

Petition before  
Hon'ble Jharkhand State Electricity Regulatory Commission for  
True-up for FY 2019-20 & Annual Performance Review for FY 2020-21  
Of  
**Tata Steel Limited Jamshedpur**

Submitted to  
**Jharkhand State Electricity Regulatory Commission,**  
Ranchi

By



**License Area – Jamshedpur**  
**TATA STEEL LIMITED**  
**JAMSHEDPUR**  
**November 2020**



The Secretary,  
Jharkhand State Electricity Regulatory Commission  
2<sup>nd</sup> Floor, Utpad Bhawan, New Police Line Road,  
Opposite of C M House, Kanke Road,  
Ranchi PIN - 834008

PBD / 2085 / 59 – T / 10 / 2020  
November' 25<sup>th</sup> 2020

**Sub : Submission of Petition for True up of FY'2019-20, Annual Performance Review of FY'2020-21 by Licensee TSL (Tata Steel Limited)**

Dear Sir,

We would like to submit our petition for True up of FY'2019-20, Annual Performance Review of FY'2020-21 in one original and six copies with all Annexures, as per format prescribed under JSERC (Distribution Tariff) Regulations 2015.

We also attach herewith a receipt of payment made to the Hon'ble Commission for an amount of Rs. 16,36,000/- (Rupees Sixteen Lakhs Thirty Six Thousand only), towards filing fee of this petition according to JSERC (Conduct of Business regulation) 2016.

We request the Hon'ble commission to kindly consider the above facts & submission.

Thanking You,

Yours Faithfully,

(Sharad Kumar)  
Chief Power Systems & Energy.

**TATA STEEL LIMITED**

Jamshedpur 831 001 India

Registered Office Bombay House 24 Homi Mody Street Fort Mumbai 400 001

Tel 91 22 66658282 Fax 91 22 66657724

Corporate Identity Number L27100MH 1907PLC000260 Website [www.tatasteel.com](http://www.tatasteel.com)



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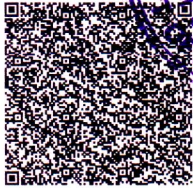


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Government of Jharkhand

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Second Party : NA  
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Signed / Put L.T.I.  
in my presence

Advocate

26/05/2020

Please write or type below this line

AFFIDAVIT

BEFORE THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI

Filing No.....

Case No.....

IN THE MATTER OF: Filing of the Petition for True-up for FY 2019-20, Annual Performance Review for FY 2020-21, for the Licensee under Section 45, 46, 61, 62, 64 and 86 of the Electricity Act, 2003 and as per the regulations of Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions for Distribution Tariff) Regulation, 2015.

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AND

IN THE MATTER OF: Tata Steel Limited (hereinafter referred to as "TSL" which shall mean for the purpose of this petition the Licensee), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Mumbai – Petitioner.

**AFFIDAVIT VERIFYING THE PETITION**

I, **Sharad Kumar** son of **Late S C Srivastava**, aged 58 years residing at Bungalow No. 7, Park Road, Northern Town, P. O. - Bistupur, Jamshedpur do hereby solemnly affirm and state as follows:

1. That I am working Chief Power Systems and Energy (Tata Steel Limited) in the office of Tata Steel Limited (TSL), the Petitioner in the above matter and I am duly authorised by the said Petitioner to make this affidavit.

2. That Tata Steel Limited power distribution licensee is filing this petition for True up FY 2019-20, Annual Performance Review of FY 2020-21, which shall be submitted to the Hon'ble Jharkhand State Electricity Regulatory Commission Ranchi.

3. I solemnly affirm at Jamshedpur on this day of 25<sup>th</sup> NOV 2020 that

(i). *The contents of the above petition are true to my knowledge and I believe that no part of it is false and no material has been concealed there from.*

(ii). *That the statements made in paragraphs below in the petition are true to my knowledge and are based on information derived from the records of the case, which I believe to be true and rest of the paragraphs are by way of submissions.*

Further, to my knowledge and belief, no material information has been concealed in this Petition.


  
DEPONENT

**VERIFICATION**



I, Sharad Kumar, solemnly affirm that the contents of above affidavit are true to the best of my knowledge and nothing has been concealed there from.

Verified at Jamshedpur on this 25<sup>th</sup> day of November 2020.

Witness

  
**PRAMOD KUMAR BHAGAT**  
**NOTARY PUBLIC**  
East Singhbhum, Reg. No.2842 (J)  
Govt. of Jharkhand, JSR.(INDIA)



  
DEPONENT  
Signed / Put L.T.  
In my Presence  
  
Advocate  
Date: .....

[Check recipient](#)[Check issuer...](#)[Accompanying docs](#)[Payment document](#)

Paying company code

Payment Document No.

**Bank details**

House bank

Bank Key

Account ID

Bank Account

Bank name

City

**Check information**

Check number

Currency

Payment Date

Amount Paid

Check encashment

Cash discount amount

**Check recipient**

Name

City

Payee's country

Regional code

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**BEFORE THE JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION, RANCHI**

Filing No.....

Case No.....

IN THE MATTER OF:                      Filing of the Petition for True-up for FY 2019-20 & Annual Performance Review for FY 2020-21 for the Licensee under Section 45, 46, 61, 62, 64 and 86 of the Electricity Act, 2003 and as per the regulations of Jharkhand State Electricity Regulatory Commission (JSERC) (Terms And Conditions For Distribution Tariff) Regulation, 2015.

AND

IN THE MATTER Of:                      Tata Steel Limited (hereinafter referred to as "TSL" which shall mean for the purpose of this petition the Licensee), a company incorporated under the provisions of the Companies Act, 1956 and having its registered office at Mumbai – Petitioner

The Petitioner respectfully submits as under: -

1. Tata Steel Limited (TSL) is a Power Distribution Licensee for Jamshedpur, where it also has it's integrated steel manufacturing plant, and associated facilities.
2. Pursuant to the enactment of the Electricity Act, 2003, TSL is required to submit its Aggregate Revenue Requirement (ARR) for True up period Fy 2019-20 and Annual Performance Review of FY 2020-21 and Tariff Petitions as per procedures outlined in section 61, 62 and 64, of Electricity Act 2003, and the governing regulations thereof.
3. The Petitioner is now filing this petition for True up of FY 2019-20 & Annual Performance Review for FY 2020-21
4. TSL along with this petition is submitting the regulatory formats with data & information to an extent applicable and would make available any further information/ additional data as may be required by the Hon'ble Commission during the course of tariff determination process.

*File*



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**Prayers to the Commission:**

5. The petitioner respectfully prays that the Hon'ble Commission may:
- a) Admit the Petition and examine the proposal submitted by the petitioner in the enclosed petition for a favourable dispensation.
  - b) Pass suitable orders with respect to its claim based on regulations and audited accounts for the True-up of ARR of **Rs. 1,673.74 Crs** for FY 2019-20 which is incurred by TSL for serving its consumers.
  - c) Pass suitable orders with respect to its claim based on regulations and provisional actual for first six months and revised estimate for balance six months of FY 2020-21 for ARR of **Rs. 1420.54 Crs** for FY 2020-21;
  - d) Pass suitable orders with respect to the cumulative revenue Gap as presented in this petition.
  - e) Condone the delay, if any in filing this petition;
  - f) Condone any inadvertent omissions/errors/shortcomings and permit TSL to add/change/modify/alter this filing and make further submissions as may be required at a future date;
  - g) Pass such further, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;



TATA STEEL LIMITED

Petitioner

Jamshedpur

Dated: \_\_\_\_\_ November' 2020

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List of Abbreviations	
Abbreviation	Description
A&G	Administration and General
ARR	Aggregate Revenue Requirement
AT&C	Aggregate Technical and Commercial
AS	Accounting Standard
CAPEX	Capital Expenditure
CERC	Central Electricity Regulatory Commission
CGRF	Consumer Grievance Redressal Forum
Ckt Km	Circuit Kilo Meter
Crs	Crores
CPI	Consumer Price Index
CWIP	Capital Works In Progress
DPS	Delayed Payment Surcharge
DS	Domestic Service
DS HT	Domestic Service High Tension
DSM	Demand Side Management
DVC	Damodar Valley Corporation
EA 2003	The Electricity Act 2003
F&A	Finance & Accounts
FY	Financial Year
GFA	Gross Fixed Assets
HP	Horse-Power
HR	Human Resources
HT	High Tension
HTS	High Tension Service
IAS	Irrigation & Agriculture Service
IDC	Interest During Construction
ISU	Industry Service - Utilities
IT	Information Technology
JSERC	Jharkhand State Electricity Regulatory Commission
JTS	Jamshedpur Town Services
JUSCO	Jamshedpur Utilities and Service Company Limited
kV	Kilo Volt
kVA	Kilo Volt Ampere
kW	Kilo Watt
kWh	Kilo Watt Hours
LF	Load Factor
LT	Low Tension
LTIS	Low Tension Industrial Service
MD	Maximum Demand
MU	Million Units
MVA	Mega Volt Ampere

List of Abbreviations	
Abbreviation	Description
MW	Megawatt
MYT	Multi Year Tariff
NDS	Non-Domestic Service
O&M	Operation and Maintenance
PF	Power Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
PSD	Power Services Division
RBI	Reserve Bank of India
REC	Renewable energy Certificate
R&M	Repairs and Maintenance
RoE	Return on Equity
RPO	Renewable Purchase Obligation
Rs.	Rupees
SAP	System, Application and Production
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
STU	State Transmission Utility
T&D	Transmission & Distribution
TPCL	Tata Power Company Limited
TPL	Torrent Power Limited
TSL	Tata Steel Limited
TSUISL	Tata Steel Utility And Infrastructure Services Limited
WPI	Wholesale Price Index
w.e.f	with effect from
YoY	Year-on-Year

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## Chapter 1. Introduction

### 1.1 Background

- 1.1.1 The Tata Steel Limited (hereinafter to be referred as “the Petitioner” or “TSL”) is a power distribution licensee for Jamshedpur, where it has its integrated steel manufacturing plant, along with associated facilities.
- 1.1.2 Tata Steel Limited (TSL) provides and maintains basic civic amenities in the city of Jamshedpur primarily through its 100% subsidiary Tata Steel Utility And Infrastructure Services Limited (TSUISL) including the supply and maintenance of the electricity distribution services in its licensed area.
- 1.1.3 Tata Steel Limited is distributing electricity in Jamshedpur through License granted under section 14 of The Electricity Act 2003. Tata Steel has been managing the power distribution system in Jamshedpur since 1923. This sanction was granted under section 28(1) of the erstwhile Indian Electricity Act, 1910. Post enactment of Electricity Act 2003, Tata Steel Ltd has been regularly filing the petitions before Hon’ble Commission as per prevailing Tariff Regulations and directions of Hon’ble Commission.
- 1.1.4 The Hon’ble Commission in January 2016 has issued JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 (hereinafter to be referred as “JSERC Tariff Regulations 2015”) which are applicable for the Control Period (FY 2016-17 to FY 2020-21).
- 1.1.5 JSERC (Terms & Conditions of Distribution Tariff) Regulation 2015 provide for the truing up during the Control Period (FY2016-17 to FY 2020-21). The relevant clause of the regulation is as reproduced below: -

“

*10.1 These Regulations do not provide for any truing up for controllable items during the Control Period. Depreciation and return on equity shall be trued up only at the end of the Control Period. Truing up of other controllable items would be done only on account of Force Majeure events;*

*10.2 Variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up with the Annual Performance Review. Truing-up shall be carried out for each year based on the audited information and subject to the prudence check by the Commission;*

.....



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”

- 1.1.6** The Petitioner further submits that the JSERC *Tariff Regulations 2015* also provides for Annual Performance Review during the Control Period. The extract of the relevant regulations are provided below:

“

.....

*9.2 The Licensee shall submit the Annual Performance Review report as part of annual review on actual performance as per the timelines specified in the Section 11 of these Regulations to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including audited/authenticated accounts and the tariff worked out in accordance with these Regulations;*

*9.3 The Licensee shall also submit the True up of Aggregate Revenue Requirement and corresponding tariff adjustments as per the timelines specified in the Section 11 of these Regulations. The revised estimates shall be required to true-up the costs on account of uncontrollable variations, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets;*

*9.4 The Commission may also specify any modifications to the forecast of the Licensee for the remainder of the Control Period, with detailed reasons for the same.*

.....

”

- 1.1.7** As per Regulation A11 of the JSERC Tariff Regulations 2015, Distribution companies are required to file their True-up petition by 30th November of each year from second year of the Control period.

## **1.2 Previous Petition**

- 1.2.1** The Petitioner as per applicable regulations had filed Petition for True-up of FY 2018-19, Annual Performance Review for FY 2019-20, Revised Annual Revenue Requirement for FY 2020-21 and Tariff Proposal for FY 2020-21 vide letter dated PBD/1022/59-T/10/2019, dated 20.12.2019
- 1.2.2** On 29 September, 2020, the Hon’ble Commission has issued Tariff Order for True-up for FY 2018-19, Annual Performance Review for FY 2019-20 and ARR & Tariff for FY 2020-21

### 1.3 Present Petition

- 1.3.1 The Petitioner as per applicable regulations is now filing Petition for True-up of FY 2019-20 & Annual Performance Review for FY 2020-21.
- 1.3.2 The True-up of FY 2019-20 is based upon the annual audited accounts annexed at ***Annexure 1: Annual Audited Accounts for FY 2019-20*** of this petition.
- 1.3.3 The annual performance review of FY 2020-21 is based on available provisional data for first six months (Apr'20 to Sep'20) w.r.t power purchase, sales, O&M costs and capital expenditure and capitalisation of Assets. The balance six months performance is re-estimated to arrive at APR figures for FY 2020-21.

## Chapter 2. True-up for FY 2019-20

### 2.1 Actual Financial Performance

2.1.1 The Hon'ble Commission has approved the Business plan for the 2nd MYT control period from FY 2016-17 to FY 2020-21 on 28<sup>th</sup> February, 2017. In the same Order dated 28th February, 2017, the Hon'ble Commission has also approved the ARR for the MYT Control Period FY 2016-17 to FY 2020-21.

2.1.2 TSL hereby submits the financial performance for FY 2019-20 based on audited accounts and the provisions of Regulations for true-up purpose. The following sections summarise each of the components of ARR for FY 2019-20. A comparison of figures approved in APR order dated 29<sup>th</sup> September 2020 and figures based on audited accounts / normative claims are shown under relevant sections discussed herewith.

### 2.2 Sales, Consumers and Connected Load

2.2.1 The table below provides the details of actual no of consumers, connected load and respective sales for different consumer category for FY 2019-20.

**Table 2-1: Consumers, Connected Load & Sales – FY 2019-20 (Actuals)**

Consumers, Connected Load & Sales - FY 2019-20 (Actuals)							
Consumer Category	No. of Consumers	Sanctioned Load-Unit	Sanctioned Load	Conversion Factor	Connected Load (KVA)	Actual /Audited Sale	Approved in APR Order dtd. 29.09.2020
	(Nos)	(kW/kVA)	(kW/ kVA)			(MUs)	(MUs)
Domestic	35,968	kW	1,93,855	0.85	2,28,064	208.94	224.31
Domestic - DSHT	133	kVA	57,816	1.00	57,816	83.07	84.84
Commercial	10,159	kW	62,807	0.85	73,890	83.96	77.35
LTIS	1	kW	90	0.85	106	0.10	
Total HT IS	124	kVA	4,21,569	1.00	4,21,569	1,915.21	1,896.07
Utilities/Street Light	428	kW	20,602	0.85	24,238	81.91	84.44
Temporary Supply	138	kW	129	0.85	152	1.45	1.12
Sale to JUSCO	1	kVA	70,000	1.00	70,000	323.44	348.95
Sale thru IEX - Power market	-	kVA	-	-	-	27.25	
<b>Total</b>	<b>46,952</b>	<b>-</b>	<b>8,26,867</b>	<b>-</b>	<b>8,75,835</b>	<b>2,725.33</b>	<b>2,717.10</b>

2.2.2 The Petitioner submits to the Hon'ble Commission that No. of Consumers, Load and Sales as submitted above for FY 2019-20 are marginally higher than that approved in Annual Performance Review for FY 2019-20 in the Tariff Order issued on 29th September, 2020.

2.2.3 In order to reduce the overall power purchase cost, petitioner sold daily surplus balance power (27.25 MUs) in exchange, whenever requirement of its consumers was low and realisation from exchange was higher than the incremental cost of generation; thereby reducing the overall power purchase cost of the consumers in the license area.



Accordingly, it is requested to Hon'ble Commission to approve the sales of 2,725.33 MUs for FY 2019-20.

## 2.3 Energy Balance

2.3.1 The Energy Balance for FY 2019-20 is provided in the Table below:

**Table 2-2: Energy Balance for FY 2019-20 (MUs)**

Energy Balance for FY 2019-20 (MUs)			
Sr No	Particulars	Approved in APR Order dtd. 29.09.2020	Actual Audited
		FY 2019-20	FY 2019-20
<b>A</b>	<b>ENERGY REQUIREMENT</b>		
1	Sales to Other Licensees	348.95	323.44
2	Distribution Losses on Sales to Other Licensees (%)	-	-
3	Unit Lost on Sales to Other Licensees		
4	Energy Requirement for Sales to Other Licensees	<b>348.95</b>	<b>323.44</b>
5	Sales to Steel Work	121.35	176.32
6	Distribution Losses	-	-
7	Unit lost on Sales	-	-
8	Energy Requirement	<b>121.35</b>	<b>176.32</b>
9	Sale to IEX - Power Market	(25.09)	27.25
10	Sales to LT Consumers (Dom + Comm + Street+ LTIS+light + Temp)	387.23	376.36
11	Sales to HT Consumers (Other than Sales to Steel Works) ( DSHT + Total HTIS+HT4)	1,859.56	1,821.96
<b>12</b>	<b>Total Sales to Consumers other than Steel Works &amp; JUSCO (9 + 10)</b>	<b>2,246.80</b>	<b>2,198.32</b>
13	Distribution Losses on Sales to Consumers other than Steel Works & JUSCO (%)	3.02%	2.58%
14	Unit Lost on Sales to Consumers other than Steel Works & JUSCO	69.93	58.14
<b>15</b>	<b>Energy Requirement for Sales to Consumers other than Steel Works &amp; JUSCO</b>	<b>2,316.73</b>	<b>2,256.47</b>
<b>16</b>	<b>Overall Sales (4 + 8 +9+12)</b>	<b>2,717.10</b>	<b>2,725.33</b>
17	Overall Distribution Losses (%)	2.51%	2.09%
18	Overall Distribution Losses	69.93	58.14
<b>19</b>	<b>Total Energy Requirement</b>	<b>2,787.03</b>	<b>2,783.48</b>
<b>B</b>	<b>ENERGY AVAILABILITY</b>		
1	Tata Power Company Limited	1,404.58	1,324.55
a	Unit - II	689.70	672.80
b	Unit - III	714.88	651.75
2	Damodar Valley Corporation	1,311.31	1,391.82
a	132 kV	316.56	312.47
b	400 kV	994.75	1,079.35
3	TSW Captive	9.59	4.80
4	RPO		
4	Open access / Other Sources	61.55	62.31
<b>19</b>	<b>Total Pooled Energy Availability</b>	<b>2,787.03</b>	<b>2,783.48</b>

- 2.3.2 The petitioner has been able to sustain the T&D losses at lowest possible levels, which is among one of the best in the industry. The petitioner requests Hon'ble Commission to approve the energy balance as tabulated above for FY 2019-20.

