TATA

The Secretary,
Jharkhand State Electricity Regulatory Commission,
New Police Line, Opposite CM House.
Kanke Road, Ranchi-834008.

PBD/207 /10 / 59-T / 2020
Date 11/03/ 2020

Subject: Additional data requirement pertaining to Petition for True Up of FY 2018-19, Annual Performance Review of FY 2019-20, ARR and Tariff proposal for FY 2020-21 of Tata Steel Limited

Ref. – Letter No. JSERC/Case (Tariff) No. 11 of 2019/ 416, dated 10-02-2020

Our letter no. PBD/125/59-T/10/2020 dated 25-02-2020

Dear Sir,

With reference to above mentioned letter, point wise comments are given below:

General

1. The Petitioner is required to submit the editable copy of the petition along with formats in MS Excel with proper linkages and formulas.

Ans – The petitioner would like to submit to the Hon'ble Commission that, the word copy has been sent thru email to info@jserc.org, and soft copy of Tariff formats is being sent now with this letter. Copy of the Tariff formats is attached with letter as **Annexure – 1**.

2. The Petitioner is required to provide the load curve for FY 2018-19 detailing the base load and peak load. Further, the Petitioner is required to furnish the detail of PPA with each source for FY 2018-19, FY 2019-20 & FY 2020-21.

Ans – The petitioner would like to submit to the Hon'ble Commission that, graph of peak load of al 12 months of FY 2018-19 is being attached as **Annexure – 2**.

The petitioner would like to submit to the Hon'ble Commission that, copy of PPAs with TPCL, DVC 132 kV and DVC 400 kV are attached with this letter as **Annexure – 3.**

3. The Petitioner is required to submit the details of actual Water Charges under different head i.e. water charges and water tax collected from the consumers (industries) of water supply from April 1, 2011 till date and the actual Water Charges/Taxes paid to GoJ from April 1, 2011 till date. The Petitioner is also required to provide the detail of water consumption for their own purpose and by other industries.

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Ans – The petitioner would like to submit to the Hon'ble Commission that, Consumer wise yearly water charges billed & collected, water tax billed & collected in given in **Annexure - 4.** Details of amount of water tax paid to Jharkhand Govt. - Tata Steel has made monthly payments of Rs 1 cr in accordance with the order of the Hon'ble High Court dated 10th Nov 2011.

Apart from these monthly payments, Tata Steel has also made adhoc payments totalling to Rs 220 cr since 01.04.2011 till date (details given below):

	Payment Made (Rs Cr)	Cheque No.	Date
1	25	955714	3rd April 2012
2	25	962903	9th July 2013
3	20	193244	29th Aug 2014
4	150	194157	6th Jan 2015

4. 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 for FY 2018-19 to FY 2020-21. The Petitioner should also provide justification as to why MoD may not be applicable for TSL as a whole. The Petitioner should further submit steps taken by it overcome the issue.

Ans: we would like to explain that the 132kV system and 400 kV system cannot run in parallel due to technical limitations. Power system runs in two separate islands, with off-load Tie available between the two systems. In 132 kV system, Unit#2 & unit#3 of Tata Power, 132 kV DVC and TSL Works runs in synchronism and DVC 400 kV sources runs separate. The broad details of load connected to each power purchase source are as under:

Power Purchase Source	PPA Quantum (MW)	Approx. Load connected (kW/kVA)	Peak Demand (MW)	Approx. Average consumption (MW)
Tata Power Unit#2 & Unit#3 + 132 kV DVC + TSW	Tata Power Unit#2 & 3 = 216 MW at 100% availability At actual availability of FY2018-19 the available power was: 202 MW (Availability-93.43 %) (Capacity 240 MW - Aux= 216 MW; 216*o.9343= 202 MW) DVC 132 kV = 120 MVA ie 102MW (Availability 99%, 102*.99=101 MW TSW = As and when required during planned shutdown of Tata Power Unit# 2 & 3:	500 MW	305	207
DVC 400 kV	189MW (10 % of installed capacity in 4 nos. of 500 MW Units of DVC (MTPS Unit# 7 & 8, DSTPS Unit#1 & 2) = 200 MW.) Net power available from contracted units at 100% availability= 189 MW approx. Net power available at actual availability for FY2018-19: 140.80 MW	200 MW	180	137

Licensee has done long term PPA to have just sufficient quantum of source to ensure un-interrupted supply of power to all consumers during planned outage of any one of the contracted source / units and interruption with minimum duration during un-planned outage of the contracted source / units.

