



THE
JHARKHAND GAZETTE
EXTRAORDINARY
PUBLISHED BY AUTHORITY

21 Kartik, 1942 (S)

No. 570

Ranchi, Thursday, 12th November, 2020

**JHARKHAND STATE ELECTRICITY REGULATORY
COMMISSION, RANCHI**

**JSERC (Terms and Conditions for Determination of Distribution Tariff)
Regulations, 2020**

No. 75 --In exercise of powers conferred by sub-section (1) of Section 181 and clauses (zd), (ze) and (zf) of sub-section (2) of Section 181, read with Sections 61, 62, and 86, of the Electricity Act, 2003 (36 of 2003) and all other powers enabling it in that behalf, the Jharkhand State Electricity Regulatory Commission hereby makes the following Regulations. A Regulation guided by the principles contained in Sections 61 and 62 of the Act to encourage competition, efficiency, economical use of resources, good performance and optimum investments by the Distribution Licensees within the State of Jharkhand and for determination of Multi-Year Tariff to be recovered by the Distribution Licensees for the prudent expenses incurred towards providing quality supply to consumers within the State of Jharkhand.

CHAPTER I:

SCOPE, EXTENT AND DEFINITIONS

A 1. Short Title and Commencement

- 1.1 These Regulations shall be called the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020.
- 1.2 These Regulations shall extend to the whole of the State of Jharkhand.
- 1.3 These Regulations shall come into force for the period from April 01, 2021 to March 31, 2026, after its publication in the Official Gazette of the Government of Jharkhand and unless reviewed earlier or extended by the Commission, shall remain in force upto March 31, 2026.
- 1.4 These Regulations shall supersede the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015, Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010, Jharkhand State Electricity Regulatory Commission (Terms and Conditions of Tariff determination, Multi-Year Tariff Framework) Regulations, 2007, and Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Distribution Tariff) Regulations, 2004, read with all amendments thereto, as the case may be:

Explanation : For all purposes, including review matters pertaining to the period till March 31, 2021, the issues relating to determination of Aggregate Revenue Requirement and Tariff shall be governed by the provisions of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 or Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 or Jharkhand State Electricity Regulatory Commission (Terms and Conditions of Tariff determination, Multi-Year Tariff Framework) Regulations, 2007 or Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Distribution Tariff) Regulations, 2004, read with all amendments thereto, as may be applicable.

A 2. Scope of Regulations and Extent of Application

2.1 These Regulations shall be applicable for determination of ARR and Tariff to be billed by the Distribution Licensees for Wheeling and Retail Supply Businesses to the different categories of consumers including other Distribution Licensees within the State of Jharkhand.

2.2 In accordance with the principles laid out in these Regulations, the Commission shall determine tariff for:

- a) Wheeling of electricity, i.e., wheeling tariff for the Control Period, and;
- b) Retail Supply of electricity, i.e., retail supply tariff for the Control Period:

Provided that in case of distribution of electricity in the same area by two or more Licensees, the Commission may, for promoting competition among Licensees, fix only maximum ceiling of tariff for retail supply of electricity:

Provided further that where any category of consumer has been permitted open access under Section 42 of the Act, the Commission shall determine the wheeling tariff, cross-subsidy surcharge, additional surcharge and other open access related charges in accordance with these Regulations and JSERC (Intra State Open Access) Regulations, 2016, as amended from time to time.

2.3 The ARR determined for the Wheeling Business shall be used to fix wheeling tariff for wheeling of electricity.

2.4 The ARR determined for Retail Supply Business shall be used to fix retail supply tariff for retail sale of electricity.

2.5 These Regulations shall extend to the entire State of Jharkhand and to all matters within the jurisdiction of the Commission.