## **2.4 Power Purchase Cost**

- 2.4.1 Tata Steel Limited procures electricity from Unit-II and Unit- III of Tata Power Company Ltd, 132 kV Source of DVC (Power distribution licensee), DSTPS and MTPS of Damodar Valley Corporation (generating stations) through 400 kV Source, some power from Power exchange and Tata Steel Captive Power Plant as and when required for meeting the shortfall. RPO Obligation of petitioner is largely met through procurement of Renewable Energy Certificate (REC)s. Some amount of Soar RPO is also met through Solar rooftops connected in the petitioner's distribution system.
- 2.4.2 Power Purchase cost is a function of the quantum of energy requirement and price of available power from the different source. Power purchase expense as claimed in this petition based on audited accounts and principles adopted by Hon'ble Commission is Rs. 1,509.04 Cr. for FY 2019-20. For power purchase rate from TSL Captive sources Hon'ble Commission had been considering the rate of least cost of power of TSL Licensee for the year, which lead to small difference in value being claimed and value reported in the accounts. Details of power purchase quantum given and cost for FY 2019-20 is as given below:

Table 2-3: Total Power Purchase Cost FY 2019-20

Total Power Purchase Cost for FY 2019-20				
Particulars		Approved in APR Order dtd. 29.09.2020	Actual Audited	Claimed in this Petition
		FY 2019-20	FY 2019-20	FY 2019-20
Tata Power Company Ltd (A)				
Power Purchase - MUs	Unit-II	689.70	672.80	672.80
	Unit -III	714.88	651.75	651.75
	<b>Total</b>	<b>1,404.58</b>	<b>1,324.55</b>	<b>1,324.55</b>
Rate - Rs/kWh	Unit-II	4.72	4.90	4.90
	Unit -III	4.56	4.82	4.82
	<b>Total</b>	<b>4.63</b>	<b>4.86</b>	<b>4.86</b>
Cost - Rs.Crores	Unit-II	322.19	332.95	332.95
	Unit -II (Credit for Review Petition for True Up order 2015-16 and MYT Order 2017-2021) - as per JSERC Order) - Unit II - (5 out of 6 installment)	3.01	3.01	3.01
	Unit-II:- As per True Up Order FY17 dated December 27, 2019 & True Up Order FY 18, ARR FY 19 and mid term review for FY 20 & FY21		(6.48)	(6.48)
	<b>Total Unit II</b>	<b>325.20</b>	<b>329.48</b>	<b>329.48</b>
	Unit -III	322.65	318.34	318.34
	Unit -III (Credit for Review Petition for True Up order 2015-16 and MYT Order 2017-2021) - as per JSERC Order) - Unit III - (5 out of 6 installment)	3.08	3.08	3.08
	Unit-III:- As per True Up Order FY17 dated December 27, 2019 & True Up Order FY 18, ARR FY 19 and mid term review for FY 20 & FY21		(7.04)	(7.04)
	<b>Total Unit III</b>	<b>325.73</b>	<b>314.39</b>	<b>314.39</b>
	<b>Total</b>	<b>650.93</b>	<b>643.87</b>	<b>643.87</b>
Damodar Valley Corporation 132 KV (B)				
Power Purchase - MUs		316.56	312.47	312.47
Rate - Rs/kWh		5.13	5.61	5.61
Cost - Rs.Crores		<b>162.33</b>	<b>175.35</b>	<b>175.35</b>
Damodar Valley Corporation 400 kV (C)				
Power Purchase - MUs		994.75	1,079.35	1,079.35
Rate - Rs/kWh		4.59	5.50	5.50
Cost - Rs.Crores		<b>456.59</b>	<b>593.31</b>	<b>593.31</b>
TSW- Captive (D)				
Power Purchase - MUs		9.59	4.80	4.80
Rate - Rs/kWh		4.52	4.68	4.86
Cost - Rs.Crores		<b>4.33</b>	<b>2.24</b>	<b>2.33</b>
RPO (E)				
REC Cost - Rs.Crores		<b>56.22</b>	<b>74.45</b>	<b>74.45</b>
Other / Open Access (F)				
Power Purchase - MUs		61.55	62.31	62.31
Rate - Rs/kWh		3.00	3.17	3.17
Cost - Rs.Crores		<b>18.49</b>	<b>19.74</b>	<b>19.74</b>
Total Pooled Power Purchase (F= A+B+C+D+E+F)				
Total Cost - Rs.Crores		<b>1,348.89</b>	<b>1,508.95</b>	<b>1,509.04</b>
Less: Revenue from sale of Surplus Power				
Total Cost - Rs.Crores		<b>1,348.89</b>	<b>1,508.95</b>	<b>1,509.04</b>
Power Purchase - MUs		<b>2,787.03</b>	<b>2,783.48</b>	<b>2,783.48</b>
Rate - Rs/kWh		<b>4.84</b>	<b>5.42</b>	<b>5.42</b>

2.4.3 The power purchase cost claimed for FY 2019-20 is **Rs. 1,509.04 Crs.**

- 2.4.4 **Power Purchase from Tata Power Company Ltd (TPCL):** TSL purchased **1,324.55 MUs** at a total cost of **Rs. 643.87 Cr**, which also includes part of the previous year's credit notes totalling to **Rs – 7.43 Cr**. duly recognised and approved by Hon'ble Commission in previous orders.
- 2.4.5 The Power Purchase Bills paid by TSL to Tata Power for FY 2019-20 are enclosed with ***Annexure 2: Tata Power Monthly Purchase Bills for FY 2019-20.***
- 2.4.6 We request the Hon'ble Commission to kindly approve the total power purchase cost of **Rs. 643.87 Crs from Tata Power Company Limited for FY 2019-20.**
- 2.4.7 **Power Purchase from DVC Source 132 kV:** TSL has 120 MVA contract demand from 132kV Source of DVC from which it purchased about 312.47 MUs for an amount of Rs. 175.35 Cr. Total value of Rs 175.35 Cr includes the demand charges of Rs 71.29 Cr, and Energy, other charges including rebates of Rs 104.06 Cr.
- 2.4.8 The Power Purchase Bills paid by TSL to DVC Source 132 kV for FY 2019-20 are enclosed with ***Annexure 3: DVC-132 kV source Monthly Power Purchase Bills for FY 2019-20.***
- 2.4.9 We request the Hon'ble commission to kindly approve the total power purchase cost of **Rs. 175.35 Crs from DVC 132 kV for FY 2019-20.**
- 2.4.10 **Power Purchase from DVC Source 400 kV:** TSL purchased **1,079.35 MUs** from MTPS and DSTPS of DVC through 400 kV source at a total cost of **Rs. 593.31 Crs**, which comes out to average rate of Rs 5.50 per unit. This however also has the element of Transmission and scheduling charges in the range of Rs. 0.73 per unit paid to PGCIL/ERLDC for transmission charges.
- 2.4.11 Petitioner would like to submit that for the power purchase from DVC 132kV and Tata Power units, there is no transmission charges because these units are directly connected to TSL distribution network, whereas for the units purchased from DVC 400kV transmission and scheduling charges are also payable to ERLDC /PGCIL which is included in the cost of power. Break up of total costs of power purchase from DVC 400 kV source of Rs. 593.31 Cr is given in table below -

Description	UoM	Monthly bill Rs. Lakhs	Debit/Credit bills Rs. Lakhs	Total Rs. Lakhs	Per Unit cost Rs./unit
Net Amount as per Bill (As per Scheduled energy)	Rs.	51403.12	80.48	51483.60	4.77
PGCIL Charges	Rs.	5,923.90	1,855.29	7,779.18	0.72
ERLDC Fees	Rs.	20.45	47.80	68.26	0.01
<b>Total</b>	<b>Rs.</b>	<b>57,347.47</b>	<b>1,983.56</b>	<b>59,331.04</b>	<b>5.50</b>

(all the cost including debit credit notes are considered for this analysis)



- 2.4.12 For the propose of analysis in the table above all cost including debit/ credit notes has been considered.
- 2.4.13 The Hon'ble commission is requested to kindly approve the total power purchase cost of **Rs. 593.31 Crs** from DVC 400 kV for FY 2019-20.
- 2.4.14 The actual Power Purchase Bills paid by TSL to DVC Source 400 kV for FY 2019-20 are enclosed with ***Annexure 4: DVC-400 kV source Monthly Power Purchase Bills for FY 2019-20.***
- 2.4.15 **Power Purchase from TSW Captive:** TSL licensee purchased **4.80 MUs** from TSW Captive during FY 2019-20. The total cost considering actual power purchase from TSW Captive is **Rs. 2.33 Crs** at a rate of Rs. **4.86** per unit. The Hon'ble Commission had been allowing this power purchase at the average rate of TPCL units, which is the lowest cost, source of power for TSL Licensee.
- 2.4.16 Accordingly, the Petitioner is claiming power purchase cost for TSL captive works based on lowest cost of all sources i.e. TPCL Rs. **4.86** per unit. The Hon'ble commission is requested to kindly approve the total power purchase cost of Rs. **2.33** Crs from TSL captive source for FY 2019-20 as per principles approved in previous tariff orders.
- 2.4.17 The monthly power purchase bills of TSL source for the year FY 2019-20 are enclosed at ***Annexure 5: TSL-Captive works source Monthly Power Purchase Bills for FY 2019-20***
- 2.4.18 **Renewable Power Obligation for FY 2019-20:** As per JSERC (Renewable Purchase Obligation and its Compliance) Regulations, 2016, the Petitioner needs to purchase specified quantum of power from Renewable Energy Sources.
- 2.4.19 The Petitioner would first like to discuss carry forward RPO obligation from FY 2018-19 and thereafter discuss the RPO fulfilment for FY 2019-20. Below table provides details of carry forward obligations from past years and required RPO fulfilment for FY 2020-21.

Table 2-4: RPO Compliance for FY 2019-20 (MUs)

RPO Computations for FY 2019-20					
Sr. No.	Particulars	Obligation as % of total energy requirement	Obligation for FY 19-20	Carried Forward from FY 2018-19	Total to be met during FY 2019-20
1	Total Energy Requirement - MUs		2,783.48		
2	Less: Exempt source DVC 132 kV		312.47		
3	Net Energy Reqt for RPO Compliance purpose - MUs		2,471.01		
4	<b>RPO Energy - MUs</b>	<b>11.55%</b>	<b>285.40</b>	<b>9.61</b>	<b>295.01</b>
5	Solar	6.55%	161.85	9.61	171.46
6	Non-Solar	5.00%	123.55	0.94	124.49
7	<b>Equivalent RECs</b>		<b>2,85,401</b>	<b>9,605</b>	<b>2,95,006</b>
8	Solar		1,61,851	9,605	1,71,456
9	Non-Solar		1,23,550	944	1,24,494
	<b>Actual REC Purchased</b>				
10	Solar (MUs)				179.00
11	RE Generating under Net Metering				1.36
12	Non-Solar (MUs)				147.31
	<b>RPO Carry Forward ^ - next year</b>				
13	Solar (8-10-11)				(8.90)
14	Non-Solar (9-12)				(22.82)

( Note – REC equivalent is given in MWhr. 1 REC equivalent is equal to 1 MWhr.)

- 2.4.20 The petitioner would like to submit that power purchased from DVC at 132kv level is done as per distribution tariff order issued by Hon'ble Commission for DVC power distribution Licensee. As element of RPO is already built in the notified distribution tariff of DVC, RPO obligation on those units are not there for TSL. The same had already been dealt in previous tariff order of TSL.
- 2.4.21 Hon'ble Commission in its tariff dated 29<sup>th</sup> Sep'2020 also dealt this issue and has clarified that ... Quote "RPO compliance for sale to other licensee, RTS and MES shall be made by the first licensee which sells the power viz. in case TSL buys power from DVC then the onus to comply the RPO will be with the DVC only" Unquote.
- 2.4.22 Accordingly, the Petitioner has computed RPO on its energy requirement excluding the energy purchased from DVC 132 kV source. The total REC purchased during the year was 179 MUs Solar equivalent ( 179003 RECs ) and 147.31 MUs non solar equivalent REC ( 147314 RECs) at a total cost of Rs 74.45 Cr. Petitioner thus request the Hon'ble Commission to kindly approve the total cost of purchase of RECs for FY 2019-20 at **Rs. 74.45 Crs.** As REC purchase for the last Quarter of Financial year is done on estimated powers sales, the actual required will always vary from the estimated purchase and

therefore the surplus/ deficit RECs need to be carried forward to next year for compliance. The Petitioner thus request the Hon'ble Commission to kindly consider the same and carry forward surplus REC purchased for complying the RPO for next year's (i.e. FY2020-21) RPO compliance. Petitioner has also communicated the same to Hon'ble Commission and JREDA vide its letter no. PBD/266/33/2020 dated 30.04.2020.

2.4.23 The copies of RECs are provided at **Annexure 6: REC Certificates for FY 2019-20**.

2.4.24 **Power Purchase from Open Market Source:** TSL purchased **62.31 MUs** from open market including exchanges at a total cost of Rs. **19.74 Crs** which comes out to average rate of Rs. **3.17** per unit. It may be noted that TSL has purchased power from open market only in the situations, when any of the four generating stations of DVC 400 kV went down.

2.4.25 The Hon'ble commission is requested to kindly approve the total power purchase cost of Rs. **19.74 Crs** from open market sources including exchange for FY 2019-20. The Power Purchase Bills for Open Market source for FY 2019-20 are enclosed at **Annexure 7: Open Access source Monthly Power Purchase Bills for FY 2019-20**.

2.4.26 The petitioner would like to submit that the landed power purchase cost of TSL for FY 2019-20 is approx. **Rs. 5.42 per unit**. This is the landed power purchase cost at distribution system and therefore also has the element of Transmission losses and other transmission related charges.

2.4.27 The Petitioner thus request the Hon'ble Commission to approve the total power purchase cost at **Rs. 1,508.95 Crs** for FY 2019-20.

## 2.5 Operation and Maintenance Expenses for FY 2019-20

2.5.1 The Operation and Maintenance (O&M) Expenses includes Employee Cost, R&M Expenses and A&G Expenses. As per provision 6.6 of Tariff Regulations 2015, the expenses are to be claimed as below:

*6.6 The above components shall be computed in the manner specified below:*

a)  $R\&M_n = K * GFA$       Where,

*'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;*

*'GFA' is the opening value of the gross fixed asset of the nth year;*

b)  $EMP_n \text{ (excluding terminal liabilities)} + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}) + G_n$

Where,

**INDX<sub>n</sub>** – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

**G<sub>n</sub>** – Increase in Employee Expenses in nth year due to increase in consumer base/ load growth. Value of G for each year of the Control Period shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking with the efficient utilities, actual cost incurred by the licensee due to increase in consumer base/load growth in past, and any other factor considered appropriate by the Commission;

$$c) \text{INDX}_n = 0.55 * \text{CPI}_n + 0.45 * \text{WPI}_n;$$

**Note 1:** For the purpose of estimation, the same **INDX<sub>n</sub>** /**INDX<sub>n-1</sub>** value shall be used for all years of the control period. However, the Commission will consider the actual values in the **INDX<sub>n</sub>** /**INDX<sub>n-1</sub>** at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period;

**Note 2:** Any variation due to changes recommended by the Pay Commission etc. will be considered separately by the Commission.

**Note 3:** Terminal Liabilities will be approved as per actual submitted by the Licensee or be established through actuarial studies.

**2.5.2 Computation of Inflation Factor:** The petitioner would like to submit the calculation of Inflation Factor for FY 2019-20 as per above Note 1 of Tariff Regulations 2015.

**Table 2-5: Computation of Inflation Factor for FY 2019-20**

WPI <a href="https://eaindustry.nic.in/">https://eaindustry.nic.in/</a>													
Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2019-2020	121.1	121.6	121.5	121.3	121.5	121.3	122	122.3	123	123.4	122.2	120.4	121.8
2018-2019	117.3	118.3	119.1	119.9	120.1	120.9	122	121.6	119.7	119.2	119.5	119.9	119.8
CPI <a href="http://labourbureau.gov.in/LBO_indexes.htm">http://labourbureau.gov.in/LBO_indexes.htm</a>													
Item	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2019-2020	312.0	314.0	316.0	319.0	320.0	322.0	325.0	328.0	330.0	330.0	328.0	326.0	322.5
2018-2019	288	289	291	301	301	301	302	302	301	307	307	309	299.9
Period				WPI	CPI	Total							
Weightage				0.45	0.55	1.00							
Avg Indexation for FY 19-20				121.80	322.50								
Avg Indexation n-1 (Index * Wt.)				54.81	177.38	232.19							
Avg Indexation for FY18-19				119.79	299.92								
Avg Indexation n (Index * Wt.)				53.91	164.95	218.86							
Combined Inflation (Indxn/Indxn-1)				6.09%									

**2.5.3** Accordingly, the Inflation Factor for FY 2019-20 works out to **6.09%**, which need to be considered for true-up purpose as against the inflation value of 4.92% considered while projecting the Employee and A&G costs in last tariff order.

- 2.5.4 Computation of Growth Factor:** The petitioner would like to submit that Connected Load figures for FY 2018-19 are considered from the approved True-up Order for FY 2018-19 dtd. 29<sup>th</sup> September 2020. The sanctioned connected load of LT categories are converted to kVA and growth factor for FY 2019-20 over FY 2018-19 figures is computed.

Table 2-6: Computation of Growth Factor for FY 2019-20

Consumer Category	Unit	Sanction Load (kVA/KW)	Conversion Factor	Connected Load (kVA)	Sanction Load (kVA/KW)	Conversion Factor	Connected Load (kVA)
		FY 2018-19			FY 2019-20		
Domestic	KW	1,95,963	0.85	2,30,545	1,93,855	0.85	2,28,064
Domestic - DSHT	kVA	55,982	1.00	55,982	57,816	1.00	57,816
Commercial	KW	57,460	0.85	67,600	62,807	0.85	73,890
LT IS	kw	-	-	-	90	0.85	106
Temporary Supply	KW	129	0.85	152	129	0.85	152
HT Industrial Services (HTIS)	kVA	4,36,365	1.00	4,36,365	4,21,569	1.00	4,21,569
Utilities/Street Light	KW	19,752	0.85	23,238	20,602	0.85	24,238
Sale to Other Licensee	kVA	70,000	1.00	70,000	70,000	1.00	70,000
		8,35,651		8,83,881	8,26,867		8,75,835
						<b>Growth Factor</b>	<b>-0.91%</b>

- 2.5.5 Actual O&M Expenses:** The petitioner would first like to discuss and present the expenses based on actual audited accounts and then discuss about O&M expenses based on normative principles. The petitioner would like to make submissions on each of the element of O&M expenses based on the audited accounts.
- 2.5.6** The petitioner would like to submit the summary of O&M costs paid to TSUISL during FY 2019-20, as given in table below. A certificate for the same has been obtained from TSUISL and has been annexed with this petition in **Annexure 12**.

Expenses incurred by TSUISL for TSL during FY 2020-21 Rs. Crs.	
Particulars	Actual (Rs.Crs)
Outsourcing cost paid to JUSCO towards Employees Expenses	21.62
Outsourcing cost paid to JUSCO towards R&M Expenses	27.08
Outsourcing cost paid to JUSCO towards A&G Expenses (CGRF)	0.28
<b>Total O&amp;M cost paid to outsourced agency TSUISL</b>	<b>48.98</b>

- 2.5.7 Actual Employee Expenses:** It is submitted that employee expense as per audited account is **Rs. 24.54 Crs** (including Outsourcing cost paid to TSUISL towards Employees Expenses & including of Terminal Benefits) for FY 2019-20 and mainly includes Salaries & Wages, Contribution to Provident and other funds and Staff welfare expenses.



- 2.5.8 The Petitioner calculated the employee costs for FY 2019-20 adopting the methodology approved by Commission in earlier petitions. The petitioner has calculated Employee expenses as follows:

**Table 2-7: Computation of Actual Net Employee Expenses for FY 2019-20**

Particulars	Actual Audited (Rs.Crs)
	FY 2019-20
Direct Employees expenses of TSL	2.93
Add: Outsourcing cost paid to JUSCO towards Employees Expenses	21.62
<b>Total Employee Expenses to be claimed</b>	<b>24.54</b>

- 2.5.9 **Actual A&G Expenses:** It is submitted that, the petitioner has adopted same methodology approved by the Hon'ble Commission in its past orders dated 26.05.2020 of True-up of FY 2016-17 & True-up of FY 2017-18 and order dated 29.09.2020 of True up of FY 2018-19, APR of FY 2019-20 & ARR of FY 2020-21. As commission stated, petition filing fees and CGRF Expenses shall be approved on actual basis, the petitioner in this petition has considered the same.
- 2.5.10 The Petitioner has shown separately the CGRF expenses of **Rs. 0.28 Crs.** and Petition Filing Fees of **Rs. 0.37 Crs.** while calculating normative A&G Expenses. The Petition filing fees paid to JSERC is provided at **Annexure 10: Proofs of Fees paid to JSERC for petition filing for FY 2019-20.**
- 2.5.11 It is submitted that A&G expense as per audited account is Rs. 27.96 Crs (excluding CGRF expenses) for FY 2019-20 and mainly includes Rent, Travelling & Conveyance, Consultancy charges, Advertisement expenses, Security Charges, Vehicle hiring charges etc. After including the CGRF expenses of Rs. 0.28 Crs., gross A&G expenses incurred during FY 2019-20 is **Rs. 28.24 Crs.** as shown in table below.