For all the Units, there are Annual shutdown requirement and TSL need to supply uninterrupted power to all consumers even during the planned shutdown of its sources. On an average, each source goes down for approx. 20-30 days every 1- 2 year.

In addition, there are unplanned outage of machines, during which also licensee need to provide uninterrupted power to its consumers and therefore power sourcing need to be sufficient enough to take care of those situations.

The petitioner makes all effort to procure power on merit order. The major part of the MoD has been decided during the long-term power contracting and further addition of loads subject to technical constraints.
The decision on procurement from MoD basis is based on the variable cost of power from each contracted source. The variable cost of the long term contracted sources of the petitioner for FY'19 is given in the Table below:

Name of the long term Contracted source	Variable cost of Power (Rs/Unit)
DVC 132 kV	3.60 in April'18 and thereafter 3.40
Tata Power unit#2 & 3	3.18
DVC 400 kV	2.53

It may further be noted that final variable cost of generating units are known post consumption as variation in fuel prices by Generators are charged to licensee post consumption; and therefore, the decision on optimisation of power purchase costs has this limitation in addition to the limitations of connectivity& availability matching the load demand.
From the above Table, we can see that the variable cost of 400 kV DVC source is minimum, followed by Unit#2 & 3 and the costliest power was132 kV DVC for the year FY2018-19.

The details of availability of the long-term sources, PLF based on capacity and PLF based on availability for FY2019 is given in Table below:

	Name of the long term Contracted source	Availability (%)	PLF based on Contracted capacity (%)	PLF based on Availability (%)
FY19	DVC 132 kV	99	42.87	43.30
	Tata Power unit#2 & 3	93.43	73.38	78.54
	DVC 400 kV	74.5	65	87.25

From Table above, we can see that TSL had tried to take maximum offtake from cheaper sources, subject to technical constraints and load demand curve. The PLF of 400 kV source is maximum based on its availability, followed by Unit#2 & 3, followed by DVC 132 kV.

From this, we can see that MoD is followed by the petitioner. However, each MoD operates with certain technical and operational constraints, which is true for TSL also.

We would also like to inform that in order to further increase the utilization of the cheapest source of 400 kV, the petitioner has started selling the surplus allocated power in market in FY20 after getting necessary approvals from DVC, ERLDC and Power Exchange. However, the success rate has been low due to low demand. The details of power offered in exchange and sold is a follow-

Month	Power Offered in Exchange (MWh) at Regional	Power Sold In Exchange at TSL Ex-Bus (MWh)	% Cleared(ie Sold)	Total Amount (Rs./Lakhs)	Average Realisation of Power Sold in Exchange (Rs./kWh)
Apr-19	Sale Started from Month of May-19 after getting approvals and clearances				
May-19	11880	9289	78%	328	3.53
Jun-19	17625	7243	41%	291	4.02
Jul-19	8185	2209	27%	100	4.53
Aug-19	4117.5	1125	27%	48	4.23
Sep-19	1326.5	228	17%	9	3.73
Oct-19	Daily surplus was not available due to Shutdwn/outage of machines				
Nov-19	11910	817	7%	30	3.73
Dec-19	3326	396	12%	13	3.33
Jan-20	21110	3231	15%	112	3.47
Feb-20	25805	3285	13%	113	3.42
Total	**105285**	**27821**	**26%**	**1043**	3.75

This will generate additional revenue for the Licensee and will reduce the effective power purchase cost for the consumers in the licensed area.

5. The Petitioner has considered both inflation and load growth while calculation of A&G Expenses for FY 2018-19 to FY 2020-21 which is not in accordance with the methodology specified in the MYT Regulations and that considered in the MYT Order. The Petitioner is required to submit appropriate justification for deviating from the methodology specified in the Regulations.

Ans: We would like to submit that, the details of reasons of methodology for claiming A&G expenses are given in point nos. 2.5.4.4 to 2.5.5.7 for FY 2018-19.