A 3. Definitions and Interpretation

3.1 In these Regulations, unless the context otherwise requires-

1. **‘Accounting Statement’** means for each Financial Year:
 - i. The Balance Sheet, prepared in accordance with the form contained in the Companies Act, 2013 and its predecessors, as applicable;
 - ii. Cash Flow Statement, prepared in accordance with the applicable Accounting Standards of the Institute of Chartered Accountants of India;

- iii. Cost Accounting Records prescribed by the Central Government under Section 148 of the Companies Act, 2013 and its predecessors, as applicable;
 - iv. Notes on accounts thereto, and such other supporting statements and information forming part of financial statements or as the Commission may direct from time to time;
 - v. Profit and Loss Account, complying with the requirements contained in The Companies Act, 2013 and its predecessors, as applicable;
 - vi. Report of the Statutory Auditors, including any annexure and appendix thereto, as applicable;
 - vii. Any or all the formats as notified by the Commission under these Regulations for Tariff Regulation including Multi Year Tariff Regulations pertinent to the relevant year;
 - viii. Reconciliation Statement, duly certified by the Statutory Auditors, showing the reconciliation between the total expenses, revenue, assets and liabilities, of the entity as a Company and the expenses, revenue, assets and liabilities, separately for each Business regulated by the Commission and unregulated business operations.
2. 'Act' means the Electricity Act, 2003 (36 of 2003) and subsequent amendments thereof;
 3. '**Additional Capitalisation**' means the capital expenditure incurred and capitalised or projected to be capitalised, after the date of commercial operation of the scheme and admitted by the Commission after prudence check, subject to provisions of **Clause 10.13** of these Regulations;
 4. '**Aggregate Revenue Requirement**' or '**ARR**' means application for each financial year, the costs pertaining to the Licensed business which are admissible, in accordance with these Regulations, to be recovered in the form of tariffs and charges determined by the Commission;
 5. '**Allocation Statement**' means for each financial year, a statement in respect of each of the businesses (Wheeling, Retail Supply, Other Business) of the Licensee, showing the amounts of any revenue, cost, asset, liability, reserve or provision, etc., which has been either:

- (i) Determined by apportionment or allocation between different businesses of the Licensee including the Licensed Business, together with a description of the basis of the apportionment or allocation; or
 - (ii) Charged from or to each such Other Business together with a description of the basis of that charge;
6. **‘Auditor’** means an auditor appointed by the Distribution Licensee, in accordance with the provisions of the Companies Act, 2013, as amended from time to time, or any other law for the time being in force;
7. **‘Bank Rate’** means the one-year Marginal Cost of Lending Rate (MCLR) of the State Bank of India from time to time or any replacement thereof for the time being in effect;
8. **‘Base Year’** means the Financial Year 2020-21 and used for the purposes of these Regulations;
9. **‘Collection Efficiency’** shall mean the ratio of total revenue realised to total revenue billed for the same financial year;
10. **‘Commission’** means the Jharkhand State Electricity Regulatory Commission (JSERC);
11. **‘Conduct of Business Regulations’** means the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time;
12. **‘Control Period’** means a multi-year period fixed by the Commission, from April 01, 2021 and up to March 31, 2026;
13. **‘Deemed Distribution Licensee’** means a person/entity deemed to be a Distribution Licensee under Section 14 of the Act;
14. **‘Distribution Licensee’** means a Licensee authorised to operate and maintain a distribution system for supplying electricity to consumers in its area of supply under Section 14 of the Act;
15. **‘Financial Year’** means a period commencing on April 01 of a calendar year and ending on March 31 of the subsequent calendar year;
16. **‘Force Majeure Event’** means, with respect to any party, any event or circumstance, or combination of events or circumstances, which is not within the reasonable control of, and is not due to an act of omission or commission of that party and which, by the exercise of reasonable care and diligence,

could not have been prevented; and, without limiting the generality of the foregoing, shall include the following events or circumstances:

- (i) acts of God, including but not limited to lightning, storm, action of the elements, earthquakes, flood, torrential rains, drought and natural disaster or any act of God beyond the control of any party or due to any restraint of the State Government or Central Government or any other Statutory Authority;
 - (ii) strikes and industrial disturbances having a State-wide or extensive impact in the area of supply of a Licensee, but excluding strikes and industrial disturbances in the Distribution Licensee's own organisation;
 - (iii) acts of war, invasion, armed conflict or act of foreign enemy, insurrections, riots, revolution, terrorist or military action;
 - (iv) unavoidable accident, including but not limited to fire, explosion, radioactive contamination and toxic chemical contamination;
 - (v) any shutdown or interruption of the grid, which is required or directed by the concerned Load Despatch Centre;
17. **‘Income from Other Business’** is the income received by the Distribution Licensee other than from Tariff towards usage of assets and/or manpower relating to regulated Business and shall exclude Non-Tariff Income;
18. **‘Licence’** means a Distribution Licence granted under Section 14 of the Act;
19. **‘Licensed Business’** shall mean the functions and activities, which the Licensee is required to undertake in terms of the Licence granted or being a deemed Licensee under the Act;
20. **‘Non-Tariff Income’** means the net income relating to the regulated Business other than from Tariff, excluding any income from Other Business and, in case of the Retail Supply Business of a Distribution Licensee, excluding income from receipts on account of cross-subsidy surcharge and additional surcharge and Other Business;
21. **‘Open Access Consumer’** means any Licensee or Consumer or buyer or a person engaged in generation who has been granted Open Access in accordance with the JSERC (Terms and Conditions for Intra-State Open Access) Regulations, 2016 as amended from time to time;

22. **‘Other Business’** means any other business of the Distribution Licensee for optimum utilisation of its assets within the meaning of Section 51 of the Act;
 23. **‘Prudence Check’** means scrutiny of reasonableness of any cost or expenditure incurred or proposed to be incurred in accordance with these Regulations by the Distribution Licensee;
 24. **‘Retail Supply Business’** means the business of sale of electricity by a Licensee to the category of consumers within the area of supply in accordance with the terms of the Licence for distribution and retail supply of electricity;
 25. **‘Retail Supply Tariff’** is the rate charged by the Licensee for supply to non-open access consumers, which includes charges for Wheeling and Retail Supply;
 26. **‘Trading Business’** means the business of purchase of electricity by the Licensee for resale to another Licensee or consumers or category of consumers outside the area of supply of the Licensee;
 27. **‘Tariff Period’** shall mean the period from April 01, 2021 and up to March 31, 2026 for which Tariff is determined by the Commission under these Regulations;
 28. **‘Wheeling’** means the operation whereby the distribution system and associated facilities of a Licensee, are used by another person for the conveyance of electricity on payment of charges to be determined under Section 62 of the Act;
 29. **‘Wheeling Business’** means the business of operating and maintaining a distribution system for conveyance of electricity in the area of supply of the Licensee.
- 3.2 Words and expressions used in these Regulations and not defined herein but defined in the Act shall have the meanings respectively assigned to them in the Act.
 - 3.3 Reference to any Act, Rules and Regulations shall include amendment or consolidation or re-enactment thereof.
 - 3.4 All proceedings under these Regulations shall be governed by the JSERC (Conduct of Business) Regulations, 2016 as amended or re-enacted from time to time.

A 4. Tariff Approved to be Ceiling Tariff

- 4.1 For removal of doubts, it is clarified that the Tariffs determined under the provisions of these Regulations are the ceiling values and this shall not preclude the Distribution Licensee from proposing reduced Tariffs for any consumer and in such case the reduced Tariffs shall be not be considered for the determination of Revenue as the same is the liability of the Distribution Licensee.

CHAPTER II:

TARIFF FRAMEWORK AND GUIDING PRINCIPLES

A 5. MYT Framework

- 5.1 The MYT Framework shall commence from April 01, 2021 and unless reviewed earlier or extended by the Commission, shall be applicable till March 31, 2026. The ARR filings for the Control Period shall be done in accordance with the MYT framework contained in these Regulations.
- 5.2 The Distribution Licensees shall file MYT Application along with supporting documents before the Commission as per the timelines specified in **Section A 24** of these Regulations.
- 5.3 The MYT Application shall include statements containing ARR along with its break up for the Years of the previous Control Period based on Audited Accounts for FY 2015-16 to FY 2019-20, revised estimates for Base Year FY 2020-21, and the projections for each year of the Control Period.
- 5.4 The Guiding Principles for MYT Framework are described in **Section A 6** of these Regulations.
- 5.5 The principles for determination of ARR for the Control Period are described in **Chapter III** of these Regulations and the procedure for Annual Filing during the Control Period is described in **Chapter IV** of these Regulations.