**Table 2-8: Computation of Actual Net A&G Expenses for FY 2019-20**

A&G Expenses FY 2019-20 (Rs. Crs)	
Particulars	Actual Audited (Rs.Crs)
	FY 2019-20
CGRF Expenses incurred by outsourced agency TSUISL	0.28
A&G expenses incurred	27.96
<b>Gross A&amp;G Costs</b>	<b>28.24</b>

- 2.5.12 Actual R&M Expenses:** It is submitted that R&M expense as per audited account is **Rs. 27.94 Crs.** for FY 2019-20 and mainly includes Cost of Repairs, Consumption of stores & spare parts and repairs to machinery.

**Table 2-9: Computation of Actual Net R&M Expenses for FY 2019-20**

<b>Computation of Actual R&amp;M Cost for FY 2019-20</b>	
<b>Particulars</b>	<b>Actual Audited (Rs.Crs)</b>
	<b>FY 2019-20</b>
R&M expenses by TSL	0.85
Outsourcing cost paid to TSUISL towards A&G Expenses (CGRF)	0.28
Outsourcing cost paid to TSUISL towards Employees Expenses	21.62
Outsourcing cost paid to TSUISL towards R&M Expenses	27.08
<b>Total R&amp;M expenses shown in audited accounts</b>	<b>49.84</b>
Less-Outsourcing cost paid to TSUISL for A&G Expenses (CGRF)	0.28
Less: Outsourcing cost paid to TSUISL for Employees Expenses	21.62
<b>R&amp;M Expenses incurred</b>	<b>27.94</b>

- 2.5.13 Normative O&M Expenses:** The petitioner would now like to discuss about O&M expenses based on normative principles i.e. as per Tariff Regulations and Tariff order issued from time to time for the current control period.

#### **2.5.14 Normative Employee Expenses**

- 2.5.14.1** In line with the methodology, normative employee cost for FY 2019-20 considering Inflation of **6.09%** (for FY 2019-20) and Load growth is computed in the table below.

**Table 2-10: Computation of Normative Employee Cost for FY 2019-20**

<b>Computation of Normative Employee Cost for FY 2019-20</b>		
<b>Particulars</b>	<b>Units</b>	<b>Normative Computation</b>
		<b>FY 2019-20</b>
Employee Cost as per normative basis for FY 2018-19	Rs.Crs	23.21
Connected Load in FY 2018-19	kVA	8,83,881
Emp. cost per kVA for FY 2018-19	Rs/kVA	262.59
Weighted avg. inflation factor for FY 2019-20	%	6.09%
Emp. cost per kVA for FY 2019-20 with Inflation Factor	Rs/kVA	278.58
Connected Load in FY 2019-20	kVA	8,75,835
<b>Employee Cost as per normative basis for FY 2019-20</b>	<b>Rs.Crs</b>	<b>24.40</b>

2.5.14.2 We therefore request the Hon'ble Commission to kindly approve the normative employee cost of **Rs. 24.40 Crs** based on normative principles.

2.5.15 **Normative A&G Expenses:** The normative A&G expenses are allowed with inflation factor over previous year approved figures. The Hon'ble Commission had approved Rs. 26.48 Crs as normative A&G expense of FY 2018-19. The normative A&G for FY2019-20 with inflationary adjustment of **6.09%** comes out to be **Rs. 28.09 Crs** for FY2019-20. In the APR Order dated 29.09.2020, Hon,b;e Commission had approved the same values for FY2020-21. Normative A&G expenses for FY 2019-20 is tabulated below:

**Table 2-11: Computation of Normative A&G Expenses for FY 2019-20**

Computation of Normative A&G Expenses for 2019-20	
Particulars	Normative Calculation
<b>Normative A&amp;G Cost Calculation</b>	
A&G Costs for FY 2018-19	26.48
Add: Inflation factor for FY19-20	6.09%
Sub-total	28.09
Add: Load growth factor for FY 2019-20	0.00%
<b>Normative A&amp;G Cost for FY 2019-20</b>	<b>28.09</b>

2.5.15.1 It is submitted that while allowing normative A&G expenses Hon'ble Commission had considered only inflationary adjustment. In the past, petitioner had been asking for additional A&G cost allowances due to load growth factor. During the year FY2020-21 there had not been any load growth and therefore petitioner had not asked for any load growth related cost.

The relevant part of MYT Regulations is being reproduced for the reference of the Hon'ble Commission. 6.6 referred in the preceding paragraphs. The same is referred again for reference as under:

$$b) EMP_n \text{ (excluding terminal liabilities)} + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}) + G_n$$

Where,

*INDX<sub>n</sub>* – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

*G<sub>n</sub>* – Increase in Employee Expenses in nth year due to increase in consumer base/ load growth. Value of G for each year of the Control Period shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking with the efficient utilities, actual cost incurred by the licensee due to increase in consumer base/load growth in past, and any other factor considered appropriate by the Commission;

$$c) INDX_n = 0.55 * CPI_n + 0.45 * WPI_n;$$

2.5.16 The petitioner requests the Hon'ble Commission to kindly approve the Normative A&G expense linked to Inflation and Growth Factor at **Rs. 28.09 Crs.**

2.5.17 **Normative R&M Expenses:** It is submitted that as per regulatory provisions, the petitioner is allowed to claim R&M expenses linked to Opening Gross Fixed Asset (GFA) multiplied by 'K' factor approved in MYT order i.e. 4.80%.

2.5.17.1 It is submitted that petitioner is deprived of the inflationary increases in R&M expenses (material, labour etc) and was allowed only expenses linked to Asset base. It is also submitted that the Tariff Regulations 2015 has ignored to make provision for statutory increases like wages & labour charges, service tax levy, GST levy, other taxes & duties etc while allowing the R&M expenses which has direct impact on the expenses of the company and the same are totally uncontrollable. Every business and each expense under it tend to be affected with inflationary increases and R&M expenses under distribution is no different.

2.5.17.2 In all its previous filing in True-up petitions for FY2016-17, FY2017-18, petitioner had been continuously bringing up this issue for consideration and has also shared various regulations in other states where R&M cost considers inflation.

2.5.17.3 It is submitted that several State Commissions have recognised this need and have considered the inflationary adjustment in R&M expenses. For eg. Maharashtra State Electricity Regulatory Commission also allows Inflation on total O&M expenses (WPI-30% & CPI-70% on 5 years average increase). Gujrat State Electricity Regulatory Commission also allows 5.72% inflationary adjustment. Odisha State Electricity Regulatory Commission allows 5.4% on GFA plus special allowances to undertake critical activities of loss reduction, energy audit etc. A brief snapshot of the regulations of the aforesaid SERC is tabulated below as:

**Table 2-12: Comparative analysis of Regulation on R&M for other states**

SERC	R&M Regulation	Remarks
HERC	$R\&M_n = K * GFA * INDX_n / INDX_{n-1}$ <p>Where,</p> <ul style="list-style-type: none"> <li>'K' is a constant (expressed in %) governing the relationship between O&amp;M costs and Gross Fixed Assets (GFA) for the nth year.</li> <li>'GFA' is the average value of the gross fixed asset of the nth year.</li> <li>'INDX<sub>n</sub>' - inflation factor for the nth year</li> <li>'INDX<sub>n-1</sub>' - inflation factor for the (n-1)<sup>th</sup> year</li> </ul>	<p>HERC allows R&amp;M also on assets added during the year;</p> <p>HERC also provided in impact of inflation in R&amp;M Expenses</p>

SERC	R&M Regulation	Remarks
AERC	$R\&M_n = K \times (GFA_{n-1}) \times (1 + WPI_{inflation})$ and; Where, <ul style="list-style-type: none"> <li><math>K'</math> is a constant (expressed in %) governing the relationship between O&amp;M costs and GFA</li> <li><math>GFA_{n-1}</math> is Gross Fixed Asset for <math>n-1^{th}</math> year</li> <li><math>WPI_{inflation}</math> - average increase in the Wholesale Price Index (CPI) for immediately preceding three years</li> </ul>	AERC also provided in impact of inflation in R&M Expenses
JERC	$R\&M_n = K \times GFA_{n-1} \times (WPI_{inflation})$ Where, <ul style="list-style-type: none"> <li><math>K'</math> is a constant (expressed in %) governing the relationship between O&amp;M costs and GFA</li> <li><math>GFA_{n-1}</math> is Gross Fixed Asset for <math>n-1^{th}</math> year</li> <li><math>WPI_{inflation}</math> - average increase in the Wholesale Price Index (CPI) for immediately preceding three years</li> </ul>	JERC also provided in impact of inflation in R&M Expenses
UERC	$R\&M_n = K \times (GFA_{n-1}) \times (1 + WPI_{inflation})$ and; Where, <ul style="list-style-type: none"> <li><math>K'</math> is a constant (expressed in %) governing the relationship between O&amp;M costs and GFA</li> <li><math>GFA_{n-1}</math> is Gross Fixed Asset for <math>n-1^{th}</math> year</li> <li><math>WPI_{inflation}</math> - average increase in the Wholesale Price Index (CPI) for immediately preceding three years</li> </ul>	UERC also provided in impact of inflation in R&M Expenses

2.5.17.4 It is further submitted that the Hon'ble Commission had also recognised this issue in the prevailing regulations and therefore the regulations made for the next MYT period has element of inflationary adjustment while allowing for the R&M expense.

The relevant part of the upcoming MYT regulations for the next control period is reproduced below-

10.5 The O&M expenses permissible towards ARR of each year of the Control Period shall be approved based on the formula shown below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) + \text{Terminal Liabilities}$$

Where,

$R\&M_n$  – Repair and Maintenance Costs of the Licensee for the  $n^{th}$  year;

$EMP_n$  – Employee Costs of the Licensee for the  $n^{th}$  year excluding terminal liabilities;

$A\&G_n$  – Administrative and General Costs of the Licensee for the  $n^{th}$  year.

10.6 The above components shall be computed in the manner specified below:

a)  $R\&M_n = K \times GFA \times (INDX_n / INDX_{n-1})$

Where,



'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and shall be calculated based on the % of R&M to GFA of the preceding year of the Base Year in the MYT Order after normalising any abnormal expenses;

'GFA' is the opening value of the gross fixed asset of the  $n^{\text{th}}$  year;

$$b) \quad EMP_n + A\&G_n = [(EMP_{n-1}) * (1+G_n) + (A\&G_{n-1})] * (INDX_n / INDX_{n-1})$$

Where,

$EMP_{n-1}$  – Employee Costs of the Licensee for the  $(n-1)^{\text{th}}$  year excluding terminal liabilities;

$A\&G_{n-1}$  – Administrative and General Costs of the Licensee for the  $(n-1)^{\text{th}}$  year excluding legal/litigation expenses;

$INDX_n$  – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

2.5.17.5 Distribution tariff regulations 2015, Section, 12.7,12.8 “Power to Relax” provides ample powers to the Hon’ble Commission to make such orders as may be necessary for ends of justice to meet or to prevent or to prevent the abuses of the process of the Commission. Petitioner would like to submit that it has already incurred loss on this account in the previous true-up orders 2016-17,2017-18 & 2018-19 as given in table below. All values are in Rs Cr.

	Actual R&M expense	Normative allowed R&M Expense	Less allowed that actual ( i.e. Loss on this account to Licensee)
FY2016-17	28.31	24.98	3.33
FY2017-18	32.36	25.21	7.15
FY2018-19	30.97	26.08	4.89

Now when Hon’ble Commission has also recognised this fact and had also considered the same in the new regulations; Petitioner request the Hon’ble Commission to kindly consider the inflationary adjustment while approving the Normative R&M expense.

2.5.17.6 The Petitioner submits that the following table provides the WPI and CPI inflation for last three years which clearly states that the prices of labour and material (required for R&M expenses) have increased on an annual basis:

**Table 2-13: Comparative analysis of Regulation on R&M for other states**

Year	FY16-17	FY17-18	FY18-19	FY 19-20
WPI (%)	1.73%	2.92%	4.28%	1.68%
CPI (%)	4.12%	3.08%	5.45%	7.53%

2.5.18 We request the Hon’ble Commission to kindly consider the above submission and allow inflationary adjustment while approving the normative R&M expense. Such consideration will allow Licensee to undertake appropriate level of repair and maintenance work needed to ensure efficient service delivery.

- 2.5.19 Accordingly, the petitioner has computed R&M Expenses for FY 2019-20 on normative principles with Inflation factor as given in the table below:

**Table 2-14: Computation of Normative R&M Cost for FY 2019-20**

Computation of Normative R&M Cost for FY 2019-20	
Particulars	Normative Calculation
	FY 2019-20 (Rs.Crs)
<b>Normative R&amp;M Cost Calculation</b>	
Opening GFA as on 1.4.2019	550.49
Add: K Factor as per MYT Order	4.80%
Sub-total	26.42
Add: Inflation factor for FY19-20	6.09%
<b>Normative R&amp;M Cost for FY 2019-20</b>	<b>28.03</b>

- 2.5.20 The overall share of the R&M cost in the entire tariff paid by Consumer is considerably low; but reasonable expense on this directly impacts power supply reliability, quality and service levels. The impact of inflationary adjustment on R&M cost is only approx. 0.5 paisa per unit. Restricting R&M cost will restrain the petitioner to defer certain essential R&M work thereby impacting the overall service, performance level and health of the distribution assets. Petitioner therefore requests the Hon'ble Commission to kindly approve **Rs 28.03 Cr** as normative R&M expense for FY 2019-20.
- 2.5.21 The petitioner would like to submit that, somehow the Hon'ble Commission has missed to include the effect of adjustment made during FY 2017-18 for Rs. 0.45 Crs in the Gross Fixed Assets. For clarity, we have shown a table below showing opening GFA additions made / adjustments done during the year and closing GFA from FY17 to FY20 has been shown in the table given below.

Opening and Closing GFA Rs. Crs.	FY17	FY18	FY19	FY20
Opening GFA	520.32	525.19	543.69	550.49
Additions made during the year	4.87	18.05	7.13	8.88
Addition/ Removal during the period	0.00	0.45	-0.33	0.00
Net Addition to Assets during the year	4.87	18.50	6.80	8.88
<b>Closing GFA</b>	<b>525.19</b>	<b>543.69</b>	<b>550.49</b>	<b>559.37</b>

- 2.5.22 The petitioner requests the Hon'ble Commission to kindly consider the above submissions and approve the Normative R&M expense linked to 'K' factor and Inflation factor at **Rs. 28.03 Cr.**

**2.5.23 Summary of O&M Expenses:** The summary of O&M expenses with respect to approved, actual audited and normative computation is given in the table below:

**Table 2-15: Summary of O&M Expenses for FY 2019-20**

O&M Expenses (Rs. Crs)			
Particulars	FY 2019-20		
	Approved in APR order dtd. 29.09.2020 (Rs.Crs)	Audited Accounts (Rs.Crs)	Normative Amount (Rs.Crs)
A&G Costs	27.78	28.24	28.09
R&M Expenses	26.40	27.94	28.03
Employee Cost	24.44	24.54	24.40
<b>Total O&amp;M expenses for the purpose of Sharing of Gains/ Losses</b>	<b>78.62</b>	<b>80.73</b>	<b>80.52</b>
<b>Add: Other expenses to be allowed</b>			
Petition Filing Expenses	0.05		0.37
CGRF Expenses (Rent & Remuneration)	0.32		0.28
<b>Total Expenses</b>	<b>79.00</b>	<b>80.73</b>	<b>81.17</b>

**2.5.24 Sharing of Gains/ (Loss):** According to JSERC Distribution Tariff Regulations, 2015, O&M Expense is a “controllable” item.

2.5.24.1 The petitioner has considered the actual figures excluding additional impact due to change in law for the purpose of sharing of gains and losses.

2.5.24.2 The computation of Sharing of Gains/ Losses on account of Controllable parameter as per provisions of Tariff Regulations 2015 is given below:

**Table 2-16: Sharing of Gains/ Loss – O&M Expenses for FY 2019-20**

Particulars	FY 2019-20 (Rs.Crs)
	Sharings Calculation
Normative O&M Expenses * - a	80.52
Actual O&M Expenses* - b	80.08
<b>Sharing of Gains/ (Loss) c=a-b</b>	<b>0.44</b>
Sharing of gains/ (Loss) – to be shared with licensee 60% - d	0.27
Petition Filing Expenses - e	0.37
CGRF Expenses (Rent & Remuneration) - f	0.28
<b>Total O&amp;M Cost incurred of TSL f=b+d+e</b>	<b>81.00</b>

*\*Excluding Petition Filing Fees and CGRF Expenses*

2.5.24.3 Accordingly, the petitioner requests Hon'ble Commission to approve total O&M expenses incurred as **Rs. 81.00 Crs** for FY 2019-20 on normative basis including treatment on account of sharing of gains.

2.5.24.4 The petitioner would like to submit the approved O&M cost comparison of other similar licensees for FY 2018-19 and FY2019-20 for reference purpose. Petitioner would like to submit that it **had been able to contain its O&M costs at lowest possible levels of Rs. 0.30/unit**; but is facing tremendous difficulty to undertake all the needed repair, maintenance and service functions. The O&M cost of other similar Licensee is in the range of Rs 0.38/unit to Rs. 1.55/unit.

**Table 2-17: Details of O&M Expenses of similar utilities for FY 2018-19 & FY 2019-20**

Name of Utility	FY 2018-19 (Approved) Rs/kWh*	FY 2019-20 (Approved) Rs/kWh#	Source
BYPL	1.09	1.08	<a href="http://www.derc.gov.in/sites/default/files/BYPL_2.pdf">http://www.derc.gov.in/sites/default/files/BYPL_2.pdf</a> & <a href="http://www.derc.gov.in/sites/default/files/BYPLTariff-Order-FY-2018-19.pdf">http://www.derc.gov.in/sites/default/files/BYPLTariff-Order-FY-2018-19.pdf</a>
TDDPL	0.85	0.81	<a href="http://www.derc.gov.in/sites/default/files/TPDDL_1.pdf">http://www.derc.gov.in/sites/default/files/TPDDL_1.pdf</a> & <a href="http://www.derc.gov.in/sites/default/files/TPDDL-Tariff-Order-FY-2018-19.pdf">http://www.derc.gov.in/sites/default/files/TPDDL-Tariff-Order-FY-2018-19.pdf</a>
BRPL	0.62	0.79	<a href="http://www.derc.gov.in/sites/default/files/BRPL_4.pdf">http://www.derc.gov.in/sites/default/files/BRPL_4.pdf</a> & <a href="http://www.derc.gov.in/sites/default/files/BRPL-Tariff-Order-FY-2018-19.pdf">http://www.derc.gov.in/sites/default/files/BRPL-Tariff-Order-FY-2018-19.pdf</a>
TPL- Surat	0.41	0.38	<a href="https://www.gercin.org/order-category/tariff-orders/">https://www.gercin.org/order-category/tariff-orders/</a>
TPL- Ahmd	0.40	0.39	
CESU	0.78	1.02	<a href="http://www.orierc.org/DISCOMs_Tariff_Order_FY_2018-19.pdf">http://www.orierc.org/DISCOMs_Tariff_Order_FY_2018-19.pdf</a> & <a href="http://www.orierc.org/CASE%20NO.%2074,%2075,%2076%20,77,%2078,%2079,%2080%20and%2081%20of%202018.pdf">http://www.orierc.org/CASE%20NO.%2074,%2075,%2076%20,77,%2078,%2079,%2080%20and%2081%20of%202018.pdf</a>
NESCO	0.76	0.90	
WESCO	0.68	0.82	
SOUTHCO	1.19	1.55	
JBVNL	0.49	0.54	<a href="http://iserc.org/pdf/tariff_order/jbvn12020.pdf">http://iserc.org/pdf/tariff_order/jbvn12020.pdf</a>

\*For BYPL, TPDDL, BRPL, Odisha Utilities & JBVNL approved under ARR for FY18-19 & for TPL-S & TPL-A approved in True-up for FY 2018-19. O&M Expenses includes impact of the 7th Pay Commission

#For BYPL, TDDPL, BRPL and TPL, Odisha Utilities & JBVNL - Approved under ARR and TPL-Ahmd & Surat- Approved under MYT for FY19-20

## 2.6 Capital Work in Progress, Gross Fixed Assets and Depreciation

2.6.1 The Capital Work in Progress (CWIP), Gross Fixed Assets (GFA) and the depreciation on GFA for FY 2019-20 are discussed hereunder. The table below provides the details of

opening CWIP, Capital Expenditure incurred during the year, Capitalisation of Assets and the working of the depreciation for the year.