A&G Costs – The A&G expenses have also been calculated and requested for approval of the Hon'ble Commission in the same way, as employee cost has been calculated, i.e besides normal inflation factor additional A&G costs due to growth factor has also been calculated for FY 2018-19.

It is submitted that current Regulation mentions both inflationary adjustment and growth adjustments for Employee costs. A&G costs also increases due to load growth and inflation.

It is further submitted that when network is increasing, additional A&G expenditure is required to service new consumers and therefore in the current petition TSL has requested Hon'ble Commission to kindly consider the growth aspects also in the A&G expenditure.

The same is also reflected in Table 2-16 of TSL petition dated 24-12-2019, which clearly shows that actual expenditures of A&G for FY 2018-19 (Rs. 31.62 Crs) has been much more than even the normative amount arrived and claimed (Rs. 27.52 Crs).

The petitioner submits that it is facing difficulties, in managing business and sustaining its service performance levels in given projected budget / approval, as this does not consider additional costs required to be incurred for managing the additions in new consumers.

The per unit O&M costs of the licensee is already extremely low and is one of the lowest in the country. (Hon'ble Commission may please refer Table 2-18 of the TSL petition dated 24.12.2019).
Providing additional A&G to cater to growth aspect will improve Licensee's sustainability and ensure better Customer Service. Not allowing the same will put pressure on service levels due to unavailability of funds.

R&M Costs –
It is submitted that allowance of R&M costs based on only K factor doesn't covers the increase in R&M expense due to inflation. Every business and each expense under it tend to be affected with inflationary increases and R&M expenses under distribution are no different. The petitioner would like to submit that it had searched the regulations of several states and found that several State Regulatory Commission such as Maharashtra, Gujarat, Odisha etc. allow Inflation factor for R&M expenses.

- Maharashtra – Provides 5.72% escalation on annual basis on O&M expenses of previous year.
- Punjab- Regulations also allows O&M expense based on K Factor and Inflation. KxGFAx(WPIn/WPIn-1).
- Odisha – Regulations also allows base values of O&M to be indexed to predetermined indices like WPI, CPI or a combination of both.
- Uttarakhand Regulations also allows R&M costs based on K Factor and inflation. R&M=KxGFA(n-1)* WPinflation + Provision.
- Uttar Pradesh Regulations also incremental O&M Costs to be worked out and O&M charges of current year escalated on the basis of predetermined indices based on WPI ad CPI.
- Kerala Regulations also allows R&M expenses for assets added during the year of control period on a prorate basis.
- Telanga Regulations also allows R&M expense based on both K Factor and WPI inflation.
- Union Territory Regulations also provides O&M expense based on inflation.
- Sikkim regulations also provides escalation in O&M costs by 6% YoY.
- Manipur and Mizoram Regulations also allows increase in O&M expense based on WPI as on 1st April.
- J&K Regulations also allows escalation based on WPI.
- Chhattisgarh Regulations also allows O&M expense based on WPI ad CPI combination.

Hence petitioner has requested the Hon'ble Commission to also include inflationary adjustment while approving the normative R&M expense.

The Petitioner request the Hon'ble Commission to kindly consider the same and allow R&M expense based on K factor as well as Inflation.

The petitioner submits that it is facing huge difficulties, in managing business and sustaining its service performance levels in given projected budget / approval, as this does not consider additional costs required to be incurred for managing the load growth in the area.

Hence petitioner has requested the Hon'ble Commission to also include inflationary adjustment while approving the normative R&M expense.

The Petitioner request the Hon'ble Commission to allow 4.92% as inflationary adjustment for FY 2018-19 in R&M expense.

It is further submitted that as there is no specific mention (which is a miss in the current regulation), Hon'ble Commission, may use the provisions available in Tariff Regulations 2015 under "section 12.3 Power to Remove Difficulties" and Section 12.7 Repeal and Savings (which are reproduced below) and allow additional R&M costs based on K Factor and inflation.

" ....Powers to Remove Difficulties 12.3 If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these Regulations or the Act, do or undertake to do things or direct the Licensee to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties...

....12.7 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission..."