A 6. Guiding Principles for MYT Framework

- 6.1 The Commission shall adopt Multi Year Tariff Framework for approval of ARR and expected revenue from Wheeling and Retail Supply Tariffs approved. The ARR shall be determined for each year of the Control Period.
- 6.2 The Multi Year Tariff framework shall be based on the following:
 - a) Business Plan for the Wheeling and the Retail Supply Business of the Licensees for the entire Control Period to be filed before the Commission for approval, along with MYT Petition prior to the start of the Control Period or within such period as the Commission may direct;
 - b) Licensees' forecast of expected ARR for each year of the Control Period, wheeling tariff and retail supply tariff for the first year of the ensuing Control Period, based on reasonable assumptions of the underlying financial and

operational principles/parameters laid down under these Regulations, and on the basis of the Business Plan;

- c) Trajectory for specific parameters shall be prescribed by the Commission for improvement of Licensee's performance through incentives and disincentives;
- d) Annual review of performance, which shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable and uncontrollable factors; and
- e) Mechanism for sharing approved gains or losses on account of controllable and uncontrollable factors.

Determination of Baseline

- 6.3 The values for the Base Year of the Control Period shall be determined on the basis of the audited accounts available for FY 2015-16 to FY 2019-20. In the absence of audited accounts of any such year, the Commission may consider best estimate for such year after carrying out due prudence check and after taking into account other factors as considered relevant by the Commission.
- 6.4 The Commission shall normally not revise the performance targets during the Control Period, unless the Commission is of the view that there is a major variation in approved numbers vis-a-vis actuals.

Segregation of Retail Supply and Wheeling Business

- 6.5 The Licensee shall segregate the accounts of the Licensed Business into Wheeling Business and Retail Supply Business.
- 6.6 The ARR for Wheeling Business shall be used to determine Wheeling Tariff and the ARR for Retail Supply Business shall be used to determine Retail Supply Tariff.
- 6.7 For such period until accounts are segregated, the Licensee shall prepare an Allocation Statement to apportion costs and revenues to respective business. The Allocation Statement, approved by the Board of Directors of the Licensee, shall be accompanied with an explanation of the basis and methodology used for segregation, which should be consistent over the Control Period.
- 6.8 In case clear and reasoned methodology for allocation is not submitted by the Distribution Licensee, the Commission may consider the segregation as approved for the previous Control Period as specified below or may decide on the manner in which such allocation can be done:

Particulars	Share of Supply Business	Share of Wires Business
O&M Cost		
<i>Employee cost</i>	40%	60%
<i>A&G Expense</i>	50%	50%
<i>R&M Cost</i>	10%	90%
Power purchase (Including PGCIL & RLDC Charges)	100%	0%
Interest on security deposit	100%	0%
Interest Cost	10%	90%
Interest on working capital	90%	10%
Taxes on Income	10%	90%
Depreciation	10%	90%
Return on Equity	10%	90%
Less: Non-Tariff/Other Income	90%	10%

Business Plan

- 6.9 Each Licensee shall file for the Commission's approval a Business Plan approved by an authorized signatory, as per the timelines specified in **Section A 24** of these Regulations.
- 6.10 The Business Plan shall be filed separately for the Retail Supply and Wheeling Business. As specified in **Clause 6.7** of these Regulations, in the absence of segregated accounts for the two Businesses, the Licensee shall prepare an allocation statement and submit the same with the Business Plan.
- 6.11 The Business Plan shall be for the entire Control Period and shall *inter-alia* contain:
- Capital Investment Plan** for the entire Control Period commensurate with load growth, distribution loss reduction trajectory and quality improvement measures proposed in the Business Plan. The Capital Investment Plan should also include corresponding capitalisation schedule and financing plan;

The Distribution Licensee shall also submit scheme-wise capital structure and cost of financing (interest on debt) and return on equity, Grant, Deposit Works along with terms of the existing loan agreements, etc., as a part of Capital Investment Plan;
 - Sales/Demand Forecast** for each consumer category and sub-categories for each year of the Control Period;
 - Power Procurement Plan** based on the sales forecast and distribution loss trajectory for each year of the Control Period. The Power Procurement Plan

shall also include energy efficiency, RPO fulfilment, and demand side management measures;