**Table 2-18: Summary of CWIP, GFA and Depreciation for FY 2019-20**

CWIP, GFA & Depreciation (Rs.Crs)		
Particulars	Approved in APR order dtd. 29.09.2020 (Rs.Crs)	Actual Audited (Rs. Crs)
	FY 2019-20	FY 2019-20
<b>Capital Works in Progress (CWIP)</b>		
Opening CWIP	7.13	6.80
Add: Capex during year	71.72	34.33
Total CWIP	78.85	41.13
Less: Trfd to GFA	42.76	8.89
Closing CWIP	36.09	32.24
<b>Gross Fixed Assets (GFA)</b>		
Opening GFA	550.04	550.49
Add: Trfd from CWIP	42.76	8.89
Closing GFA	592.80	559.38
<b>Depreciation</b>		
<b>Depreciation for the FY 19-20</b>	32.54	30.65
Less: Depreciation on Assets created out of consumer contribution	3.74	3.42
<b>Net Depreciation</b>	<b>28.80</b>	<b>27.23</b>

**2.6.2 Capital Works in Progress (CWIP):** The petitioner has considered Opening and Closing CWIP as Balance sheet statement of FY 2019-20. The assets transferred to GFA are considered the Audited Accounts statement.

**2.6.3** With regards to the Capital expenditure incurred during the year amounting to **Rs. 34.33 Crs** (including consumer contribution amount) as against approval of **Rs. 42.00 Cr** in MYT order; petitioner would like to explain the variations.

**Table 2-19: Reasons for variation in Capital Expenditure FY 2019-20**

Sr #	Summary of Expenditure Plan	Approved Expenditure in MYT order for FY'20(Rs.Crs)	Actual Expenditure in FY'20 (Rs.Crs)	Remarks
1.	Works for different scheme to Augment existing network, create new	40.00	31.90	Few capital expenditure schemes deferred to next year



Sr #	Summary of Expenditure Plan	Approved Expenditure in MYT order for FY'20(Rs.Crs)	Actual Expenditure in FY'20 (Rs.Crs)	Remarks
	network to increase area of coverage.			
2.	Other assets to provide consumer connection from consumers (self-financing scheme)	2.00	2.43	For last point connection, through consumer's contribution.
3	<b>Total</b>	<b>42.00</b>	<b>34.33</b>	

2.6.4 It is submitted that capital expenditure and resultant capitalization is lower than approved MYT figures as some of the planned activities got deferred for reasons beyond control. The scheme wise details are provided at **Annexure 11: Scheme wise Capital Expenditure & Capitalization from FY 2016-17 to FY 2020-21.**

2.6.5 The petitioner therefore requests the Hon'ble Commission to kindly review the Capital expenditure and Capitalization for FY 2019-20 as presented above which are based on audited accounts for FY 2019-20 and approve the same.

2.6.6 **Consumer Contribution:** The details of consumer contribution received and capitalized during the year including the opening & closing consumer contribution for FY 2019-20 is computed in the table below:

**Table 2-20: Details of Consumer Contribution for FY 2019-20**

Details of Consumer Contribution for FY 2019-20	
Particulars	True up (As per Audited Account)
Opening Consumer Contribution received	64.60
Add - Consumer contribution received during the year	2.24
Closing consumer contribution received	66.84
Opening Consumer Contribution capitalized	52.60
Add -Consumer contribution capitalized during the year	9.86
Closing consumer contribution energized / capitalized	62.46
<b>Balance amount of consumer contribution not capitalized as on last day of year</b>	<b>4.37</b>

**2.6.7 Gross Fixed Assets:** The details of the Gross Fixed Assets for FY 2019-20 taken from audited accounts are tabulated below:

**Table 2-21: Details of GFA for FY 2019-20**

Details of GFA for FY 2019-20			
Particulars	GFA as on 01.04.2019 (Rs.Crs)	Net Additions for FY 2019-20 (Rs.Crs)	GFA as on 31.03.2020 (Rs.Crs)
<b>Note (a) Property Plant and Equipment</b>			
Freehold Land and Roads	0.30	-	0.30
Buildings	39.87	0.97	40.84
Plant & Machinery	509.85	7.68	517.53
Furniture & Fixtures	0.25	0.02	0.27
Vehicle	0.06	-	0.06
Office Equipment	0.17	0.02	0.18
<i>Total of (a)</i>	<i>550.49</i>	<i>8.70</i>	<i>559.18</i>
<b>Note (b) Intangible assets</b>			
Software	-	0.19	0.19
<i>Total of (b)</i>	<i>0</i>	<i>0.19</i>	<i>0.19</i>
<b>Total of a and b (in Crs.)</b>	<b>0.19</b>	<b>8.89</b>	<b>559.37</b>

**2.6.8 Depreciation:** The depreciation costs proportionate to the extent of fixed assets being funded through Consumer Contribution has been deducted from the total depreciation in order to arrive at the net depreciation allowable to be charged in the ARR.

**Table 2-22: Details of Depreciation for FY 2019-20**

Details of Depreciation for FY 2019-20			
Particulars	Accumulated Depreciation as on 01.04.2019 (Rs.Crs)	Depreciation for FY 2019-20 (Rs.Crs)	Accumulated Depreciation as on 31.03.2020 (Rs.Crs)
Freehold Land and Roads	0.00	0.000	0.00
Buildings	7.71	1.231	8.94
Plant & Machinery	288.56	29.340	317.90
Furniture & Fixtures	0.05	0.034	0.09
Vehicle	0.06	-	0.06
Office Equipment	0.05	0.029	0.08
Software	-	0.014	0.01
<b>Total (in Crs.)</b>	<b>296.44</b>	<b>30.65</b>	<b>327.08</b>

**2.6.9** The details of accumulated depreciation can be referred in Notes to Audited Accounts for FY 2019-20 and Depreciation charged during the year can be referred from Profit and Loss Statement for FY 2019-20. It is further submitted that the net depreciation

amount to be claimed in true-up in proportion to the own assets is computed after deducting the amount treated as deferred income for assets created out of consumer contribution.

**Table 2-23: Net Depreciation Claim for FY 2019-20**

<b>Computation of Net Depreciation for FY 2019-20 (Rs.Crs)</b>	
Closing GFA (A)	559.38
Consumer Contribution capitalised (B)	62.46
Gross Depreciation FY 2019-20 (C)	30.65
Depreciation on Consumer Contribution ( $D=C/A*B$ )	3.42
<b>Net Depreciation to be charged in ARR (<math>E=C-D</math>)</b>	<b>27.23</b>

- 2.6.10 Accordingly, the net depreciation to be charged for FY 2019-20 computes to **Rs. 27.23 Crs** as against Rs. 28.79 Crs allowed by the Hon'ble Commission in its Tariff Order dated 29<sup>th</sup> September 2020. The Petitioner therefore request to the Hon'ble Commission to kindly approve the net depreciation as above.

## 2.7 Interest and Finance Charges

- 2.7.1 The normative loans have been computed considering the Capital Investment Norm in the Regulatory regime in which Debt-Equity Ratio has been kept at 70:30. Therefore, deemed addition to the normative loans have been taken at 70% of the closing GFA net of Consumer Contribution reduced by the Accumulated Depreciation on own assets. The deemed repayment has been considered equivalent of the net depreciation cost for the financial year.
- 2.7.2 The table below shows the normative loan and normative equity added during the FY 2019-20 as per methodology discussed above. Normative loan is estimated based on actual capitalization and consumer contribution received during the year as per audited accounts for FY 2019-20.

**Table 2-24: Normative Loan & Equity added during FY 2019-20**

<b>Addition to Loan &amp; Equity (Rs.Crs)</b>	
Transferred To GFA (A)	8.89
Consumer Contribution received (B)	2.24
GFA (own) ( $C=A-B$ ; if A is higher)	6.65
Debt ( $D= C \times 70\%$ )	4.66
Equity ( $E= C \times 30\%$ )	2.00

- 2.7.3 **Interest on Normative Loan** - The normative interest is computed on the average balance of loan during the financial year. The opening balance of normative loan has

been taken from closing normative loan balance for FY 2018-19. Additions to loan account has been considered from above table and repayments are considered equal to depreciation. Further, in accordance with the regulation 6.24 and 6.25 of Distribution Tariff Regulations, 2015, the interest on normative loan has been calculated on the average normative loan as outstanding during the year. The rate of interest for the year is considered as applicable SBI Base Rate plus 200 basis points as on April 1<sup>st</sup>, 2019 i.e. 11.05% (Source: <https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data>). The normative interest comes to **Rs. 7.03 Crs** as against **Rs. 8.16 Crs** approved by Hon'ble Commission in Tariff order dated 29.10.2020. The table below provides calculation of Interest on Normative Loan for FY 2019-20.

**Table 2-25: Interest on Normative Loan – FY 2019-20**

Particulars	Approved in APR Order dtd. 29.09.2020 (Rs.Crs)	Normative Claim (Rs.Crs)
	FY 2019-20	FY 2019-20
Opening Balance of Normative Loan	74.06	74.87
Add: Deemed Additions during the FY 2019-20	28.37	4.66
Less: Deemed Repayments	28.79	27.23
<b>Closing Balance of Normative Loans</b>	<b>73.64</b>	<b>52.30</b>
<b>Average Balance of Normative Loans</b>	<b>73.85</b>	<b>63.59</b>
Interest Rate (SBI base Rate+200 bp)	11.05%	11.05%
<b>Normative Interest Amount</b>	<b>8.16</b>	<b>7.03</b>

<https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data>

- 2.7.4 Working Capital and Interest on Working Capital** - The Petitioner has arrived at the Working Capital based on the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.
- 2.7.5** The normative working capital has been computed as per methodology adopted by Commission in APR order. The interest rate of SBI Base Rate as on 1st April 2019 plus 350 basis points i.e. 12.55%.
- 2.7.6** In accordance with Regulation 6.29 and 6.30 of the Distribution Tariff Regulations, 2015, the normative working capital for the MYT period from FY 2016-17 to FY 2020-21 for the wheeling & retail business of electricity has been computed. The Wheeling & Retail ARR has been computed as per allocation ratios in accordance with JSERC (Power Regulatory Accounting) Regulations, 2015 and methodology as adopted in Tariff order dated 18.05.2018. The allocation of ARR into wheeling and retail business is provided in Table 2-32: Summarised ARR and Revenue gap/ (surplus) for FY 2019-20 which is used for computation of below interest on working capital.

**Table 2-26: Interest on Working Capital (Wheeling & Retail) for FY 2019-20**

Particulars	Approved in APR Order dtd. 29.09.2020 (Rs.Crs)	Wheeling Normative Claim (Rs.Crs)	Retail Normative Claim (Rs.Crs)	Total Normative Claim (Rs.Crs)
	Retail Business			
O&M Expenses @ 1 Month for Wheeling / Retail business	6.58	4.52	2.24	6.76
Maintenance Spares @1% of Opening GFA for Wheeling / Retail business in ratio of 90:10	5.50	4.95	0.55	5.50
Receivables for 2 months' Revenue @ existing Tariff from Wheeling / Retail business	251.24	20.66	277.65	298.31
<b>Sub-Total</b>	<b>263.32</b>	<b>30.13</b>	<b>280.44</b>	<b>310.58</b>
Less: Average Security Deposit	28.26		28.25	28.25
Less: Power Purchase cost for 1 month	112.41		125.75	125.75
<b>Total Working Capital</b>	<b>122.66</b>	<b>30.13</b>	<b>126.44</b>	<b>156.57</b>
SBI Base rate + 350 basis points	12.55%	12.55%	12.55%	12.55%
<b>Total Interest on Working Capital</b>	<b>15.39</b>	<b>3.78</b>	<b>15.87</b>	<b>19.65</b>

<https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data>

2.7.7 The Hon'ble Commission is requested to kindly approve the Interest on working capital of **Rs. 19.65 Crs** for FY 2019-20.

2.7.8 **Interest on Security Deposit** - The petitioner in the table below has furnished the details of security deposit as per Audited figures for FY 2019-20. In the year FY 2019-20, the actual outflow towards interest on security deposit paid to consumers is **Rs. 2.56 Crs**. Considering the actual security deposits, period of security deposits held, actual interest on security deposit paid & average security deposit amount, the interest rate has been derived.

Table 2-27: Interest on Security Deposit for FY 2019-20

Interest on Security Deposit (Rs Cr)		
Particulars	Approved in APR Order dtd. 29.09.2020	Audited Accounts
	FY 2019-20	FY 2019-20
<b>Opening Security Deposit</b>	<b>26.74</b>	<b>26.73</b>
Security Deposit received	3.05	3.03
<b>Closing Security Deposit</b>	<b>29.79</b>	<b>29.77</b>
Average Security Deposit	28.27	28.25
Derived rate from Interest paid amount and average SD		9.06%
<b>Interest on Security Deposit</b>	<b>2.56</b>	<b>2.56</b>

- 2.7.9 The customer wise interest on security deposit paid during FY 2019-20 is attached as **Annexure 8: Interest on Consumer security deposit for FY 2019-20**.
- 2.7.10 The petitioner has received three Bank Guarantee's in lieu of Security deposit from three consumers for a total amount of **Rs. 54.03 lakhs** as on 31.03.2020.
- 2.7.11 Accordingly, the total Interest and Finance Charges for FY 2019-20 are summarized in the table below:

Table 2-28: Interest and Finance Charges for FY 2019-20

Interest and Finance Charges (Rs Cr)		
Particulars	Approved in APR Order dtd. 29.09.2020	Actual Audited / Normative Claim
	FY 2019-20	FY 2019-20
Interest on Normative Loan	8.16	7.03
Interest on Working Capital	15.39	19.64
Interest on Security Deposit	2.56	2.56
<b>Total Interest &amp; Finance Charges</b>	<b>26.11</b>	<b>29.23</b>

- 2.7.12 The Petitioner therefore request to the Hon'ble Commission to kindly approve the total interest and finance charge amounting to **Rs. 29.23 Crs** for FY 2019-20.

## 2.8 Funding Cost of Delayed Payment Surcharge (DPS)

- 2.8.1 The Hon'ble Commission normally considers the 'Delayed Payment Surcharge' as part of power income (under NTI or part of revenue from sale of power) to compute net ARR. As DPS payment is already considered as non-tariff income by Hon'ble Commission, its funding cost therefore need to be considered and allowed to Petitioner appropriately. In the last order Hon'ble Commission has considered the same based on



the APTEL order in similar matter wherein Hon'ble APTEL had allowed working capital requirement for funding of Delayed Payment Surcharge at SBI PLR in ARR. The relevant part of the APTEL Order is being reproduced below-

2.8.2 APTEL judgment for Allowing cost of funding of DPS: There is judgment of Hon'ble Appellate Tribunal for Electricity (APTEL) dated 12.07.2011 in case no. 142 & 147 of 2009 wherein working capital requirement is allowed for funding of DPS @ SBI PLR. The relevant extracts of the Judgment In the matter of BSES Rajdhani Power Limited vs Delhi Electricity Regulatory Commission & Government of NCT of Delhi are reproduced below:

2.8.3 *"The normative working capital compensates the distribution company in delay for the 2 months credit period which is given to the consumers. The late payment surcharge is only if the delay is more than the normative credit period. For the period of delay beyond normative period, the distribution company has to be compensated with the cost of such additional financing. It is not the case of the Appellant that the late payment surcharge should not be treated as a non- tariff income. The Appellant is only praying that the financing cost is involved due to late payment and as such the Appellant is entitled to the compensation to incur such additional financing cost. Therefore, the financing cost of outstanding dues, i.e the entire principal amount, should be allowed and it should not be limited to late payment surcharge amount alone. Further, the interest rate which is fixed as 9% is not the prevalent market Lending Rate due to increase in Prime Lending Rate since 2004-05. Therefore, the state Commission is directed to rectify its computation of the financing cost relating to the late payment surcharge for the FY 2007-08 at the prevalent market lending rate during that period keeping in view the prevailing Prime Lending Rate".*

*Emphasis added*

2.8.4 As approved in the earlier order dated 29 September 2020, TSL has computed funding cost for TSL for FY 2019-20. The same is provided in the table below with funding cost being grossed up by 1.50% p.m. i.e. 18% p.a on DPS amount and thereafter computing Interest @ SBI PL rate for FY 2019-20:

**Table 2-29: Computation of Funding Cost of DPS for FY 2019-20**

S. No.	Particulars	Actuals
1	Delay payment Surcharge (A)	2.92
2	Principal Amount on which DPS was charged (B=A/DPS 18% p.a.)	16.20
3	Interest Rate for funding of Principal of DPS (C ) #	12.55%
4	Interest on funding of Principal amount of DPS (D=B*C)	2.03

## 2.9 Return on Equity

- 2.9.1 The deemed addition to the normative equity has been taken at 30% of Closing GFA net of Consumer Contribution. The normative return on equity is claimed @ **15.50%** which is the return prescribed under the Distribution Tariff Regulation 2015.
- 2.9.2 The Opening Balance of Equity for FY 2019-20 is taken as equal to the closing of FY 2018-19. The amount of equity addition for FY 2019-20 is explained in table below.
- 2.9.3 **Income Tax:** It is submitted that petitioner has paid actual income tax for FY 2019-20. The income tax challan paid are provided at **Annexure 13: Income Tax paid challans for FY 2019-20**. The normative tax computation as per the principles laid down in Tariff Regulations 2015 and as per methodology approved by Hon'ble Commission in previous tariff orders is adopted and accordingly return on equity is grossed by tax rate and claimed for truing up purpose.
- 2.9.4 The Petitioner submits that according to a new section 115BAA introduced under Income Tax Act by the Government of India through Taxation (Amendment) Ordinance 2019 on 20<sup>th</sup> September 2019, Company has an option to pay Income Tax at a reduced rate of 25.168%. If the company opted for the scheme, MAT will not be applicable to it.
- 2.9.5 After due analysis, TSL has opted for this scheme and accordingly for FY 2019-20 and subsequent year the rate of Corporate tax for Petitioner shall be 25.168%.
- 2.9.6 The computation of ROE based on normative approach including income tax is as under:

**Table 2-30: Return on Equity for FY 2019-20**

Return on Equity (Rs. Cr)		
Particulars	Approved in APR Order dtd. 29.09.2020 (Rs.Crs)	Normative Claim
	FY 2019-20	FY 2019-20
Opening Balance of Normative Equity	145.63	146.08
Add: Deemed Additions during the FY 2016-17	12.16	2.00
<b>Closing Balance of Normative Equity</b>	<b>157.79</b>	<b>148.08</b>
<b>Average Balance of Normative Equity</b>	<b>151.71</b>	<b>147.08</b>
Rate of Return on Equity	15.50%	15.50%
<b>Normative ROE Amount -(A)</b>	<b>23.52</b>	<b>22.80</b>
Income Tax Rate - (B)	25.17%	25.17%
<b>Normative ROE Amount with Income tax C=A/(1-B)</b>	<b>31.42</b>	<b>30.46</b>

2.9.7 The Petitioner therefore requests the Hon'ble Commission to kindly approve the Post-tax Return on Equity of **Rs. 30.46 Crs** for FY 2019-20 as per above claim.

## 2.10 Non-Tariff Income

2.10.1 Non-Tariff Income includes income from service charge for new LT connections, miscellaneous charges etc. The non-tariff Income for FY 2019-20 as per the Notes to Audited accounts and Reconciliation of Revenue/ Income is **Rs. 5.44 Crs** as against the approved Rs. 5.86 Crs in Tariff order dated 28<sup>th</sup> February, 2017 and Rs. 6.76 approved in APR order dtd. 29<sup>th</sup> September 2020.

2.10.2 The Hon'ble Commission is requested to kindly approve an amount of **Rs. 5.44 Crs** as non-tariff income for FY 2019-20.