We request the Hon'ble Commission to kindly accept our current computation as submitted in the petition for approval of normative costs.

The relevant part of Distribution tariff regulations of these states, regarding clauses on O&M / A&G expenses are attached here as **Annexure 5.**

6. The Petitioner has projected finance charge as Rs. 0.30 Crore in FY 2019-20 and FY 2020-21 for providing Bank Guarantee to be submitted to generators against payment security for power purchase. The Petitioner is required to submit under what provisions of PPA with the generators the Bank Guarantee has been provided.

Ans – The petitioner would like to submit to the Hon'ble Commission that, BG and LC are provided to the power supplier as payment security mechanism under PPA / due to Notification of MoP, Government of India/ JSERC supply code regulations.

- TSL 400kV level Contract with DVC for power supply from DSTPS and MTPS has a clause of providing payment security by way of LC (Refer Clause06.20 of the PPA.).

- 132kV Power from DVC is taken at Distribution Tariff approved for DVC by Hon'ble JSERC for which DVC takes BG as security deposit as per the Distribution Tariff Regulations'2015.
- For Power Grid connectivity and scheduling of 400kV Power, LC is opened as per clause "F" of "Agreement for Long Term Access between Power Grid and Tata Steel".

Copies of the above is enclosed for reference as Annexure-6.

Rs.0.30 Cr was taken as the max possible estimated values as actual details were not known, and the same varies (from 0.17% to 0.35% of Guarantee amount) based on which bank is issuing the same . The Actual values for FY2018-19 were Rs.0.107 Cr as given below in the table. Hon'ble Commission may consider similar for FY2019-20 and FY2020-21, subject to true-up after actual expenditure.

F.Y.	Amount of BG	Beneficiary Name	Bank Charges	Nature
2018-19	394,279,000	DVC	670276	BG
2018-19	92,900,000	Power Grid	151764	BG
2018-19	361,081,181	DVC	249294	Expired LC

True up for FY 2018-19

7. The Petitioner submitted the per unit rate as Rs. 4.99/kWh for energy procured from open access. The Petitioner is required to provide the reasons for procurement of power from open source when sufficient energy is available from long term source.

Ans – The petitioner would like to submit to the Hon'ble Commission that, energy is being procured from open access, only when there is any breakdown / shutdown in long term sources.

The price in power exchange is unpredictable and is purely is a matter of demand and supply at the particular time of requirements.

The requirement of power from power exchange by petitioner is always at a time, when there are constraints from the regular supplier of power like TPCL or DVC. We have estimated that during FY 2018-19, restrictions from DVC 400 kV source (breakdowns of DSTPS 1 and 2, or MTPS 7 and 8) was 54 times. The same is also corroborated by the data on availability of MTPS and DSPTS which was only 75.5% during FY2019. Information of restriction of power supply does not come one day in advance but comes only at the time of restrictions. In these cases, power is sourced from power exchange in term ahead market for day 1, and through day ahead market for day2, day 3...... The price in term ahead market is generally 25% more than price in day ahead market. This average rate of Rs. 4.99/kwh is the overall average of all power sourced through open access during FY 2018-19.

The details of breakdown / shutdowns taken by long term power provider (DVC 400 kV) during FY 2018-19 is given in **Annexure 7.**

8. The Petitioner should submit the scheme wise reasons for deviation in capitalisation of assets as claimed in the petition against that approved in the MYT Order.

Ans – The petitioner would like to submit to the Hon'ble Commission that, once the equipment/ assets are energised/ put to use, the same is capitalised. Due to certain delays in scheme approval (primarily due to paucity of funds in overall priority arising out of Regulatory assets) and certain delays in execution, the energisation/ put to use, gets delayed. Subsequently scheme capitalisation also gets delayed.

We have again reviewed the scheme status as on date and expected status as on Feb 2020 for FY 2016-17 to FY 2020-21 is given in **Annexure – 8** with this letter.

9. The Petitioner is required to provide the detailed calculation of Consumer Contribution (CC) for FY 2018-19 on the basis of Opening CC addition during the year and Closing CC and reconcile the same with audited accounts.

Ans – The petitioner would like to submit to the Hon'ble Commission that calculation of Consumer Contribution (CC) for FY 2018-19 on the basis of Opening CC addition during FY 2018-19 is given in table below.

