24. The Petitioner should provide the basis for considering availability from different power sources for FY 2018-19 and the reason for not procuring power as per MoD.
25. It is observed that the Power Purchase Cost from TPCL has increased from Rs. 3.67/kWh in FY 2016-17 and Rs. 4.09 in FY 2017-18 to Rs. 4.74/kWh in FY 2018-19. The Petitioner should provide the justification for the same.
26. The Petitioner should submit the summary statement along with actual bills for FY 2018-19 for Power Purchase from all its sources.
27. The Petitioner should submit the reason for not considering the power purchase from 132 kV DVC for RPO computation.
28. It is observed that the Petitioner has submitted solar purchase of 0.37 MU for FY 2018-19 from net/gross metering. The Petitioner should submit the details of the installation.
29. The Petitioner should revise the O&M calculation based on the updated CPI and WPI data in its revised Petition.
30. It is observed that the depreciation claimed by the Petitioner for FY 2018-19 is considering the average depreciation for FY 2017-18. However, since the proportion of the head-wise assets differ due to additional capitalisation, the Petitioner should submit the proposed asset class wise GFA and calculate the depreciation as per the rates specified in the Regulations.
31. The Petitioner should submit the basis for submission of consumer contribution for FY 2018-19.

32. The Petitioner should provide basis for calculation of Interest on Consumer Security Deposit for FY 2018-19.
33. The Petitioner should submit the basis for considering the rate of 34.61% instead of the MAT rate for calculation of income tax on RoE as per the Regulations.
34. The Non-Tariff income as per para 4.9.1 and Table 4-23 is Rs. 5 Crore, while the value as per Table 4-22 is Rs. 6.50 Crore. The Petitioner should rectify the discrepancy.

D. ARR for FY 2019-20

35. The Petitioner has proposed maintaining the values approved in the MYT Order for FY 2019-20 for its ARR. This is not justified as the average values of Normative Equity, Normative Loan and GFA are different, thereby leading to a completely different ARR from the one approved in the MYT Order. Hence, the Petitioner should submit the revised Petition with clear calculation of each component of ARR for FY 2019-20 as per the Regulations.
36. The Petitioner should provide the basis for proposing the addition of load, consumers and increase in sales for FY 2019-20.
37. The overall distribution loss for FY 2019-20 has increased to 2.92% from 1.97% for FY 2018-19. The Petitioner should submit the justification for the increase projected in the distribution losses for FY 2019-20.
38. The Petitioner should provide the basis for considering availability from different power sources for FY 2019-20 and the reason for not projecting power purchase as per MoD.
39. The Petitioner should also submit the reason for reduced power purchase from TPCL and DVC (its long term power sources) and increased power purchase from open access/other sources, that too at a higher power purchase cost of Rs. 4.96/kWh.
40. The Petitioner should submit the detailed calculation of revenue in excel format with proper link at existing and proposed tariff for FY 2019-20.
41. The wheeling charge of Rs. 0.497 per unit projected by the Petitioner do not match as per calculation submitted in Petition. The Petitioner should check its computations and rectify the discrepancy.

E. Tariff Philosophy

42. The Petitioner should submit preparedness for implementing kVAh based metering for HT consumers viz., metering and billing infrastructure availability, for this transition and implementation of kVAh based metering for Domestic-HT, LTIS & HT consumers.

43. The Petitioner has proposed a distribution loss of 9.05% for LT consumers and 3.00% for HT consumers. The Petitioner should submit the basis for the same as the overall distribution loss projected is 2.92%.

44. The Petitioner should submit the voltage-wise losses, GFA and sales details for calculation of voltage-wise wheeling charges and cross-subsidy surcharges.

F. Compliance to Directives:

45. It is observed that the Petitioner is yet to comply with earlier directives of Impact assessment study for switching from kWh billing to kVAh billing and Wheeling Tariff (actual Voltage-wise losses). The Petitioner should submit detailed justification with conclusive date for compliance of the above directives.

Rajendra
L.O.