## 2.11 Revenue from sale of power

2.11.1 It is submitted that revenue from sales of power as per Note 17A of audited accounts for Reconciliation of Revenue/ Income is **Rs. 1,789.85 Crores** for FY 2019-20. The category wise revenue from sale of power for FY 2019-20 is given below:

**Table 2-31: Revenue from Sale of Power for FY 2019-20**

Consumers, Connected Load, Sales & Revenue for FY 2019-20											
Consumer Category	No. of Consumers	Connected Load (kw/kva)	Connected Load (kva)	Sales (MUs)	Fixed /Demand Charges (Rs.Crs)	Energy Charges incl. FPPPA (Rs.Crs)	Surcharges/ Rebates (Rs.Crs)	Other charges (Rs.Crs)	Late Payment Charges	Meter Rent (Rs.Crs)	Total Revenue (Rs.Crs)
Domestic	35968	193855	228064	208.94	1.17	90.70	-0.07	-2.86	1.04	1.08	91.06
Domestic - DSHT	133	57816	57816	83.07	2.72	38.29	-0.11	-0.00	0.13	0.01	41.04
Commercial	10159	62807	73890	83.96	1.88	56.46	-0.17	-1.42	0.89	0.53	58.16
LTIS	1	90	106	0.10	0.01	0.06	-	-0.00	0.00	0.00	0.06
Total HT IS	123	311569	311569	1,738.89	111.64	1,201.18	-79.09	-0.99	0.84	0.11	1,233.68
HT4	1	110000	110000	176.32	39.16	121.92	-3.58	-	0.00	0.00	157.50
Utilities/Street Light	428	20602	24238	81.91	0.02	44.06	-0.00	-0.01	0.01	0.04	44.12
Temporary Supply	138	129	152	1.45	0.01	1.21	-0.00	-0.00	0.01	0.00	1.23
Sale to JUSCO	1	70000	70000	323.44	-	152.54	-	-	0.00	-	152.54
Sale thru IEX - Power market	0	0	0	27.25	-	10.46	-	-	0.00	-	10.46
<b>Total</b>	<b>46952</b>	<b>826867</b>	<b>875835</b>	<b>2,725.33</b>	<b>156.60</b>	<b>1,716.86</b>	<b>-83.03</b>	<b>-5.28</b>	<b>2.92</b>	<b>1.77</b>	<b>1,789.85</b>

\*Contract Demand/Sanction load in KVA has been arrived based on appropriate multiplication factor.

2.11.2 The petitioner would like to submit here that, in order to reduce the power purchase cost for the License area consumers, during FY 2019-20, petitioner has been able to sell 27.25 MU of daily surplus balance power thru power exchange for an amount of **Rs. 10.46 Crs**. This sale has happened whenever requirement of its consumers was low and realisation from exchange was higher than the incremental cost of generation. The incremental cost of generation for such sales was approx of Rs 2.90/unit i.e. variable cost of 400kV source ; whereas the realisation from revenue had been Rs 3.91/unit, thereby

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reducing the fixed cost burden on the Consumers in the License area by approx. Rs 2.75 Cr. ( ie  $27.25 \times (3.91-2.90)/10$ ).

- 2.11.3 Hon'ble Commission in its previous APR order had not dealt this subject in detail and had not approved the revenue from such sales as well as cost of making such sales.
- 2.11.4 Petitioner would like to submit that it had to meet the power requirement on 24x365 hrs basis and therefore had tied up with long term sources of power. In real-life situation loads always vary on day to day basis and also within the period of the day. Therefore, on few hours of few days there are some daily surplus balance in the system for which petitioner took special initiatives to sell into exchange. Realising any value which more than the variable cost of power , reduces the effective power purchase cost of the petitioner for consumers in its License area and therefore such sales and revenue both need to be Considered by the Hon'ble Commission.
- 2.11.5 We would further like to submit to the Hon'ble commission that, TSL Licensee has long term contract 200 MW ( ~185 MW net of Auxiliary and losses) from DVC to procure power from their unit's i.e. DVC MTPS Unit-7 & Unit-8 and DSTPS-1 & DSPTS-2, in schedule mode at 400 kV.
- 2.11.6 While these sources have been tied up to meet the demand / load of the consumers, consumers load does vary with time, day and season. For industrial consumers, load demand varies with their product manufacturing schedule, shutdown and breakdowns in the production processes. Petitioner is required to meet the varying load / demand without any load shedding for which firm power contracts are needed.
- 2.11.7 These deviation is schedule/ planned outage of industrial manufacturing plant leaves some surplus balance in few hour of few days, which after lot of study and efforts, Petitioner started selling in Power Exchange for the benefit of the Consumers in the License area. Such sales have reduced the overall power purchase cost for the Consumers in the Petitioners License area and therefore need to be considered by the Hon'ble Commission while truing up the costs and revenue.
- 2.11.8 Monthly summary with copies of all bills of sale of daily balance surplus power on few hours of few days made during FY 2019-20 is given in **Annexure - 9**, with this petition.
- 2.11.9 We seek the kind attention of the Hon'ble Commission to consider the above facts which had been missed in the last APR order and kindly approve the Sale 25.27 MU sales and its corresponding revenue of Rs 10.46 Cr in the ARR of the petitioner in the overall interest of the consumers in the License area.

2.11.10 The Petitioner further requests Hon'ble Commission to kindly approve the total revenue of **Rs. 1,789.85 Crs** from sale of power as per above table for FY 2019-20 .

**2.12 Summarised ARR and Revenue gap/ (surplus) for FY 2019-20**

2.12.1 The ARR and Revenue gap/ (surplus) for FY 2019-20 along with approved APR figures from APR order dated 29.10.2020 are presented in the table below.

Table 2-32: Summarised ARR &amp; Revenue gap/(surplus) for FY 2019-20

Summary of ARR (Rs.Crs)				
Sr No	Particulars	Approved in MYT Tariff Order Feb 2017 (Rs. Crs)	Approved in APR Order dtd. 29.09.2020 (Rs. Crs)	Total Audited / Normative Claim
1	Power Purchase Cost	1,464.11	1,348.89	1,509.04
2	Employee Expenses	27.01	24.44	24.40
3	A&G Expenses	24.19	27.78	28.09
4	R&M Expenses	24.03	26.40	28.03
5	Employee Terminal benefits	-	-	-
6	Petition Filing Charges & CGRF Expenses	-	0.37	0.65
7	Interest on Loan	9.08	8.16	7.03
8	Interest on Working Capital	17.95	15.39	19.65
9	Funding Cost of DPS FY 2019-20	-	-	2.03
10	Interest on Security Deposit	1.83	2.56	2.56
11	Depreciation	33.62	28.79	27.23
12	Return on Equity	24.04	31.42	30.46
13	<b>Gross Aggregate Revenue Requirement (1 to 11)</b>	<b>1,625.86</b>	<b>1,514.20</b>	<b>1,679.18</b>
14	Less: Non Tariff Income	5.86	6.76	5.44
15	<b>Aggregate Revenue Requirement (12-13)</b>	<b>1,620.00</b>	<b>1,507.45</b>	<b>1,673.74</b>
16	<b>Less: Revenue from Sale of Power @ Existing Tariff</b>		<b>1,804.03</b>	<b>1,789.85</b>
17	<b>Revenue Gap / (Surplus) (14- 15)</b>		<b>(296.58)</b>	<b>(116.11)</b>
18	Add/ Less: Impact of Sharing of Gains/ (Loss) on O&M Expenses			0.27
19	<b>Revenue Gap / (Surplus) after Sharing of Gains/ Loss (16- 17)</b>		<b>(296.58)</b>	<b>(115.85)</b>
19	<b>Average Cost of Supply (14/Sales)</b>		<b>5.55</b>	<b>6.14</b>

- 2.12.2 The Hon'ble Commission is requested to kindly approve the ARR and the resultant revenue gap/ (surplus) of **Rs. (115.85) Crs** for FY 2019-20 based on Audited figures for FY 2019-20 and normative claims. The surplus so generated will be used to liquidate the previous year's outstanding revenue gap.



Table 2-33: Summarised ARR and Revenue gap/ (surplus) for Wheeling &amp; Retail Business for FY 2019-20

Summary of ARR (Rs.Crs)						
Sr No	Particulars	Wheeling %	Retail %	Wheeling ARR (Rs.Crs)	Retail ARR (Rs.Crs)	Total Audited / Normative Claim
1	Power Purchase Cost	0%	100%	-	1,509.04	1,509.04
2	Employee Expenses	60%	40%	14.64	9.76	24.40
3	A&G Expenses	50%	50%	14.05	14.05	28.09
4	R&M Expenses	90%	10%	25.23	2.80	28.03
5	Employee Terminal benefits	60%	40%	-	-	-
6	Petition Filing Charges & CGRF Expenses	50%	50%	0.33	0.33	0.65
7	Interest on Loan	90%	10%	6.32	0.70	7.03
8	Interest on Working Capital	10%	90%	3.77	15.88	19.65
9	Funding Cost of DPS FY 2019-20	10%	90%	0.20	1.83	2.03
10	Interest on Security Deposit	0%	100%	-	2.56	2.56
11	Depreciation	90%	10%	24.50	2.72	27.23
12	Return on Equity	90%	10%	27.42	3.05	30.46
<b>13</b>	<b>Gross Aggregate Revenue Requirement (1 to 11)</b>			<b>116.46</b>	<b>1,562.71</b>	<b>1,679.18</b>
14	Less: Non Tariff Income	10%	90%	0.54	4.90	5.44
<b>15</b>	<b>Aggregate Revenue Requirement (12-13)</b>			<b>115.92</b>	<b>1,557.82</b>	<b>1,673.74</b>

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## Chapter 3. Annual Performance Review (APR) for FY 2020-21

### 3.1 Background

- 3.1.1 JSERC (Terms & Conditions of Distribution Tariff) Regulation 2015 has a provision of periodic reviews during the Control Period (FY2016-17 to FY 2020-21). The relevant extract of the regulation is reproduced below: -

Quote..... “ 9.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees’ performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise;

9.2 The Licensee shall submit the Annual Performance Review report as part of annual review on actual performance as per the timelines specified in the Section 11 of these Regulations, to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including latest available audited/authenticated accounts and the tariff worked out in accordance with these Regulations;....”. UNquote

- 3.1.2 The Hon’ble Commission has approved the Business plan for the 2nd MYT control period from FY 2016-17 to FY 2020-21 on 28th February, 2017. In the same Order dated 28th February, 2017, the Hon’ble Commission has also approved the ARR for the MYT Control Period FY 2016-17 to FY 2020-21.
- 3.1.3 TSL hereby submits the annual performance review (APR) for FY 2020-21 based on first six months (H1) actual performance and estimated for balance six months (H2). The following sections summarise each of the components of APR for FY 2020-21. A comparison of figures approved in APR order dated 29th September 2020 which were estimated at that point of time and figures based on accounts & estimates / normative claims are shown under relevant sections discussed herewith for comparison.

### 3.2 Sales, Consumers and Connected Load

- 3.2.1 The table below provides the details of actual no of consumers, sanctioned load and respective sales for different consumer category for FY 2020-21.
- 3.2.2 The petitioner has considered following for projections of H2 FY 2020-21 sale.
- 3.2.3 Domestic - H2 FY21 projection of sales of Domestic category has been based on last year's (FY20) seasonal trend observed and new consumer added in H2. H2 FY20 Domestic category sale was 55% of H1 FY20 sales. In same ratio FY21 H2 has been estimated.

- 3.2.4 Commercial - H2 FY21 projection of sales of Commercial category has been based on last year's (FY20) H2 actual sale plus the new consumer added in FY21 (based on kVA addition).
- 3.2.5 Industrial & Utility - H2 FY21 projection of sales of Industrial & Utility has been based considered as twice of Q2 FY21 plus the new consumer added in H2 FY21 (based on kVA addition).
- 3.2.6 Sale to other licensee TSUISL and HT 4 is based on information received from TSUISL. H1 FY21 sale of street light is included in Utility Category, and H2 Street light is shown separately.
- 3.2.7 Based on all above projections, total sale of FY 2020-21 is expected to be 2450.00 MU, details of which are given in table below.

**Table 3-1: Consumers, Sanctioned Load & Sales – FY 2020-21**

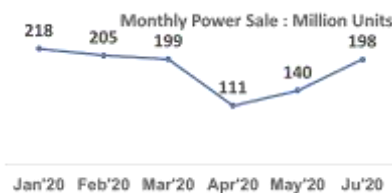
No. of Consumers, Load and Sales for FY 2020-21 (H1 + H2 breakup)																
Consumer Category	No of Consumers			Connected Load (kW/ KVA)			Connected Load- Unit	Conversion Factor	Connected Load	Sales (MkWh)			kVAh/ kWh factor	Sales (MkVAh)		
	H1	H2	FY 2020-21	H1	H2	FY 2020-21				H1	H2	FY 2020-21		H1	H2	FY 2020-21
Domestic Rural & Urban	37,224	550	37,774	2,02,244	2,700	2,04,944	kW	0.85	2,41,110	127.17	71.64	198.82				
Domestic Service - DSHT	139	3	142	56,819	1,250	58,069	kVA	1.00	58,069	46.69	26.71	73.40	1.11	51.83	29.65	81.47
Commercial Services	10,014	320	10,334	62,479	1,088	63,567	kW	0.85	74,785	34.24	47.32	81.56				
LTIS	1	-	1	90	-	90	kW	0.85	106	0.11	0.06	0.17	1.11	0.12	0.07	0.19
Temporary Connections	31	-	31	129	-	129	kW	0.85	152	0.27	0.27	0.54				-
HT Industrial Services (HTIS)	140	4	144	3,88,881	1,500	3,90,381	kVA	1.00	3,90,381	769.37	1,001.47	1,770.85	1.05	806.07	1,049.24	1,855.31
Institutional Services - Utilities/ Streetlight	434	-	71	20,664		16,959	kW	0.85	19,952	35.48	-	35.48				-
Streetlight (from 01 Oct)		-	363			3,705	kW	0.85	4,359		4.10	4.10				
Sale to Other Licensee (JUSCO)	1	-	1	70,000	-	70,000	kVA	1.00	70,000	91.11	163.98	255.09	1.05	95.46	171.80	267.26
Sale thru IEX - Power market	-	-	-	-	-	-		-	-	16.79	13.21	30.00				-
<b>Total</b>	<b>47,984</b>	<b>877</b>	<b>48,861</b>	<b>8,01,306</b>	<b>6,538</b>	<b>8,07,844</b>			<b>8,58,914</b>	<b>1,121.24</b>	<b>1,328.76</b>	<b>2,450.00</b>		<b>953</b>	<b>1,251</b>	<b>2,204</b>

- 3.2.8 Hon'ble Commission in its Tariff order dated 29.09.2020; implemented the KVAH based billing for THIS, DSHT and LTIS Consumers. Expected sales of these consumers therefore has also been shown in the KVAH.
- 3.2.9 The table provides the comparison of ARR approved estimates and revised figures FY 2020-21.

Table 3-2: Comparison of ARR Approved Estimates &amp; Revised Estimates – FY 2020-21

No. of Consumers, Load and Sales for FY 2020-21				
Consumer Category	Approved in ARR Order dtd. 29.09.2020	Revised Estimates for FY 2020-21		
		Sales (MUs)	No. of Consumers	Connected Load (kVA)
Domestic Rural & Urban	224	37,774	2,41,110	199
Domestic Service - DSHT	86	142	58,069	73
Commercial Services	77	10,334	74,785	82
LTIS		1	106	0
Temporary Connections	1	31	152	1
HT Industrial Services (HTIS)	1,991	144	3,90,381	1,771
Institutional Services - Utilities/ Streetlight	84	71	19,952	35
Streetlight (from 01 Oct)		363	4,359	4
Sale to Other Licensee (JUSCO)	349	1	70,000	255
Sale thru IEX - Power market		-	-	30
<b>Total</b>	<b>2,813</b>	<b>48,861</b>	<b>8,58,914</b>	<b>2,450</b>

3.2.10 As per the information available with the Licensee, no additional industrial units are expected to come within the licensed area. Existing Industries are also optimising their power demand by various energy saving initiatives and installation of solar rooftops. Outbreak of COVID 2019 and lockdown in first Quarter of FY2020-21, resulted in significant drop in industrial sales than the previous years. On an overall basis, sales for FY 2020-21 is expected to be lower by ~12.90% than FY 2019-20 levels which is mainly due to drop in 'HTIS consumption by ~11% over previous year. Graph below indicate the drop in sales during COVID outbreak....



We request the Hon'ble Commission to approve the estimated sales of **2,450 MUs** for FY 2020-21 for APR purpose subject to true-up based on actual values after the end of financial year.

### 3.3 Energy Balance

3.3.1 The petitioner has considered H1 performance and estimated the overall FY 2020-21 performance. The power purchase volume for H2 is assumed in line with H1 power purchase from same sources. For APR purpose, the T&D loss level for FY 2020-21 has been considered at **2.92%** and accordingly energy requirement is arrived at in the table below:

Table 3-3: Energy Balance for FY 2020-21 (MUs)

Energy Balance for FY 2020-21 (MUs)					
Sr No	Particulars	Approved in ARR Order dtd. 29.09.2020	Apr-Sep 2020 (H1)	Oct-Mar 2020 (H2)	APR Figure (H1 + H2)
<b>A</b>	<b>ENERGY REQUIREMENT</b>				
1	Sales to Other Licensees	348.95	91.11	163.98	255.09
<b>2</b>	<b>Energy Requirement for Sales to Other Licensees</b>	<b>348.95</b>	<b>91.11</b>	<b>163.98</b>	<b>255.09</b>
3	Sales to Steel Work HT - IV Category	121.35	36.48	34.00	70.48
<b>4</b>	<b>Energy Requirement for HT - IV Category</b>	<b>121.35</b>	<b>36.48</b>	<b>34.00</b>	<b>70.48</b>
5	Sale thru IEX - Power market	-	<b>16.79</b>	<b>13.21</b>	<b>30.00</b>
6	Sales to LT Consumers (Dom + Comm + Street light + Temp+LTIS)	387.22	197.28	123.39	320.67
7	Sales to HT Consumers (DSHT + HTIS)	1,955.37	779.58	994.18	1,773.76
<b>8</b>	<b>Total Sales to Consumers other than HT-IV, IEX &amp; JUSCO (9 + 10)</b>	<b>2,342.59</b>	<b>976.86</b>	<b>1,117.57</b>	<b>2,094.43</b>
9	Distribution Losses on Sales to Consumers other than JUSCO (%)	3.02%	2.34%	4.30%	3.40%
10	Unit Lost on Sales to Consumers other than JUSCO	72.91	23.40	50.28	73.68
<b>11</b>	<b>Energy Requirement for Sales to Consumers other than JUSCO, HT-IV &amp; IEX</b>	<b>2,415.50</b>	<b>1,000.26</b>	<b>1,167.85</b>	<b>2,168.11</b>
<b>12</b>	<b>Overall Sales (4 + 8 +9+12)</b>	<b>2,812.89</b>	<b>1,121.24</b>	<b>1,328.76</b>	<b>2,450.00</b>
13	Overall Distribution Losses (%)	2.53%	2.04%	3.65%	2.92%
14	Overall Distribution Losses	72.91	23.40	50.28	73.68
<b>15</b>	<b>Total Energy Requirement</b>	<b>2,885.80</b>	<b>1,144.64</b>	<b>1,379.04</b>	<b>2,523.68</b>
<b>B</b>	<b>ENERGY AVAILABILITY</b>				
1	Tata Power Company Limited	1,404.58	576.75	665.59	1,242.34
<i>a</i>	<i>Unit - II</i>		283.23	373.91	657.14
<i>b</i>	<i>Unit - III</i>		293.52	291.68	585.20
2	Damodar Valley Corporation		560.24	691.27	1,251.51
<i>a</i>	<i>132 kV</i>	301.95	86.49	176.55	263.04
<i>b</i>	<i>400 kV</i>	994.75	473.75	514.72	988.47
3	TSW Captive	9.59	7.15	22.18	29.33
4	RPO	-	-	-	-
5	Open access / Other Sources	174.93	0.50	-	0.50
<b>16</b>	<b>Total Pooled Energy Availability</b>	<b>2,885.80</b>	<b>1,144.64</b>	<b>1,379.04</b>	<b>2,523.68</b>

3.3.2 The petitioner requests Hon'ble Commission to approve the energy balance as tabulated above for FY 2020-21.

### 3.4 Power Purchase Cost

3.4.1 The performance of Apr-Sep'19 (H1 FY 2020-21) is considered for estimating power purchase cost for Oct-Mar'20 (H2 FY 2020-21). The power purchase cost for all the source

for H2 FY 2020-21 has been considered in line with actuals of H1 FY 2020-21 except DVC 132 kV source.