Statement of calculation of Consumer Contribution for FY 2018-19

Particulars	Amount (Rs.)
Balance as on 31.03.2018	85417063
Add - Capital contribution received during FY 2018-19 from various consumers	34574491
Balance as on 31.03.2019	119991554

10. The Petitioner should justify the reason for claiming depreciation on assets created out of Consumer Contribution.

Ans – The petitioner would like to submit to the Hon'ble Commission that Once the asset is ready for use, consumer contribution is transferred as income to Profit & Loss account. Afterwards depreciation on total value of asset (including consumer contribution) is charged to Profit & Loss over the life of assets. Hence, over the life cycle of an asset, there is no impact of consumer contribution on Profit & Loss account.

11. The Petitioner is required to provide the reason for negative security deposit of Rs. -0.026 Crore in FY 2018-19.

Ans – The petitioner would like to submit to the Hon'ble Commission that the value of security deposits are taken from the consumer wise data available in the billing system SAP ISU. During the year security deposits are added from receipt from new consumer and is reduced due to refunds in case of load reduction/ closure of establishment due to reconstruction etc. During the year FY19, there have been few consumers who have submitted Bank Guarantee (BG) and have obtained refund of deposit made by them. For e.g. SRP Oil Pvt Ltd, a consumer, who has provided the BG and taken refund of security deposit during the year. In view of large consumer-base, however, to address the query raised by Hon'ble Commission, an attempt to have consumer-wise reconciliation of deposits will be carried out. The observations or anomalies, if any, observed arising out of the exercise would be communicated to the Hon'ble Commission in due course.

12. The Petitioner has claimed Rs. 2.17 Crore towards interest on funding of principal amount of delay payment surcharge for FY 2018-19. The Petitioner is required to state under which Clause of JSERC Distribution Tariff Regulations, 2015, such interest has been claimed.

Ans – It is submitted to the Hon'ble Commission that, the details of reasons and calculation of additional working capital in lieu of funding of delay payment surcharge is given in points 2.8.1 to 2.8.3.2 of TSL petition dated 25.12.19. This has been requested based on different judgements of Appellate tribunal and order on the same topic by other State Electricity Regulatory Commissions.

As there is no specific mention of the same in existing Regulations; we request the Hon'ble Commission, to allow the same based on the following provisions available in Tariff Regulations 2015 under "section 12.3 Power to Remove Difficulties" and Section 12.7 Repeal and Savings (which are reproduced below) and allow such funding cost of DPS.........

" ....Powers to Remove Difficulties 12.3 If any difficulty arises in giving effect to any of the provisions of these Regulations, the Commission may, by a general or special order, not being inconsistent with the provisions of these Regulations or the Act, do or undertake to do things or direct the Licensee to do or undertake such things which appear to be necessary or expedient for the purpose of removing the difficulties...

....12.7 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent powers of the Commission to make such orders as may be necessary for ends of justice to meet or to prevent abuses of the process of the Commission..."

In view of the above, the petitioner requests the Hon'ble Commission to accept the reasons of claiming for funding cost of delayed payment surcharge and allow the same in ARR of the Petitioner.

13. As per Income Tax Return Acknowledgement, Tata Steel Limited had paid Rs. 4128.22 Crore against the estimated value of Rs. 3585.40 Crore for FY 2018-19. The Petitioner is required to clarify the difference in the amounts. Further, the Petitioner is required to substantiate the income tax associated to power distribution business.

Ans – The petitioner would like to submit to the Hon'ble Commission that, the petitioner had paid a total of Rs. 4128.22 Crs as income tax, but on afterwards the same was estimated as Rs. 3585.40 Crs only. So a refund was claimed accordingly. Generally, advance Tax is paid quarterly on the estimated income of the Company. Company usually deposit advance tax on a higher side to reduce the incidence of interest u/s 234B and 234C of the Act. During the year under consideration, the Company has claimed certain deductions which were not envisaged at the time of Advance Tax computation. This is the primary reason for in reduction of tax liability of the company resulting in refunds.

No separate income tax is calculated and paid for power business division by Tata Steel Limited. Income tax is paid for the company as a whole.