- d) A setof targets proposed for other controllable items such as **distribution losses, collection efficiency, working capital requirement, quality of supply targets** (viz., SAIFI, SAIDI and MAIFI as per the JSERC (Distribution Licensees' Standards of Performance) Regulations, 2015, and subsequent amendments), etc. The targets shall be consistent with the capital investment plan proposed by the Licensee;
- e) **Human Resource Plan** with manpower planning including details of the estimated year wise manpower addition and retirements for the Control Period to meet the growth in demand/consumers;
- f) Proposals for Non-Tariff Income with item-wise description and details;
- g) Proposals in respect of income from Other Business; and
- h) Business Plan shall also contain the requisite information for the preceding Control Period:

Provided that requisite information for the preceding Control Period shall include year-wise audited data on Scheme-wise capital investment, distribution loss trajectory, quality improvement measures undertaken, category-wise number of consumers, connected load and sales, source-wise power procurement quantum and cost, Employee, R&M and A&G Expenses along with detailed break up and any other information used for preparing projections of various performance parameters and other components during the Control Period. In case of a new Licensee, such information is required to be submitted for the period of operations up to the start of the Control Period.

Capital Investment Plan

6.12 The Licensee shall file for the Commission's approval a Capital Investment Plan for the entire Control Period along with the Business Plan. The Capital Investment Plan shall be prepared scheme-wise and each scheme shall include:

- a) Purpose of investment (e.g., replacement of existing assets, meeting load growth, technical and distribution loss reduction, non-technical loss reduction, meeting reactive energy requirements, customer service improvement, improvement in quality and reliability of supply, etc.);
- b) Approval of Competent Authority;
- c) Capital Structure;

- d) Detailed Project Report;
- e) Capitalization Schedule;
- f) Implementation schedule including timelines;
- g) Cost-benefit analysis and Rate reasonability;
- h) Improvement in operational efficiency envisaged in the Control Period;
- i) Ongoing schemes that will spill over into the year under review along with justification;
- j) New schemes that will commence during the Control Period but may be completed within or beyond the Control Period.

6.13 During the Annual Performance Review, the Commission shall monitor the year-wise progress of the actual capital expenditure incurred by the Licensee vis-à-vis the approved capital expenditure. The Licensee shall submit the actual capital expenditure incurred along with the Annual Performance Review Filing.

6.14 The Commission shall review the actual capitalisation at the end of each year of the Control Period vis-à-vis the approved capitalisation schedule and shall true up the ARR based on actual capitalisation for the year for which True up has been filed and also revise the ARR components for the year for which APR and Tariff have been sought.

6.15 In case the capital expenditure is required for emergency work, which has not been approved in the Capital Investment Plan, the Licensee shall submit an application containing all relevant information along with reasons justifying emergency nature of the proposed work seeking approval of the Commission wherever possible:

Provided that in case the capital expenditure is required for emergency work or unforeseen situation to mitigate threat to life and property and if prior intimation thereof to the Commission shall cause any irreparable loss or injury, the Licensee may undertake such capital expenditure and submit the details for post-facto approval of the Commission along with next Tariff Petition with all relevant details.

Sales/DemandForecast

6.16 The Licensee, in its Business Plan filings, shall forecast sales for each consumer category, sub-category and for each tariff slab, at different voltage levels, for each year of the Control Period based on recent trends and historical growth for the Commission's review and approval along with the requisite details of category-wise and voltage-wise sales, contracted load, number of consumers, etc.

- 6.17 The Commission shall examine the forecasts for reasonableness and consistency on the basis of expected growth in the number of consumers, changes in pattern of consumption, seasonal variations, target distribution losses, demand for electricity in previous years and anticipated growth in the next year, and any other factor considered relevant by the Commission, and accordingly approve sales forecast with such modifications as deemed fit for each year of the Control Period.
- 6.18 Sales of electricity, if any, to electricity traders or another Licensee shall be separately indicated.
- 6.19 The Licensee shall also indicate category-wise open access consumers along with open access sales. The energy wheeled for them shall be shown separately for:
- a) Supply within its area of supply; and
 - b) Supply outside its area of supply.