3.4.2 The details of power purchase quantity and cost for FY 2020-21 is given in table below:

**Table 3-4: Total Power Purchase Cost FY 2020-21**

Power Purchase Expenses for FY 2020-21												
Particulars	Estimates Approved in ARR Order dtd. 29.09.2020				Apr-Sep 2020 (H1)		Oct-Mar 2020 (H2)			APR for FY 2020-21		
	MUs	Per Unit Cost	Cost (Rs.Crs)		MUs	Cost (Rs.Crs)	MUs	Per Unit Cost	Cost (Rs.Crs)	MUs	Per Unit Cost	Cost (Rs.Crs)
Tata Power Company Ltd (A)												
Power Purchase	Unit-II	689.70	4.67	322.19	283.23	110.95	373.91	4.68	174.83	657.14	4.35	285.78
	Unit-III	714.88	4.51	322.65	293.52	105.16	291.68	4.91	143.31	585.20	4.25	248.47
	Total	1,404.58	4.59	644.84	576.75	216.11	665.59	4.78	318.14	1,242.34	4.30	534.25
Damodar Valley Corporation 132 KV (B)												
Power Purchase		301.95	5.13	154.83	86.49	57.60	176.55	4.12	72.74	263.04	4.96	130.34
Damodar Valley Corporation 400 kV (C)												
Power Purchase		994.75	4.59	456.59	473.75	272.79	514.72	5.48	282.13	988.47	5.61	554.92
TSW- Captive (D)												
Power Purchase		9.59	4.52	4.33	7.15	3.51	22.18	4.12	9.14	29.33	4.31	12.65
RPO (E)												
REC Purchase		-	-	34.31			-		26.37	-	-	26.37
Other / Open Access (F)												
Power Purchase		174.93	2.55	44.67	0.50	0.14	-		-	0.50	2.69	0.14
Power purchase Through G-TAM												
Power Purchase		-	-		0.001	0.00	0.00		0.001	0.00	11.47	0.00
Total Pooled Power Purchase (F= A+B+C+D+E+F)		2,885.80	4.64	1,339.57	1,144.64	550.15	1,379.04	5.14	708.52	2,523.68	4.99	1,258.67

3.4.3 The power purchase cost estimated for FY 2020-21 is Rs. **1,258.67 Crs.** The same has been derived based in actual power purchase for 6 months and projected power purchase cost for next 6 month.

3.4.4 **Power Purchase from Tata Power Company Ltd (TPCL):** TSL has estimated purchase of **1,242.34 MUs** at a total cost of Rs. **534.25 Crs** which works out to average rate of Rs. **4.30** Per unit and requests the Hon'ble Commission to kindly approve the same. The per unit rate of TPCL is expected to be lower than the previous year due to impact of true-up orders of TPCL by Hon'ble Commission.

3.4.5 The actual Power Purchase Bills of Tata Power for H1 of FY 2020-21 are enclosed at **Annexure 14: Tata Power Monthly Purchase Bills for H1 of FY 2020-21** along with monthly breakup of quantum and cost.

3.4.6 **Power Purchase from DVC Source 132 kV:** TSL has estimated purchase of **263.04 MUs** at a total cost of Rs. **130.34 Crs** which works out to average rate of Rs. **4.96** Per unit and requests the Hon'ble Commission to kindly approve the same. The above estimate for FY 2020-21 is based on actual power purchase cost for 6 months and projection for next 6 months.



- 3.4.7 The actual Power Purchase Bills of DVC 132 kV source for H1 of FY 2020-21 are enclosed at **Annexure 15: DVC-132 kV source Monthly Power Purchase Bills for H1 of FY 2020-21** along with monthly breakup of quantum and cost.
- 3.4.8 **Power Purchase from DVC Source 400 kV:** TSL has estimated purchase of **988.47 MUs** at a total cost of Rs. **554.92 Crs** which works out to average rate of Rs. **5.61** Per unit which also include the element of transmission and scheduling charges. Petitioner requests the Hon'ble Commission to kindly approve Rs 554.92 Crs as power purchase cost from DVC 400kV source for the purpose of APR subject to true-up.
- 3.4.9 The actual Power Purchase Bills of DVC 400 kV source for H1 of FY 2020-21 are enclosed at **Annexure 16: DVC-400 kV source Monthly Power Purchase Bills for H1 of FY 2020-21** with along with monthly breakup of quantum and cost.
- 3.4.10 **Power Purchase from TSW Captive:** TSL has estimated purchase of **29.33 MUs** at a total cost of Rs. **12.65 Crs** which works out to average rate of Rs. **4.31** per unit and requests the Hon'ble Commission to kindly approve the same. Presently the rate has been assumed based expected rate of Tata Power. Petitioner request the Hon'ble Commission to kindly approve the same for the purpose of APR subject to True-up.
- 3.4.11 The actual Power Purchase Bills of TSL Captive works source for H1 of FY 2020-21 are enclosed at **Annexure 17: TSL-Captive works source Monthly Power Purchase Bills H1 of FY 2020-21** along with monthly breakup of quantum and cost.
- 3.4.12 **Renewable Power Obligation for FY 2020-21:** As per JSERC (Renewable Purchase Obligation and its Compliance) Regulations, 2016, the Petitioner needs to purchase specified quantum of power from Renewable Energy Sources.
- 3.4.13 As explained by petitioner in earlier chapter of True-up at 2.4.19, the RPO is applicable on all sources other than DVC 132 kV source. Accordingly, the Petitioner has computed RPO on its energy requirement excluding DVC 132 kV source. Apart from the standalone RPO obligation to be met for FY 2020-21, the petitioner has carry forward deficit of RPO target which is to be met.
- 3.4.14 The details of RPO to be fulfilled by petitioner for FY 2020-21 is given in table below:

Table 3-5: RPO Compliance for FY 2020-21 (MUs)

RPO Computations for FY 2020-21				
Particulars	Obligation as % of total energy requirement	Obligation for FY 2020-21	Carried Forward from FY 2019-20	Total to be met during FY 2020-21
Total Energy Requirement - MUs		2,524		
Less: Exempt source DVC 132 kV		263		
<b>Net Energy Reqt for RPO Compliance purpose - MUs</b>		<b>2,261</b>		
<b>RPO Energy - MUs</b>	<b>11.55%</b>	<b>261</b>	<b>-32</b>	<b>229</b>
<i>Non-Solar</i>	<i>5.00%</i>	<i>113</i>	<i>-23</i>	<i>90</i>
<i>Solar</i>	<i>6.55%</i>	<i>148</i>	<i>-9</i>	<i>139</i>
<b>Equivalent RECs</b>		<b>2,61,104</b>	<b>-31,699</b>	<b>2,29,405</b>
<i>Non-Solar</i>		<i>1,13,032</i>	<i>-22,810</i>	<i>90,222</i>
<i>Solar</i>		<i>1,48,072</i>	<i>-8,889</i>	<i>1,39,183</i>

- 3.4.15 The petitioner has not purchased RECs in H1 of FY 2020-21 and plans to procure the balance RECs required during H2 of FY 2020-21. Based on prevailing REC prices and balance RPO to be met, the petitioner has estimated to incur Rs. **26.37 Crs** for procurement of RECs in H2 of FY 2020-21. The total amount of RECs for FY 2020-21 is estimated at Rs. **26.37 Crs**.
- 3.4.16 **Power Purchase from Open Market including Exchanges:** TSL has purchased 0.50 MUs at a total cost of **Rs. 0.14 Crs** in H1 of FY2020-21, during outage of DVC 400KV source. This works out to average rate of Rs. 2.69 per unit. Petitioner requests the Hon'ble Commission to kindly approve the same. As of now there is no plan to purchase the power from exchange. In case of any additional purchase in H2, petitioner will communicate the same to the Hon'ble Commission.
- 3.4.17 The actual Power Purchase Bills of purchase from Open Market sources for H1 of FY 2020-21 are enclosed at **Annexure 19: Open Access source Monthly Power Purchase Bills H1 of FY 2020-21** with along with monthly breakup of quantum and cost.
- 3.4.18 **Power Purchase Through G-TAM:** TSL has purchased of 0.0020 MUs of Renewable Power energy from exchange at a total cost of Rs. 0.0023 Crs, in its attempt to buy renewable power from exchange. However, availability of such power is very limited in exchange which is not making it feasible. Petitioner requests the Hon'ble Commission to kindly approve the same.
- 3.4.19 The actual Power Purchase Bills of purchase from G-TAM for H1 of FY 2020-21 are enclosed.
- 3.4.20 **Summary of Power Purchase Cost:** The Petitioner thus request the Hon'ble Commission to approve the total power purchase cost at Rs. **1,258.67 Crs** for FY 2020-21 for the purpose of APR subject to final true-up.

3.4.21 The Petitioner thus request the Hon'ble Commission to approve the total power purchase cost at Rs. **1,258.67 Crs** for FY 2020-21.

### 3.5 Operation and Maintenance Expenses for FY 2020-21

3.5.1 The Operation and Maintenance (O&M) Expenses includes Employee Cost, R&M Expenses and A&G Expenses. As per provision 6.6 of Tariff Regulations 2015, the expenses are to be claimed as below:

*6.6 The above components shall be computed in the manner specified below:*

$$a) R\&M_n = K * GFA$$

Where,

*'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;*

*'GFA' is the opening value of the gross fixed asset of the nth year;*

$$b) EMP_n \text{ (excluding terminal liabilities)} + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}) + G_n$$

Where,

*INDX<sub>n</sub> – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;*

*G<sub>n</sub> – Increase in Employee Expenses in nth year due to increase in consumer base/ load growth. Value of G for each year of the Control Period shall be determined by the Commission in the MYT Tariff order based on Licensee's filing, benchmarking with the efficient utilities, actual cost incurred by the licensee due to increase in consumer base/load growth in past, and any other factor considered appropriate by the Commission;*

$$c) INDX_n = 0.55 * CPI_n + 0.45 * WPI_n;$$

*Note 1: For the purpose of estimation, the same INDX<sub>n</sub> /INDX<sub>n-1</sub> value shall be used for all years of the control period. However, the Commission will consider the actual values in the INDX<sub>n</sub> /INDX<sub>n-1</sub> at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period;*

*Note 2: Any variation due to changes recommended by the Pay Commission etc. will be considered separately by the Commission.*

*Note 3: Terminal Liabilities will be approved as per actual submitted by the Licensee or be established through actuarial studies.*

**3.5.2 Computation of Inflation Factor:** The petitioner would like to submit the calculation of Inflation Factor for FY 2020-21 as per above Note 1 of Tariff Regulations 2015. Since the financial year is in progress, the inflation rate applicable for FY 2019-20 is considered for FY 2020-21.

**Table 3-6: Computation of Inflation Factor for FY 2020-21 (same as FY 2019-20)**

WPI <a href="https://eaindustry.nic.in/">https://eaindustry.nic.in/</a>													
Month/Year	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2019-2020	121.1	121.6	121.5	121.3	121.5	121.3	122	122.3	123	123.4	122.2	120.4	<b>121.8</b>
2018-2019	117.3	118.3	119.1	119.9	120.1	120.9	122	121.6	119.7	119.2	119.5	119.9	<b>119.8</b>
CPI <a href="http://labourbureau.gov.in/LBO_indexes.htm">http://labourbureau.gov.in/LBO_indexes.htm</a>													
Item	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
2019-2020	312.0	314.0	316.0	319.0	320.0	322.0	325.0	328.0	330.0	330.0	328.0	326.0	<b>322.5</b>
2018-2019	288	289	291	301	301	301	302	302	301	307	307	309	<b>299.9</b>
Period				WPI	CPI	Total							
Weightage				0.45	0.55	1.00							
Avg Indexation for FY 19-20				121.80	322.50								
Avg Indexation n-1 (Index * Wt.)				54.81	177.38	232.19							
Avg Indexation for FY18-19				119.79	299.92								
Avg Indexation n (Index * Wt.)				53.91	164.95	218.86							
Combined Inflation (Indxn/Indxn-1)						6.09%							

**3.5.3** The Inflation Factor for FY 2019-20 is **6.09%**, which is considered for FY 2020-21 and would be subject to actual change in inflation indices at the time of truing-up purpose.

**3.5.4 Computation of Growth Factor:** The petitioner submits that growth factor for FY 2020-21 over FY 2019-20 in line with calculation submitted in earlier chapter, works out to **-1.93%**  $\{(858914 \text{ kVA} - 875835 \text{ kVA}) / 875835 \text{ kVA}\}$  based on present estimates of load for balance period of FY 2020-21. The negative load growth is primarily due to the impact of COVID - 19 lockdown and subsequent contract demand reduction applications by several industrial and commercial units.

**3.5.5 Revised Estimates for O&M:** The petitioner would first like to provide the scenario of O&M expenses based on actual performance of H1 and revised estimate for H2 by petitioner. The expected item wise Employee costs, A&G Costs and R&M costs for FY 2020-21 is calculated and given in table below.

**3.5.6** The revised estimated A&G Costs of FY 2020-21 includes **Rs. 0.67 Crs.** for additional expenses on Cyber security measures implemented as directed by the Hon'ble commission. The details of scheme paper on Cyber security measures are given in an annexure attached with this petition as **Annexure – 20**.

Table 3-7: Computation of Revised Estimated O&amp;M expenses for FY 2020-21

Revised Estimated O&M Expenses FY 2020-21 (Rs. Crs)			
Particulars	Apr-Sep (H1)	Oct-Mar (H2)	Total APR FY 2020-21
<b>Employee Cost</b>			
Direct Employees expenses of TSL	1.50	1.80	3.30
Add: Outsourcing cost paid to JUSCO towards Employees Expenses	10.00	11.00	21.00
<b>Total Employee Cost</b>	<b>11.50</b>	<b>12.80</b>	<b>24.30</b>
<b>A&amp;G Expenses</b>			
Gross A&G Expenses	13.80	15.50	29.30
Add: Outsourcing cost paid to JUSCO towards CGRF Expenses	0.15	0.15	0.30
Add: Revenue expenses for Cyber security measures		0.67	0.67
<b>A&amp;G Costs</b>	<b>13.95</b>	<b>16.32</b>	<b>30.27</b>
<b>R&amp;M Expenses</b>			
R&M expenses by TSL	21.00	26.00	47.00
Less: Outsourcing cost paid to JUSCO towards Employees Expenses	0.15	0.15	0.30
Less: Outsourcing cost paid to JUSCO towards R&M Expenses	10.00	11.00	21.00
<b>Sub-Total R&amp;M expenses</b>	<b>10.85</b>	<b>14.85</b>	<b>25.70</b>
<b>Net R&amp;M Expenses to be claimed</b>	<b>10.85</b>	<b>14.85</b>	<b>25.70</b>
<b>Net O&amp;M Expenses</b>	<b>36.30</b>	<b>43.97</b>	<b>80.27</b>

( Note- O&M expenses shown are inclusive of CGRF expense and petition filing fees)

**3.5.7 Normative O&M Expenses:** The petitioner would also like to provide the scenario based on normative principles as per computations done in earlier chapter of FY 2019-20. The Normative O&M expenses for FY 2020-21 are tabulated below:

Table 3-8: Computation of Normative O&amp;M expenses for FY 2020-21

Particulars	Units	Normative Computation
<b>Normative Employee Cost Calculation</b>		
Employee Cost as per normative basis for FY 2019-20 (a)	Rs.Crs	24.40
Connected Load in FY 2019-20 (b)	kVA	8,75,835
Emp. cost per kVA for FY 2019-20 (c=a/b)	Rs/kVA	278.58
Weighted avg. inflation factor for FY 2020-21 (d)	%	6.09%
Connected Load in FY 2019-20 (e)	kVA	8,58,914
Add: Load Growth Factor for FY 2020-21 (f=(e-b)/b)	%	-1.93%
Emp. cost per kVA for FY 2020-21 with Inflation Factor (e=cx(1+d))	Rs/kVA	289.84
Connected Load in FY 2020-21 (f)	kVA	8,75,835
<b>Employee Cost as per normative basis for FY 2020-21 (g=exf)</b>	<b>Rs.Crs</b>	<b>25.38</b>
<b>Normative A&amp;G Cost Calculation</b>		
Normative A&G Costs for FY 2019-20	Rs.Crs	28.09
Add: Inflation factor for FY20-21	%	6.09%
Sub-total	Rs.Crs	29.80
Add: Additional expenses for cyber security measures	Rs.Crs	0.67
<b>Normative A&amp;G Cost for FY 2020-21</b>	<b>Rs.Crs</b>	<b>30.47</b>
<b>Normative R&amp;M Cost Calculation</b>		
Opening GFA as on 1.4.2020	Rs.Crs	559.38
K Factor as per MYT Order	%	4.80%
Sub-total	Rs.Crs	26.85
Add: Inflation factor for FY20-21	%	6.09%
<b>Normative R&amp;M Cost for FY 2020-21</b>	<b>Rs.Crs</b>	<b>28.48</b>
<b>Normative O&amp;M Cost for FY 2020-21</b>	<b>Rs.Crs</b>	<b>84.34</b>

3.5.8 It is submitted that petitioner has considered inflationary increases in R&M expenses (material, labour etc) while arriving the normative R&M costs. It is also submitted that the Tariff Regulations 2015 has ignored to make provision for statutory increases like wages & labour charges, service tax levy, GST levy, other taxes & duties etc while allowing the R&M expenses which has direct impact on the expenses of the company and the same are totally uncontrollable. Every business and each expense under it tend to be affected with inflationary increases and R&M expenses under distribution is no different.

3.5.8.1 It is submitted that several State Commissions have recognised this need and have considered the inflationary adjustment in R&M expenses. For eg. Maharashtra State Electricity Regulatory Commission also allows Inflation on total O&M expenses (WPI-30% & CPI-70% on 5 years average increase). Gujrat State Electricity Regulatory Commission also allows 5.72% inflationary adjustment. Odisha State Electricity Regulatory Commission allows 5.4% on GFA plus special allowances to undertake critical activities f loss reduction, energy audit etc.



3.5.8.2 We request the Hon'ble Commission to kindly consider the above submission and allow inflationary adjustment while approving the normative R&M expense. Such consideration will allow Licensee to undertake appropriate level of repair and maintenance work needed to ensure efficient service delivery.

3.5.9 **Summary of O&M Expenses:** The summary of O&M expenses with respect to estimates approved, revised estimated and normative amount is given in the table below:

**Table 3-9: Summary of O&M Expenses for FY 2020-21**

<b>O&amp;M Expenses (Rs. Crs) for FY 2020-21</b>			
<b>Particulars</b>	<b>Approved in ARR Order dt 29.09.2020 (Rs.Crs)</b>	<b>Actual Audited / Estimated (Rs.Crs)</b>	<b>Normative amount (Rs Crs)</b>
A&G Costs	29.14	30.27	30.47
R&M Expenses	28.45	25.70	28.48
Employee Cost	25.67	24.30	25.38
<b>Total O&amp;M expenses</b>	<b>83.26</b>	<b>80.27</b>	<b>84.34</b>
AddL: Petition Filing Fee	0.05		0.35
Add: CGRF Expenses (Rent & Remuneration)	0.32	-	0.30
<b>Total Expenses</b>	<b>83.63</b>	<b>80.27</b>	<b>84.99</b>

3.5.10 The petitioner would like to reiterate its submission that normative A&G expenses may be allowed with Inflation and normative R&M expenses be allowed with GFA linked to 'K' factor with Inflation factor.

3.5.11 Considering the constant need to maintain assets and ensure reliable and quality supply, and also to maintain losses within approved levels, the petitioner requests Hon'ble Commission to approve the O & M cost of **Rs. 84.99 Crs** for FY 2020-21.

### 3.6 Capital Work in Progress, Gross Fixed Assets and Depreciation

3.6.1 The Capital Work in Progress (CWIP), Gross Fixed Assets (GFA) and depreciation on GFA for FY 2020-21 are discussed hereunder. The table below provides details of opening CWIP, Capital Expenditure incurred during the year, Capitalisation of Assets and the working of the depreciation for the year based on H1 actual performance and H2 estimates.