APR for FY 2019-20

14. The Petitioner has submitted no increase in number of consumers and connected load in the second half (H2) of the FY 2019-20. The Petitioner is required to submit appropriate justification for the same.

Ans – The petitioner would like to submit to the Hon'ble Commission that no significant consumer addition was expected in H2 of FY2019-20. Also, the small additions in retail category was expected to be overweighed by reduction in contract demand by some industrial units. In view of the same, for the purpose of projections, data on expected number of consumers and connected load were projected to remain at similar levels as H1.

The actual data on the same will be available by the end of FY2020 and the same shall be shared accordingly.

15. The Petitioner has estimated the distribution loss as 3.79% in second half of FY 2019-20 against the actual value of 2.51% for first half of FY 2019-20. The Petitioner is required to provide the reason for projecting higher distribution loss.

Ans. The overall T&D loss for the year is expected to be between 2.5% to 3.0 %. If we take the average of both the H1 and H2, the yearly T&D loss is around 3.0%, which is less than the figures projected (4%) for MYT period. We request the Hon'ble Commission to kindly consider the same value for the purpose of APR subject to final true-up.

16. The Petitioner has projected the addition in GFA as Rs. 51.26 Crore in FY 2019-20. The Petitioner is directed to provide the scheme wise physical and financial status as on 31.01.2020.

Ans – The petitioner would like to submit to the Hon'ble Commission that, the scheme wise revised expected capitalisation during FY 2019-20 have been reviewed again as on Feb'2020.

The revised value comes out to be around Rs.42.76 Cr, as some of the capital schemes couldn't be undertaken in the overall priority of Tata Steel, due to issues related with funds and regulatory assets.

SCHEME WISE CAPEX AND CAPITALISATION

S No	Scheme Name	Total Project Cost	Approved capitalisation		Exp. Capitalisation		
			FY-19	FY-20	FY-19	FY-20	Physical progress as on March 2020
1	Articulated boom lifter for safe working at height in 400 kV Bulk Power receiving substation.	1.00					Project completed
2	Infrastructure development at BPRS for 33 KV Power Supply & Enhancement of Telco Area Substation	58.00	5.00	18.00		32.00	33 kV and 6.6 kV Board energised in Feb'20. Cable interconnection & Load shifting works are in progress. Expected completion by FY 2020-21. Due to some re-engineering scheme cost is expected to be lower than actually envisaged.
3	Upgradation of Tinplate Area Substation including - Replacement of 6.6 kV switch board at Tinplate area substation	17.50		1.00		1.50	One Part of old 6.6 kV Switch Board replaced and energised. 33 kV Substation and civil building construction deferred. Expected to be completed in FY 2021-22.
4	Alternate power supply arrangement for 132 kV Line 6 for Bara / Sonari Substation	20.00	2.50	4.00			Scheme is not yet approved by Board. It may be taken up in FY21 & FY22.
5	33 KV Substation at northern town, and Installation of new 1X16/20MVA, 33/6.6 kv s/s	21.07	12.09		3.98	5.21	Completed and energised.
6	6.6 kV Network Extension for power supply in fringe areas	8.00	1.50	1.80			Scheme is not yet approved by Board. It may be taken up in FY21 & FY22.
7	Strengthening of Testing facilites	2.00	0.50	0.80		0.00	Scheme is not yet approved by Board. It may be taken up in FY21 & FY22.
8	Other assets to provide consumer connection from consumers (self financing scheme)	10.00	2.00	2.00	3.15	4.05	These work is funded through consumer contribution and is primarily for providing HT power connection to that particular consumer.
	Total	**137.57**	**23.59**	**27.60**	**7.13**	**42.76**	

17. The Petitioner should submit the basis for considering the income tax rate as 25.168%.

Ans – The petitioner would like to submit to the Hon'ble Commission that, as per applicable corporate income tax rate, 25.168% income tax rate is considered for FY 2019-20, which has been reduced from this financial year as per Govt. of India notification dated 2nd October 2019. The basis of same is given in Table 3-20 of TSL petition dated 25.12.19, which has been reproduced below. Quote -

Table 3-20: Computation of Income Tax Rate for FY 2019-20

Computation of Income Tax Rate for FY 2019-20		
Income Tax		**FY 2019-20**
MAT Rate	A	22.00%
Add: Surcharge	B	10.00%
Mat Rate with Surcharge	C=A*(1+B)	24.20%
Add: Education Cess	D	4.00%
Composite Tax Rate	E=C*(1+D)	25.168%

-- Unquote.