Power Procurement Guidelines

- 6.20 The Distribution Licensee shall undertake its Power procurement during the year in accordance with the Power Procurement Plan for the Control Period, which may include long-term, medium-term and short-term power procurement, approved by the Commission in accordance with these Regulations.
- 6.21 The Distribution Licensee shall follow the Guidelines contained in this Part with respect to:
- a) Procurement of power under any arrangement or agreement with a term or duration exceeding 12 years and upto 25 years (i.e., long-term power procurement);
 - b) Procurement of power under any arrangement or agreement with a term or duration exceeding 3 months but not exceeding 3 years (i.e., medium-term power procurement); and
 - c) Procurement of power under any arrangement or agreement with a term or duration less than or equal to 1 month (i.e., short-term power procurement).

Power Procurement Plan

- 6.22 The Distribution Licensee shall prepare a plan for procurement of power to serve the demand for electricity in its area of supply and submit such plan to the Commission for approval:

Provided that such power procurement plan shall be submitted for the Control Period from FY 2021-22 to FY 2025-26:

Provided further that the power procurement plan proposed as a part of the Business Plan, shall be submitted along with the application for determination of tariff:

Provided also that the power procurement plan submitted by the Distribution Licensee may include purchase from long-term, medium-term and short-term sources of power, in accordance with these Regulations. However, the Distribution Licensee should as far as possible, not plan for short-term purchases except for conditions specified in **Clause 6.31** to **Clause 6.36** and should endeavour to meet its requirement from long-term and medium-term power procurement and make a plan accordingly.

6.23 The power procurement plan of the Distribution Licensee shall comprise the following:

- a) A quantitative forecast of the unrestricted demand for electricity for each tariff category, within its area of supply over the Control Period;
- b) An estimate of the quantities of electricity supply from the identified sources of generation and power purchase;
- c) An estimate of availability of power to meet the Base Load and Peak Load requirement:

Provided that such estimate shall be monthly estimation of demand and supply expressed both in Mega-Watt (MW) as well as in Million Units (MU);

- d) Standards to be maintained with regard to quality and reliability of supply, in accordance with the Jharkhand State Electricity Regulatory Commission (Distribution Licensees' Standards of Performance) Regulations, 2015, as amended from time to time;
- e) Measures proposed to be implemented as regards energy conservation and energy efficiency;
- f) The requirement for new sources of power generation and/or procurement, including augmentation of generation capacity and identified new sources of supply, based on (a) to (e) above;
- g) The plan for procurement of power including quantities and cost estimates for such procurement:

Provided that the forecast/estimate contained in the long-term procurement plan shall be separately stated for peak and off-peak periods, in terms of quantities of power to be procured (in MU) and maximum demand (in MW / MVA):

Provided further that the forecasts/ estimates shall be prepared for each month of the Control Period:

Provided also that the long-term procurement plan shall be a cost-effective plan based on available information regarding costs of various sources of supply.

- 6.24 The forecasts estimates shall be prepared using forecasting techniques based on past data and reasonable assumptions regarding the future:

Provided that the forecasts/estimates shall take into account factors such as overall economic growth, consumption growth of electricity-intensive sectors, advent of competition in the electricity industry, trends in captive power, impact of loss reduction initiatives, improvement in Generating Station Plant Load Factors and other relevant factors.

- 6.25 Where the Commission has stipulated a percentage of the total consumption of electricity in the area of a Distribution Licensee to be purchased from co-generation/renewable sources of energy, the power procurement plan of such Distribution Licensee shall include the plan for procurement from such sources atleast upto the stipulated level.

- 6.26 The Distribution Licensee shall be required to forward a copy of the power procurement plan to the State Transmission Utility for verification of its consistency with the transmission system plan for the intra-State transmission system:

Provided that the Distribution Licensee may also consult the State Transmission Utility at the time of preparation of the power procurement plan to ensure consistency of such plan with the transmission system plan.