Table 3-10: Summary of CWIP, GFA and Depreciation for FY 2020-21

CWIP, GFA & Depreciation (Rs.Crs) for FY 2020-21		
Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
<b>Capital Works in Progress (CWIP)</b>		
Opening CWIP	36.09	32.24
Add: Capex during year	37.52	7.74
Total CWIP	73.61	39.98
Less: Trfd to GFA	41.00	37.50
Closing CWIP	32.61	2.48
<b>Gross Fixed Assets (GFA)</b>		
Opening GFA	592.80	559.38
Add: Trfd from CWIP excluding discarded assets	41.00	37.50
Closing GFA	633.80	596.88
<b>Depreciation</b>		
<b>Depreciation for the FY</b>	34.92	31.93
Less: Depreciation on Assets created out of consumer contribution	3.85	3.47
<b>Net Depreciation</b>	<b>31.07</b>	<b>28.45</b>

3.6.2 **Capital Works in Progress (CWIP):** The petitioner has considered Opening CWIP for FY 2020-21 as closing CWIP of FY 2019-20 from Balance sheet statement of FY 2019-20. The Capital expenditure and Capitalization for FY 2020-21 is as per H1 performance and capex planning for H2 including additional approved schemes.

3.6.3 With regards to the Capital expenditure expected to incur during the year amounting to **Rs. 7.74** Crs (including consumer contribution amount) as against approval of Rs. **34.50** Crs in MYT order; petitioner would like to explain the variations.

Table 3-11: Reasons for variation in Capital Expenditure FY 2020-21

Sr #	Summary of Expenditure Plan	Approved Expenditure in MYT order in FY'21 (Rs.Crs)	Actual/ Estimated Expenditure in FY'21 (Rs.Crs)	Remarks
1	Works for different scheme to Augment existing network, create new network to increase area of coverage.	32.50	3.76	Major reason of reduction in capex is the change / reduction in scope of one of the scheme namely Infrastructure development at BPRS for 33 KV Power Supply & Enhancement of Telco

Sr #	Summary of Expenditure Plan	Approved Expenditure in MYT order in FY'21 (Rs.Crs)	Actual/ Estimated Expenditure in FY'21 (Rs.Crs)	Remarks
				Area Substation to lower the project cost while meeting meet the similar objective in short run. One part of the scheme i.e. The execution of one major substation in this scheme was deferred.
2	Works for power connection to individual consumers	2.00	3.00	For last point connection, mainly through consumer's contribution
5	<b>Total</b>	<b>34.50 Cr</b>	<b>7.74 Cr</b>	

3.6.4 It is submitted that petitioner has done capital expenditure to meet the requirement. The less capital expenditure is due to deferment of some of the capital projects which were planned for execution but couldn't be taken up due to certain reasons (scope reviewed based on changing requirement, fund constraints, other reasons...). Resultant capitalization is accordingly done. The details of Capital Expenditure and Capitalisation are provided at **Annexure 11: Scheme wise Capital Expenditure & Capitalization from FY 2016-17 to FY 2020-21** of this petition.

3.6.5 The petitioner therefore requests the Hon'ble Commission to approve the Capital expenditure and Capitalization for FY 2020-21 as presented in above tables for the purpose of APR subject to final true up.

3.6.6 **Consumer Contribution:** Similar to approach adopted in previous year, the consumer contribution received in H1 and expected to be received in H2 is added to arrive at total consumer contribution for FY 2020-21. The details of estimation of consumer contribution are given in the table below:

Table 3-12: Details of estimated Consumer Contribution for FY 2020-21

Details of Consumer Contribution for FY 2020-21	
Particulars	True up (As per Audited Account)
Opening Consumer Contribution received	66.84
Add - Consumer contribution received during the year	1.50
Closing consumer contribution received	68.34
Opening Consumer Contribution capitalized	62.46
Add -Consumer contribution capitalized during the	2.50
Closing consumer contribution energized / capitalized	64.96
<b>Balance amount of consumer contribution not capitalized as on last day of year</b>	<b>3.37</b>

3.6.7 **Gross Fixed Assets:** The details of the Gross Fixed Assets for FY 2020-21 are considered as per actuals of H1. The total GFA amount at the end of FY 2020-21 is estimated at Rs. **596.88 Crs.**

3.6.8 **Depreciation:** For the purpose APR gross depreciation is computed based on weighted average rate of previous year i.e. FY2019-20. This value is subject to final determination during true-up and based on actual depreciation based on audited accounts.

Table – Net depreciation for FY 2020-21

Computation of Net Depreciation for FY 2020-21		
Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
	FY 2020-21	FY 2020-21
Closing GFA (A)	633.80	596.88
Closing Consumer Contribution capitalised (B)	70.88	64.96
Gross Depreciation FY 2019-20 (C)	34.92	31.93
Depreciation on Consumer Contribution (D=C/A*B)	3.91	3.47
<b>Net Depreciation to be charged in ARR (E=C-D)</b>	<b>31.07</b>	<b>28.45</b>

3.6.9 Accordingly, the net depreciation to be charged for FY 2020-21 computes to Rs. **28.45 Crs** as against Rs. **31.07 Crs** allowed by the Hon'ble Commission in ARR Order. The Petitioner therefore request to the Hon'ble Commission to kindly approve the net depreciation as above for the purpose of APR subject to final true-up.

### 3.7 Interest and Finance Charges

- 3.7.1 The normative loans have been computed considering the Capital Investment Norm in the Regulatory regime in which Debt-Equity Ratio has been kept at 70:30. Therefore, deemed addition to the normative loans have been taken at 70% of the assets addition during the year net of Consumer Contribution assets. The deemed repayment has been considered equivalent of the net depreciation cost for the financial year.
- 3.7.2 The table below shows the normative loan and normative equity to be added during the FY 2020-21 as per methodology adopted in orders of Commission. Normative loan is estimated based on actual capitalization and consumer contribution capitalised expected during the year for FY 2020-21.

**Table 3-13: Normative Loan & Equity added during FY 2020-21**

<b>Addition to Loan &amp; Equity during year FY 2020-21</b>	
<b>Particulars</b>	<b>Rev.Est / Normative Claim (Rs.Crs)</b>
	<b>FY 2020-21</b>
Transferred To GFA during year (A)	37.50
Consumer Contribution received (B)	1.50
GFA (own) (C=A-B; if A is higher)	36.00
Debt (D= C x 70%)	25.20
Equity (E= C x 30%)	10.80

- 3.7.3 **Interest on Normative Loan** - The normative interest is computed on the average balance of loan during the financial year. The opening balance of normative loan has been taken from closing normative loan balance for FY 2019-20. Additions to loan account has been considered from above table and repayments are considered equal to depreciation. Further, in accordance with the regulation 6.24 and 6.25 of Distribution Tariff Regulations, 2015, the interest on normative loan has been calculated on the average normative loan as outstanding during the year. The rate of interest for the year is considered as applicable SBI Base Rate plus 200 basis points as on April 1st, 2020 i.e. 10.15%. The normative interest comes to **Rs. 5.14 Crs** as against Rs. 7.30 Crs approved by Hon'ble Commission in ARR order. The table below provides calculation of Interest on Normative Loan for FY 2020-21.

Table 3-14: Interest on Normative Loan – FY 2020-21

Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
Opening Balance of Normative Loan	73.63	52.30
Add: Deemed Additions during the FY	27.65	25.20
Less: Deemed Repayments	31.07	28.45
<b>Closing Balance of Normative Loans</b>	<b>70.21</b>	<b>49.05</b>
<b>Average Balance of Normative Loans</b>	<b>71.92</b>	<b>50.67</b>
Interest Rate (SBI base Rate+200 bp)	10.15%	10.15%
<b>Normative Interest Amount</b>	<b>7.30</b>	<b>5.14</b>

<https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data>

- 3.7.4 **Working Capital and Interest on Working Capital** - The Petitioner has arrived at the Working Capital based on the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.
- 3.7.5 The normative working capital has been computed as per methodology adopted by Commission in APR order. The interest rate of SBI Base Rate as on 1st April 2019 plus 350 basis points i.e.**11.65%**
- 3.7.6 In accordance with Regulation 6.29 and 6.30 of the Distribution Tariff Regulations, 2015, the normative working capital for the MYT period from FY 2016-17 to FY 2020-21 for the wheeling & retail business of electricity has been computed. The Wheeling & Retail ARR has been computed as per allocation ratios in accordance with JSERC (Power Regulatory Accounting) Regulations, 2015 and methodology as adopted in Tariff order dated 18.05.2018. The allocation of ARR into wheeling and retail business is provided in segregated ARR table at the end of this chapter which is used for computation of below interest on working capital.

**Table 3-15: Interest on Working Capital (Wheeling & Retail) for FY 2020-21**

Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Wheeling Normative Claim (Rs.Crs)	Retail Normative Claim (Rs.Crs)	Total Normative Claim (Rs.Crs)
O&M Expenses @ 1 Month for Wheeling / Retail business	6.97	4.68	2.35	7.03
Maintenance Spares @1% of Opening GFA for Wheeling / Retail business in ratio of 90:10	5.93	5.03	0.56	5.59
Receivables for 2 months' Revenue @ existing Tariff from Wheeling / Retail business	250.90	21.17	236.86	258.03
<b>Sub-Total</b>	<b>263.80</b>	<b>30.88</b>	<b>239.77</b>	<b>270.65</b>
Less: Security Deposit	30.04	-	30.18	30.18
Less: Power Purchase cost for 1 month	111.63	-	104.89	104.89
<b>Total Working Capital</b>	<b>122.13</b>	<b>30.88</b>	<b>104.71</b>	<b>135.59</b>
SBI base rate plus 350 bp as on 1st April 2020	11.65%	11.65%	11.65%	11.65%
<b>Total Interest on Working Capital</b>	<b>14.23</b>	<b>3.60</b>	<b>12.20</b>	<b>15.80</b>

<https://www.sbi.co.in/portal/web/interest-rates/base-rate-historical-data>

- 3.7.7 The Hon'ble Commission is requested to kindly approve the Interest on working capital of **Rs.15.80** Crs for FY 2020-21.
- 3.7.8 **Interest on Security Deposit** - The petitioner in the table below has estimated the security deposit amount to be received during the year based on the growth expected in FY 2020-21. The table below provides the details of interest on security deposit.

**Table 3-16: Interest on Security Deposit for FY 2020-21**

Interest on Security Deposit FY 2020-21		
Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
	FY 2020-21	FY 2020-21
<b>Opening Security Deposit</b>	29.79	<b>29.77</b>
Security Deposit received	0.50	0.82
<b>Closing Security Deposit</b>	30.29	<b>30.59</b>
Average Security Deposit	30.04	30.18
Rate of Interest : SBI Base Rate	8.15%	8.15%
<b>Interest on Security Deposit</b>	<b>2.45</b>	<b>2.46</b>

- 3.7.9 Based on the interest rate and amount of security deposit for FY 2020-21, the petitioner submits that interest on security deposit amount would be **Rs. 2.46 Crs.**
- 3.7.10 The petitioner has received three Bank Guarantee's in lieu of Security deposit from three consumers for a total amount of **Rs. 54.03 lakhs** as on 30.09.2020.



- 3.7.11 Accordingly, the total Interest and Finance Charges for FY 2020-21 are summarized in the table below:

**Table 3-17: Interest and Finance Charges for FY 2020-21**

Interest and Finance Charges FY 2020-21		
Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
Interest on Normative Loan	7.30	5.14
Interest on Working Capital	14.23	15.78
Interest on Security Deposit	2.45	2.46
<b>Total Interest &amp; Finance Charges</b>	<b>23.98</b>	<b>23.38</b>

- 3.7.12 The Petitioner therefore request to the Hon'ble Commission to kindly approve the total interest and finance charge amounting to Rs. **23.38 Crs** for FY 2020-21 for the purpose of APR subject to final true-up.

### 3.8 Return on Equity

- 3.8.1 The deemed addition to the normative equity has been taken at 30% of Closing GFA net of Consumer Contribution. The normative return on equity is claimed @ 15.5% which is the return prescribed under the Distribution Tariff Regulation 2015.
- 3.8.2 The Opening Balance of Equity for FY 2020-21 is taken as equal to the closing of FY 2019-20. The amount of equity addition for FY 2020-21 is explained in **Table 3-13**.
- 3.8.3 **Income Tax:** It is submitted that petitioner has considered income tax at MAT rate for grossing up ROE for FY 2020-21. The computation of ROE based on normative approach is as under:

**Table 3-18: Return on Equity for FY 2020-21**

Return on Equity FY 2020-21		
Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Rev.Est / Normative Claim (Rs.Crs)
Opening Balance of Normative Equity	157.79	148.08
Add: Deemed Additions during the FY 2019-20	11.85	10.80
<b>Closing Balance of Normative Equity</b>	<b>169.64</b>	<b>158.88</b>
<b>Average Balance of Normative Equity</b>	<b>163.72</b>	<b>153.48</b>
Rate of Return on Equity	15.50%	15.50%
<b>Normative ROE Amount -(A)</b>	<b>25.38</b>	<b>23.79</b>
Income Tax Rate - (B)	25.170%	25.168%
<b>Normative ROE Amount with Income tax C=A/(1-B)</b>	<b>33.91</b>	<b>31.79</b>

**3.8.4** The Petitioner therefore requests the Hon'ble Commission to kindly approve the Return on Equity of Rs. **31.79 Crs** for FY 2020-21 as per above claim for APR purpose subject to true-up.

**3.9 Non-Tariff Income**

**3.9.1** The petitioner estimates that Non-tariff income for FY 2020-21 would be around **Rs. 6.76 Crs** as approved in ARR Tariff order dated 29th September 2020. The Hon'ble Commission is requested to kindly approve the same.

**3.10 Revenue from Sale of power**

**3.10.1** It is submitted that revenue from sales of power for H1 FY 2020-21 is taken as per actuals.. The revenue from sale of power for H1 FY 2020-21, H2 FY 2020-21 and overall are provided in the table below:

**Table 3-19: Revenue from Sale of Power for FY 2020-21 (H1)**

Consumers, Connected Load, Sales & Revenue for FY 2020-21 (H1)													
Consumer Category	No. of Consumers	Connected Load	Connected Load- Unit	Conversion Factor	Connected Load- KVA*	Sales (MUs)	Fixed /Demand Charges (Rs.Crs)	Energy Charges (Rs.Crs)	FPPPA (Rs.Crs)	PF/LF rebate other charge/LPC- Rs. Cr.	Online / early payment rebate-Rs. Cr.	Meter Rent (Rs.Crs)	Total Revenue (Rs.Crs)
Domestic Rural & Urban	37,224	2,02,244	kW	0.85	2,37,934	127.17	0.58	50.15	2.66	-6.16	-0.04	0.53	47.72
Domestic Service - DSHT	139	56,819	kVA	1.00	56,819	46.69	1.46	20.41	2.00	0.08	-0.05	0.00	23.91
Commercial Services	10,014	62,479	kW	0.85	73,505	34.24	0.63	21.44	1.46	-4.34	-0.02	0.27	19.43
LTIS	1	90	kW	0.85	106	0.11	0.01	0.05	0.01	-0.00	-0.00	0.00	0.06
Temporary Connections	31	129	kW	0.85	152	0.27	0.00	0.20	0.02	-	-	-	0.22
HT Industrial Services (HTIS)	140	3,88,881	kVA	1.00	3,88,881	769.37	43.70	485.30	46.97	-30.87	-2.19	0.06	542.97
Institutional Services - Utilities/ Streetlight	434	20,664	kW	0.85	24,311	35.48	0.01	19.20	1.75	-0.55	-0.00	0.02	20.44
Street Light (From 01 Oct)	-	-	kW	0.85	-	-	-	-	-	-	-	-	-
Sale to Other Licensee (JUSCO)	1	70,000	kVA	1.00	70,000	91.11	-	39.18	3.83	-	-	-	43.00
Sale thru IEX - Power market	-	-	-	-	-	16.79	-	5.89	-	-	-	-	5.89
<b>Total</b>	<b>47,984</b>	<b>8,01,306</b>			<b>8,51,707</b>	<b>1,121.24</b>	<b>46.39</b>	<b>641.82</b>	<b>58.69</b>	<b>-41.84</b>	<b>-2.30</b>	<b>0.88</b>	<b>703.63</b>

**Table 3-20: Revenue from Sale of Power for FY 2020-21 (H2)**

Consumers, Connected Load, Sales & Revenue for FY 2020-21 (H2)															
Consumer Category	No. of Consumers	Connected Load	Connected Load- Unit	Conversion Factor	Connected Load- KVA*	Sales (MU)	Sales (MkVAH)	Fixed Charges Rs/kva	Fixed/ Demand Charges Rs. Cr.	Energy Charges (Rs.Crs)	FPPPA (Rs.Crs)	PF/LF rebate other charge/LPC-Rs. Cr.	Online / early payment rebate-Rs. Cr.	Meter Rent (Rs.Crs)	Total Revenue (Rs.Crs)
Domestic Rural & Urban	37,774	2,04,944	kW	0.85	2,41,110	71.64	-	27	0.59	31.10	0.96	-4.22	-0.08	-	28.36
Domestic Service - DSHT	142	58,069	kVA	1.00	58,069	26.71	30	60	1.57	12.45	0.66	-0.29	-0.10	-	14.29
Commercial Services	10,334	63,567	kW	0.85	74,785	47.32	-	100	0.65	24.84	1.16	-5.28	-0.04	-	21.33
LTIS	1	90	kW	0.85	106	0.06	0	130	0.01	0.03	0.00	-0.00	-0.00	-	0.04
Temporary Connections	31	129	kW	0.85	152	0.27	-	150	0.00	0.21	0.01	-	-	-	0.23
HT Industrial Services (HTIS)	144	3,90,381	kVA	1.00	3,90,381	1,001.47	1,049	350	67.22	613.81	34.39	-92.96	-4.39	-	618.07
Street Light (From 01 Oct)	363	3,705	kW	0.85	4,359	4.10	-	100	-	2.26	0.13	0.01	-	-	2.40
Sale to Other Licensee (JUSCO)	1	70,000	kVA	1.00	70,000	163.98	172	-	-	70.51	4.14	-	-	-	74.65
Sale thru IEX - Power market	-	-	-	-	-	13.21	-	-	-	4.62	-	-	-	-	4.62
<b>Total</b>	<b>48,861</b>	<b>8,07,844</b>			<b>8,58,914</b>	<b>1,328.76</b>			<b>70.05</b>	<b>759.84</b>	<b>41.46</b>	<b>-102.75</b>	<b>-4.60</b>	<b>-</b>	<b>763.99</b>

**Table 3-21: Revenue from Sale of Power for FY 2020-21 (H1+H2)**

Consumers, Connected Load, Sales & Revenue for FY 2019-20 (H1 + H2)													
Consumer Category	No. of Consumers	Connected Load	Connected Load- Unit	Conversion Factor	Connected Load- KVA	Sales (MUs)	Fixed Charges (Rs.Crs)	Energy Charges (Rs.Crs)	FPPPA (Rs.Crs)	PF/LF rebate other charge/LPC-Rs. Cr.	Online / early payment rebate-Rs. Cr.	Meter Rent (Rs.Crs)	Total Revenue (Rs.Crs)
Domestic Rural & Urban	37,774.00	204944	kW	0.85	241110	198.82	1.18	81.25	3.62	-10.39	-0.11	0.53	76.07
Domestic Service - DSHT	142.00	58069	kVA	1.00	58069	73.40	3.03	32.86	2.65	-0.21	-0.14	0.00	38.19
Commercial Services	10,334.00	63567	kW	0.85	74785	81.56	1.28	46.28	2.62	-9.62	-0.06	0.27	40.77
LTIS	1.00	90	kW	0.85	106	0.17	0.01	0.09	0.01	-0.00	-0.00	0.00	0.10
Temporary Connections	31.00	129	kW	0.85	152	0.54	0.00	0.41	0.03	-	-	-	0.44
HT Industrial Services (HTIS)	144.00	390381	kVA	1.00	390381	1,770.85	110.92	1,099.11	81.36	-123.83	-6.58	0.06	1,161.03
Institutional Services - Utilities/ Streetlight	71.00	16959	kW	0.85	19952	35.48	0.02	19.20	1.75	-0.55	-0.00	0.02	20.44
Street Light (From 01 Oct)	363.00	3705	kW	0.85	4359	4.10	-	2.26	0.13	0.01	-	-	2.40
Sale to Other Licensee (JUSCO)	1.00	70000	kVA	1.00	70000	255.09	-	109.69	7.97	-	-	-	117.65
Sale thru IEX - Power market	-					30.00	-	10.51	-	-	-	-	10.51
Total	48,861.00	807844			858914	2,450	116.44	1,401.65	100.15	-144.60	-6.90	0.88	1,467.62

- 3.10.2 The Petitioner requests Hon'ble Commission to kindly approve the revenue of Rs. **1467.62 Crs** from sale of power as per above table for the purpose of APR subject to final true-up based on audited accounts.