The basis of considering Income tax rate of 25.168% is the notification of Central Govt., which is attached here in **Annexure – 9.**

ARR for FY 2020-21

18. The Petitioner has projected distribution loss as 3.75% when compared to actual for FY 2018-19 as 3.02% and estimated 3.03% for FY 2019-20. The Petitioner is required to provide the basis for projecting higher distribution loss.

Ans – The petitioner would like to submit to the Hon'ble Commission that, the projections of T&D loss is 3% on overall basis. However, 3.75% loss levels is given excluding sale to steel works and JUSCO. TSL will try to keep the T&D loss at lowest possible levels subject to social, administrative and technical constraints. TSL therefore request the Hon'ble Commission to kindly accept the same for the purpose of projections, subject to final True-up.

19. The Petitioner has projected the power procurement rate from open market as Rs. 4.00/kWh which is very high as compared the average rate of 3.05 per unit for FY 2019-20. The Petitioner is required to provide the justification for projecting such high rate.

Ans – The petitioner would like to submit to the Hon'ble Commission that, assuming that power to be available at daily / weekly / monthly average price would not be correct. The price in power exchange is unpredictable and is purely is a matter of demand and supply at the particular time of requirements.

The requirement of power from power exchange by petitioner is always at a time, when there are constrained from the regular supplier of power like TPCL or DVC. We have witnessed that during FY 2018-19, restrictions from DVC 400 kV source (breakdowns of DSTPS 1 and 2, or MTPS 7 and 8) was 54 times. Information of restriction of power supply does not come one day in advance but comes only at the time of restrictions. In these cases, power is sourced from power exchange in term ahead market for day 1, and through day ahead market for day2, day 3...... The price in term ahead market is generally 25% more than price in day ahead market.

For example, we are providing the price at Term Ahead (at a notice of 3 hours) market for the days when DVC had restricted power supply from DVC 400kV source during few days of FY2019-20.

Date	Price Available at Regional (Rs/Mwh)	Price at TSL Ex-bus (Rs/Mwh)
31-05-2019	4505	4705
19-06-2019	4058	4258
29-08-2019	4176	4376
09-09-2019	3586	3786
23-09-2019	4079	4279
24-09-2019	4200	4400
01-10-2019	4179	4379
17-10-2019	4255	4455
08-12-2019	4099	4299
30-12-2019	4069	4269

Average rate	4121	4321

So, we have considered average price of Rs. 4000/ MWhr. for estimating power cost of power exchange. However, this is taken for the purpose of projections and are subject to true-up based on actual value.

Detailed Back up of Term Ahead Market profile is attached in **Annexure - 10.**

20. The Petitioner has proposed a distribution loss of 11.00% for LT consumers and for HT consumers ranging from 2.20% to 0.70% depending on the voltage. The Petitioner should submit the basis for the same.

Ans – The petitioner would like to submit to the Hon'ble Commission that the given levels is based on estimates by Technical team. In most of the distribution system design, similar values are expected.

21. The Petitioner is required to provide the following for calculation of voltage wise wheeling and cross subsidy Surcharge.

   a. Voltage wise assets (GFA) estimated for FY 2020-21,
   b. Voltage wise sales estimated for FY 2020-21,
   c. Voltage wise loss estimated for FY 2020-21.

Ans – The petitioner would like to submit to the Hon'ble Commission that, the required values have been estimated, based on expected numbers submitted in TSL petition dated 25.12.19.

a. Voltage wise assets (GFA) estimated for FY 2020-21 have been given in table below.