### 3.11 Net Aggregate Revenue Requirement

- 3.11.1 The net ARR for FY 2020-21 is given below and Hon'ble Commission is requested to approve the same:

Table 3-22: Net ARR for FY 2020-21

Summary of ARR (Rs.Crs)			
S. No.	Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Revised Estimates (Rs.Crs)
1	Power Purchase Cost	1,339.57	1,258.67
2	Employee Expenses	28.45	25.38
3	A&G Expenses	29.14	30.47
4	R&M Expenses	25.67	28.48
5	Additional payments due to Statutory / Change in Law and CGRF Expenses	0.37	0.65
6	Interest on Loan	7.30	5.14
7	Interest on Working Capital	14.23	15.80
8	Interest on Security Deposit	2.45	2.46
9	Depreciation	31.07	28.45
10	Return on Equity	33.91	31.79
11	<b>Aggregate Revenue Requirement (1 to 10)</b>	<b>1,512.16</b>	<b>1,427.30</b>
12	Less: Non Tariff Income	6.76	6.76
13	<b>Aggregate Revenue Requirement (11-12)</b>	<b>1,505.40</b>	<b>1,420.54</b>
14	<b>Less: Revenue from Sale of Power @ Existing Tariff</b>	<b>1,797.86</b>	<b>1,467.62</b>
15	<b>Revenue Gap/ (Surplus) (13- 14)</b>	<b>-292.46</b>	<b>-47.08</b>
18	<b>Average Cost of Supply (13/Sales)</b>	<b>4.70</b>	<b>5.80</b>

- 3.11.2 The Petitioner requests Hon'ble Commission to kindly approve the ARR of Rs. **1,420.54 Crs** as per above table for the purpose of APR subject to final true-up based on audited accounts.

### 3.12 Summarised ARR and Revenue gap/ (surplus) for FY 2020-21

- 3.12.1 The ARR and Revenue gap/ (surplus) for FY 2020-21 are presented in the table below.

**Table 3-23: Summarised ARR and Revenue gap/ (surplus) for FY 2020-21**

Particulars	Amount in Rs. Crs
Aggregate Revenue Requirement	1,420.54
Less: Revenue from Sale of Power @ Existing Tariff	1,467.62
<b>Revenue Gap/ (Surplus)</b>	<b>-47.08</b>

3.12.2 The Hon'ble Commission is requested to kindly approve the ARR and the resultant revenue gap/ (surplus) of Rs. - **47.08 Crs** for FY 2020-21 based on revised estimates for FY 2020-21 and normative claims.

### 3.12.3 Segregation of ARR into Wheeling and Retail ARR for FY 2020-21

3.12.4 The Hon'ble Commission has approved the allocation ratios in accordance with JSERC (Power Regulatory Accounting) Regulations, 2015. In line with the cost allocation approved by the Hon'ble Commission in previous tariff orders, the ARR for FY 2020-21 based on revised estimates is summarised below:

**Table 3-24: Segregated Wheeling and Retail ARR for FY 2020-21**

Breakup of ARR into Wheeling & Retail Business (Rs. Cr.)						
S. No.	Particulars	Approved in ARR Order dt 29.09.2020 (Rs.Crs)	Wheeling ARR (%)	Retail ARR (%)	Revised Estimates - Wheeling ARR (Rs.Crs)	Revised Estimates - Retail ARR (Rs.Crs)
1	Power Purchase Cost	1,339.57	0%	100%	-	1,258.67
2	Employee Expenses	28.45	60%	40%	15.23	10.15
3	A&G Expenses	29.14	50%	50%	15.24	15.24
4	R&M Expenses	25.67	90%	10%	25.64	2.85
5	Additional payments due to Statutory / Change in Law and CGRF Expenses	0.37	50%	50%	0.33	0.33
6	Interest on Loan	7.30	90%	10%	4.63	0.51
7	Interest on Working Capital	14.23	10%	90%	3.60	12.20
8	Interest on Security Deposit	2.45	0%	100%	-	2.46
9	Depreciation	31.07	90%	10%	25.61	2.85
10	Return on Equity	33.91	90%	10%	28.61	3.18
11	<b>Gross Aggregate Revenue Requirement (1 to 10)</b>	<b>1,512.16</b>			<b>118.87</b>	<b>1,308.43</b>
12	Less: Non Tariff Income	6.76	10%	90%	0.68	6.08
13	<b>Aggregate Revenue Requirement (11-12)</b>	<b>1,505.40</b>			<b>118.20</b>	<b>1,302.34</b>

3.12.5 The Hon'ble Commission is requested to kindly approve the wheeling ARR of **Rs. 118.20 Crs.** And Retail ARR of **Rs. 1302.34 Crs.** for FY 2020-21 based on revised estimates of FY 2020-21.

## Chapter 4. Cumulative Gap/ (Surplus)

### 4.1 Cumulative Gap/ (Surplus) as till FY 2020-21

- 4.1.1 The Petitioner submits that for determination of Cumulative Revenue Gap/ (Surplus) till FY 2020-21, the Hon'ble Commission in Tariff Order dated 29<sup>th</sup> September 2020 has adopted a methodology which is different from the one considered by the Petitioner. The Hon'ble Commission has considered the opening gap for FY 2018-19 as Rs. 814.31 Cr. as approved in Tariff Order dated June 19, 2020.
- 4.1.2 Based on the Revenue Gap for FY 2016-17, FY 2017-18 and FY 2018-19 as approved in previous tariff orders and the submissions of FY 2019-20 and FY 2020-21 in current petition, the cumulative revenue gap/ (surplus) till FY 2020-21 as per the methodology adopted by the Hon'ble Commission is presented in the table below:

**Table 4-1: Cumulative Revenue Gap/ (Surplus) till FY 2020-21**

Carrying Cost - As per JSERC Methodology					
Particulars (All figures in Rs. Cr.)	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Opening Revenue Gap/(Surplus) as on 1 April of FY	1,269.38	1,156.22	814.31	788.14	763.93
Revenue Gap/ (Surplus) created during the year	(106.35)	(321.65)	(118.30)	(115.85)	(47.08)
Rate of Interest	12.80%	12.60%	12.20%	12.55%	11.65%
Carrying Cost on Opening Gap/(Surplus)	-	-	99.35	98.91	89.00
Carrying cost on Gap/(Surplus) during the FY	(6.81)	(20.26)	(7.22)	(7.27)	(2.74)
<b>Total Gap/(Surplus) including carrying cost</b>	<b>1,156.22</b>	<b>814.31</b>	<b>788.14</b>	<b>763.93</b>	<b>803.11</b>

- 4.1.3 Petitioner would like to submit that its revenue for FY2020-21 had been adversely (by approx. Rs 100 Cr) impacted
- due to waiver/ deferment of fixed and demand charges and Delay payment charges for 3 months in FY2020-21 and
  - Change in Load Factor rebates given in the tariff order dated 29.09.2020, where in rebates were allowed on all units rather than incremental units.
  - Allowing higher rebates ( ie up to 2% of bill values) for payments
- 4.1.4 There is an urgent need to do correction in these terms and conditions. Petitioner therefore requests the following to be considered immediately-
- Load Factor rebate to be allowed only on the incremental units and not on the overall units.
  - Prompt payment and digital payment rebates need to be limited to only 1% max both combining together.
- 4.1.5 The Petitioner also submits that it has approached for an appeal in the Hon'ble APTEL on certain element of costs including carrying costs in the True up order for FY 2016-17 and FY 2017-18 issued by the Hon'ble Commission.
- 4.1.6 The petitioner humbly submits the Hon'ble Commission to kindly consider the outcome of the same, while deciding upon the revenue gap (surplus) for the period.





### Annexure 16: Compliance to Directives

Directives	Status	Views of the Commission	Response
<b>Direction as per Tariff Order dated May 18, 2018 -</b>			
<b>Optimisation of Power Purchase Cost</b>			
The Commission directed the Petitioner to undertake a detailed demand forecasting exercise for short term, medium term as well as long term based on which it should devise a power procurement strategy with higher focus on managing short term procurement of power through various avenues and optimising costs for procurement other than long term sources.	<p>The Petitioner submitted that the energy demand for 2<sup>nd</sup> Control period is done during the MYT petition.</p> <p>The demand in the Petitioners license area is primarily governed by expansion plans of the industrial Units which attributes to~80% of the sales. The energy demand for the next control period is being worked out by the Petitioner and will be submitted to the Commission in subsequent filings. As far as power procurement strategy is concerned, the Petitioner has created a Power Management Group (PMG), working on optimizing the power purchase costs from all long term tied up sources by scheduling based on Merit Order subject to technical and load flow constraints in the system. The Petitioner's is also proposing to sale surplus power in exchange to reduce the energy cost.</p>	The Commission has noted the submissions of the Petitioner. The Commission directs the Petitioner to continue taking steps to reduce the power purchase cost through better planning and forecasting techniques and submit the details along with the MYT Petition for the next Control Period.	The Commission directed the Petitioner to undertake a detailed demand forecasting exercise for short term, medium term as well as long term based on which it should devise a power procurement strategy with higher focus on managing short term procurement of power through various avenues and optimising costs for procurement other than long term sources.

Directives	Status	Views of the Commission	Response
<b>RPO Obligation</b>			
The Commission directed the Petitioner to comply with the RPO norms set by the Commission in future, failing which the penal action may be taken by the Commission against the licensee.	The Petitioner submitted that the Petitioner is taking all the efforts to comply with the provisions of RPO Regulations and in the past also met the targets through purchase of RECs and regularly updating the Commission about its action plan on RPO.	The Commission observed that the Petitioner has not complied with the RPO targets for FY 2016-17 and FY 2017-18 and has proposed to meet the shortfall in the FY 2019-20. The Commission directs the Petitioner to fulfil all pending RPO Targets and ensure that in future, the RPO compliance of each Financial Year is met as per JSERC (Renewable Energy Purchase Obligation and its compliance) Regulations, 2016 as amended from time to time.	The petitioner has complied to 100% of the RPO obligation cumulative till FY2019-20; and will continue complying to the RPO.
<b>Quality of power/ Reliability Indices and Standard of Performance (SOP)</b>			
The Commission directed the Petitioner to continue submitting monthly report on Reliability Indices in MS-Excel format along with compliance to SOP's in true spirit, in course of achieving 24x7 quality & reliable power.	The Petitioner complied with the directive and has submitted the monthly reports to the Commission.	The Commission noted the compliance of the Petitioner. The Commission directs the Petitioner to continue submitting the reports to the Commission.	The Petitioner will continue to submit the reports as desired.
<b>Impact assessment study for switching from kWh billing to kVAh billing</b>			
The Commission directed the Petitioner to carry out impact assessment study on transition from kWh billing to kVAh billing, for a sample set of consumers in the	The impact assessment study is under way and the Petitioner shall report the findings as soon as the same is completed.	The Commission directs the Petitioner to submit the impact assessment study within three	The petitioner has submitted the compliance of the same vide letter no. PBD/1015/59-T/10/2020 dated 26.09.2020.

Directives	Status	Views of the Commission	Response
HTIS category and submit a report within six months of issuance of this Order.		months of issuance of this Order without fail.	
<b>Approval of PPA</b>			
The Commission directed the Petitioner to submit, for approval, all the PPA's which have not yet been approved by the Commission within three months of the date of issuance of this Tariff Order.	The Petitioner submitted that they have submitted the PPA's with DVC for 120 MVA at 132 kV and 200 MW at 400 kVA to the Commission vide its Letter No. PBD/957/59- T/2018 dated October22, 2018.	The Commission noted the compliance of the Petitioner. The Commission directs the Petitioner to ensure that all the PPA's is submitted before the Commission for approval in future.	Petitioner will continue to submit the PPA for approval in future also.
<b>Wheeling Tariff</b>			
The Commission directed the Petitioner to Propose capacity-based wheeling tariff and specify the voltage-wise distribution losses as per clause 7.9 of the JSERC MYT Regulations, 2015.	The Petitioner has projected the voltage wise follows: 132kV ~ 0.3% to 1% 33kV ~ 1% to 2% 6.6kV~1% to2% LT~ 7% to 8%. The Petitioner further submitted that in absence of the methodology and clear understanding of the capacity based wheeling charges, the Petitioner is not in a position to propose the same and requested the Commission to losses as issue the methodology for such computation.	The Commission noted the compliance of the Petitioner. The Commission directs the Petitioner to study the best practices followed by other Distribution Utilities while calculating the voltage wise wheeling charge and propose the mechanism for Commission's approval.	Petitioner will try to get the best practices followed by other distribution licensee for calculation of voltage wise wheeling charge and will update the Hon'ble Commission on the progress of the same.
<b>Consolidated Tariff Petition for FY 2018-19 and FY 2019-20</b>			

Directives	Status	Views of the Commission	Response
The Commission directed the Petitioner to file a consolidated Petition for determination of ARR and Tariff for FY 2018-19 and FY 2019-20 along with the True-up of FY 2016-17 and FY 2017-18, within the timelines stipulated in the Tariff Regulations, viz. November 30, 2018.	The Petitioner submitted that filing has been delayed due to unavailability of audited accounts for FY 2017-18 and requested the Commission to kindly condone this delay in filing. The Petitioner has subsequently filed the true-up for FY 2018-19, ARR for FY 2019-20 and has assured that the future petition will be filed as per timelines specified in regulations.	The Commission noted the compliance of the Petitioner and directs the Petitioner to adhere to the timelines specified in the regulations.	Petitioner will adhere to the timeline specified in the regulations.
<b>Strengthening/Increasing effectiveness of Consumer Grievance Redressal Mechanism</b>			
The Commission directed the Petitioner to strengthen and increase effectiveness of its consumer grievance handling mechanism and submit a report to the commission along with the next Tariff Petition indicating- total number of complaints received, nature of complaint, complaints resolved, average resolution time, complaints pending etc.	<p>The Petitioner submitted that they took utmost care to ensure that all needs of the customer are taken care of and that none of the needs and complaints converts into a Grievance.</p> <p>The Petitioner further submitted the summary of required report for FY 2016-17, FY 2017-18 and H1 of FY 2018-19 (up to Sep-18) vide its Letter no. PBD/976/59- T/2018 dated 31* October 2018 and ensure to submit quarterly reports on the same from time to time.</p>	The Commission notes the compliance of the Petitioner and directs the Petitioner to continue submitting the reports to the Commission.	The petitioner has complied the directive. The petitioner shall continue submitting the reports.
<b>Bank Guarantee for Security Deposit above Rs. 10 lakh</b>			

Directives	Status	Views of the Commission	Response
The Commission directed the Petitioner to strictly comply with Clause 8.2.20 of the JSERC (Supply Code) Regulations, 2015 for all the existing as well as new Consumers.	The Petitioner submitted that they will comply with the Commission's directive in true spirit and also detailed the amount received from consumer in the form of Bank Guarantee.	The Commission noted the compliance of the Petitioner.	The Petitioner has complied the directive.
<b>Investment in Cyber Security solutions</b>			
The Commission may carry out prudence check while allowing such investment in Annual Revenue Requirement.	The Petitioner submitted that the Petitioner and TSUISL are working on the actions and necessary expenditure required including capital expenditures. The Petitioner has submitted the preliminary estimates and added that the detail estimation of SAP Hana and ISU upgrade is required to be done on input on costs to be provided by the Suppliers. Up gradation of Computers/Laptops (more than 8 years old with Windows XP) software- not supported now) has started in phases. The costs of SAP HANA/ISU upgrade shall be shared between TSUISL and TSL Licensed area as this will service both the area.	The Commission observes that the investment plan is yet to be finalized. The Commission directs the Petitioner to finalize the same at the earliest.	The scheme paper in cyber security measure is enclosed in Annexure-20 to this petition.

Directives	Response
<b>Latest Directives as per True up FY17 FY18 Order dt 26.05.20</b>	
<b>Expansion of service area</b>	
The Commission directs the Petitioner to make all efforts to expand its service area for reaching rural consumers in its licensee area.	There seems to be some typographical error in this directive. There is no rural consumers in TSL License area.
<b>Expansion in the Distribution Infrastructure</b>	
The Commission directs the Petitioner to take steps to connect to upstream transmission network to improve its grid connectivity. Such interlinking will increase the reliability of the Petitioner, access to other power sources available in the open market within and outside the State and also help in optimizing its power procurement cost.	<p>The petitioner would like to submit that, it's power network is connected to upstream transmission network of DVC through its connectivity at 132kV GOMD III and 400/132kV BPRS substation. These are connected to eastern power grid.</p> <p>The petitioner has started selling daily surplus balance power in power exchange from May 2019, with deemed approval of DVC at 400kV.</p> <p>The petitioner purchases power from open access, after getting approval / NOC from DVC, while getting restrictions from DVC 400kV source. During FY 2019-20 the petitioner has purchased 62.31 MU with an average landed unit cost of Rs. 3.17/unit.</p>
<b>Raw Water Charges recovered</b>	
<p>Based on the latest information available with the Commission, TSL has partially paid the water tax to Government of Jharkhand (GoJ) amounting to Rs. 316 Crore against the computed value of Rs. 607.20 Crore.</p> <p>The Commission directs the Petitioner to file the detail of water charge claimed by the Petitioner and deposited to the State Government. The Petitioner is also directed to file the details of usage of surplus amount so as to consider it as non-tariff income in future orders.</p>	<p>The petitioner would like to submit that, details required for water charges claimed by petitioner and deposited to the state Government has been submitted to the Hon'ble Commission during the hearing of this case.</p> <p>Petitioner would like to submit that, After receipt of True-up order for Tata Steel Limited, dated 26.5.20; the petitioner has filed request for an Appeal in APTEL to consider water business as a separate business and not consider any income from water business as nontariff income of power distribution business.</p> <p>We request the Hon'ble Commission not to treat the income of water division of TSL as a nontariff income of power division of TSL, as both are separate business, and this kind of income of other business can not be treated as nontariff income of the power business.</p>



Compliance of Safety Regulations	
As per JSERC (Compensation to Victims of Electrical Accidents) Regulations, 2018, the Licensees are required to submit the details of the electrical accidents occurring within their respective Licence area to the State Commission by 15 <sup>th</sup> of every succeeding month. However, the Commission observed that even after repetitive reminders, the Petitioner had failed to comply with the above said regulation. The Commission directs the Petitioner to ensure the compliance of the regulations failing which appropriate action shall be taken under the provisions of the above Regulation.	The Petitioner has started sending monthly report on Compliance of Safety Regulations from July-20, and shall continue submitting the same.
Directives as per Tariff Order for FY 2020-21 dated 29 <sup>th</sup> September 2020	
Expansion of Network and Service Area	
The Commission directs the Petitioner to make all out efforts to expand its network and service area for reaching rural consumers.	This seems to be a typographical error as petitioner does not have any rural area in its licensed area
Redundancy in the Distribution Infrastructure	
The Commission directs the Petitioner to carry out a detailed study to expand its existing infrastructure and steps to interconnect its upstream transmission network to improve its power availability and submit its DPR within 3 months from the date of this Order.	Petitioner network is already connected to DVC grid which in-turn is connected to Eastern region power grid network.
Submission of ToD data	

<p>The Commission directs the Petitioner to submit the load curves for days with maximum peak demand and minimum peak demand for each month of FY 2019-20 and April 2020 to September 2020 along with its technical preparedness for implementation of ToD Tariffs while submitting the Business Plan and MYT Petition for FY 2021-22 to FY 2025-26.</p>	<p>Petitioner is submitting the same as Annexure no. 21 to this petition.</p>
<p><b>Publicising Tariff approved by the Commission</b></p>	
<p>The Commission directs the Petitioner to submit a draft Notice to the Commission on the Tariff Approved by the Commission along with the Terms and Conditions of Supply for approval and publishing in the newspapers within a week of issue of this Order for enhancing the consumer awareness of the applicable Rate Schedule and salient features of the Order impacting general consumers in the Licensee area.</p>	<p>Notice was already been published by TSL Licensee on 23.10.2020, post approval of Hon'ble Commission.</p>
<p><b>Reduction in Fixed Charges</b></p>	
<p>The Commission directs the Petitioner to submit a report on implementation of the above, within 30 days of issue of this Order and implement the same from the subsequent billing cycle following the issuance of this Order.</p>	<p>Petitioner is working to implement the same in the billing system. Petitioner availability of power had been above 23 hours and therefore no such case has arisen till date. Petitioner request the Hon'ble Commission to kindly review this part of the order due to difficulty arising out in the overall implementation of this order.</p>



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