Voltage Wise GFA (Rs. Lakhs)						
Voltage level	GFA as on 31.03.2018	additions during FY19	GFA as on 31st March 2019	Expected additions during FY20	Expected additions during FY21	Expected GFA as on 31st Mar'2021
415v / 220v	8,589	58	8,647			8,647
6.6kV	7,026	251	7,278	555	2,250	10,083
33kV	4,776	166	4,942	3,721	760	9,423
132kV	20,126	-	20,126		1,000	21,126
400 kV	13,365	- 0	13,365			13,365
Common Assets	487	238	725		200	925
Total Asset Values_Rs Lakhs.	54,369	713	55,083	4,276	4,210	63,569

Above is based on data and information available on capitalisation till end of Feb'2020 and is different from what was given in petition. Hon'ble commission may take these values as it is the latest one.

b. This is based on the values given in Table No. 4-18 Revenue from sale at Existing tariff for FY2020-21.

Voltage wise Expected Sales for FY 2020-21

Voltage level	Expected Sales in MU for FY21
400V/ 230V ie LT	311
6.6kV	490
33kV	1493
132kV	519
400 kV- Open acess sale	25
Total Asset Values	2838

Total Category wise expected sale - segregated into voltage wise for FY21

Category	Sale MU	LT	HT 6.6 kV	HT 33 kV	HT 132 kV	HT 400 kV
DS LT	224.3	224.3				
DS HT	85.8		85.8			
CS LT	77.4	77.4				
HT IS	1820.9		327.8	1493.1		
HT 4 TSL	170.0				170.0	
STREET LIGHT/ UTILITY	84.4	8.4	76.0			
JUSCO	349.0				349.0	
TEMP.	1.1	1.1				
400 KV SALE	25.1					25.1
Total	2838.0	311.2	489.6	1493.1	519.0	25.1

c. Voltage wise loss estimated for FY 2020-21 are as follows.

Voltage Level	Sales MU	% Loss
415V / 220V	311	11.00%
6.6kV	490	2.55%
33kV	1493	1.96%
132kV	519	0.70%
400 kV daily surplus balance sale	25	1.80%
Total	2838	3.01%

22. The Petitioner is further required to suggest any tariff rationalisation measures that will benefit consumers.

Ans – Electricity supply code regulation have prescribed the voltage level based on contract demand of consumers, which is different from what was existing earlier for different licensee.

This has resulted into a situation where voltage level of some of the existing consumers are not as per the regulations.

The choice of voltage levels depends upon several factors like Contract Demand, existing Network / Substation capacity, Distance from the nearest network/ transformer etc. This decision is purely technical in nature with very wide range for commercial aspects of it. In view of the same, special direction may be given in the Tariff order and licensee should be allowed to choose the voltage level of supply if the same is acceptable to both Licensee and Consumer.

23. With reference to MoP letter dated January 16, 2020, regarding reduction in cost of power due to prepayment by end consumers, the Petitioner is required to provide their proposal with timeframe for implementation of prepaid meters, its pros and cons and impact on tariff structure.

Ans – The petitioner would like to submit to the Hon'ble Commission that, it is working on the proposal for Smart meters with prepaid functionalities and will communicate the findings to the Hon'ble Commission once the same is ready. The proposal is expected to take approx. 6 months' time and we shall approach the commission thereafter for approval of capex to undertake such initiatives.

Thanking You,

Anurag

(Anurag Saxena) 11/3/20

Chief Of Electrical Maintenance

LIST OF ANNEXURES

Annexure – 1 – Copy of the Tariff formats with TSL petition dt. 25.12.19,

Annexure – 2 – Graph of peak load of al 12 months of FY 2018-19 of TSL licensee,

Annexure – 3 – Copy of PPAs with TPCL, DVC 132 kV and DVC 400 kV,

Annexure – 4 – Consumer wise yearly water charges billed & collected, water tax billed & collected,

Annexure – 5 - Relevant part of Distribution tariff regulations of 10 states, regarding clauses of O&M / A&G expenses,

Annexure – 6 – recent letters received from DVC / PGCIL to deposit BG,

Annexure – 7 – Details of breakdown / shutdowns taken by long term power provider (DVC 400 kV) during FY 2018-19,

Annexure – 8 – Detailed scheme wise capex capitalisation status as on March 2020 for FY 2016-17 to FY 2020-21,

Annexure – 9 – Central Govt. Notification for Income tax rate dated 2nd Oct'2019

Annexure – 10 – Detailed Back up of Term Ahead Market profile.