- 6.27 The Distribution Licensee may, as a result of additional information not previously known or available at the time of submission of the power procurement plan, apply for a modification in the power procurement plan for the remainder of the Control Period, as part of the application for Annual Performance Review.

- 6.28 The Commission may, as a result of additional information not previously known or available to the Commission at the time of submission of the power procurement plan, if it so deems, either on suo-motu basis or on an application made by any interested or affected party, modify the power procurement plan of the Distribution Licensee for the remainder of the Control Period, as part of the Annual Performance Review.

Approval of power purchase agreement/arrangement

- 6.29 Every agreement or arrangement for power procurement by a Distribution Licensee from a Generating Company or Licensee or from other source of supply entered into shall come into effect only with the prior approval of the Commission:

Provided that the prior approval of the Commission shall be required in respect of any agreement or arrangement for power procurement by the Distribution Licensee from a Generating Company or Licensee or from any other source of supply on a standby basis:

Provided further that the prior approval of the Commission shall be required for any change to an existing arrangement or agreement for power procurement, whether or not such existing arrangement or agreement was approved by the Commission.

6.30 The Commission shall review an application for approval of power procurement agreement/arrangement having regard to the approved power procurement plan of the Distribution Licensee and the following factors:

- a) Requirement for power procurement under the approved power procurement plan;
- b) Adherence to a transparent process of bidding in accordance with guidelines issued by the Central Government;
- c) Adherence to the terms and conditions for determination of tariff specified under these Regulations where the process specified in (b) above has not been adopted;
- d) Availability (or expected availability) of capacity in the intra-State transmission system for evacuation and supply of power procured under the agreement/ arrangement;
- e) Need to promote co-generation and generation of electricity from renewable sources of energy.

Additional Short-term power procurement

6.31 The Distribution Licensee may undertake additional short-term power procurement during the year, over and above the power procurement plan for the Control Period approved by the Commission, in accordance with this Regulation.

6.32 Where there has been a shortfall or failure in the supply of electricity from any approved source of supply during the Financial Year, the Distribution Licensee may enter into additional short-term arrangement or agreement for procurement of power:

Provided that if the total power purchase cost or quantum for any block of six months including such short-term power procurement exceeds the power purchase cost or quantum approved by the Commission for the respective block of six months by more than 10%, the Distribution Licensee shall have to obtain prior approval of the Commission.

- 6.33 Where the Distribution Licensee has identified a new short-term source of supply from which power can be procured at a tariff that reduces its approved total power procurement cost, the Distribution Licensee may enter into a short-term power procurement agreement or arrangement with such supplier without the prior approval of the Commission.
- 6.34 The Distribution Licensee may enter into a short-term arrangement or agreement for procurement of power or procure power from Power Exchanges without the prior approval of the Commission when faced with emergency conditions that threaten the stability of the distribution system or when directed to do so by the State Load Despatch Centre to prevent grid failure.
- 6.35 Within fifteen (15) days from the date of entering into an agreement or arrangement for short-term power procurement for which prior approval is not required, the Distribution Licensee shall provide the Commission, full details of such agreement or arrangement, including quantum, tariff calculations, duration, supplier details, method for supplier selection and such other details as the Commission may require with regard to such agreement/arrangement to assess that the conditions specified in this Regulation have been complied with:
- Provided that where the Commission has reasonable grounds to believe that the arrangement or agreement entered into by the Distribution Licensee does not meet the criteria specified in **Clause 6.32** to **Clause 6.34**, the Commission may disallow any increase in the total cost of power procurement (net of additional revenue) over the approved level arising there from or any loss incurred by the Distribution Licensee as a result, from being passed through to consumers.
- 6.36 Subject to the cases specified in **Clause 6.32** to **Clause 6.34**, where the Distribution Licensee enters into any agreement or arrangement for short-term power procurement without the approval of the Commission, any increase in the total cost of power procurement (net of additional revenue) over the approved level arising there from shall be deemed to be a variation in performance attributable entirely to controllable factors.
- 6.37 In addition, the Licensee may also sell any surplus power in the open market provided that such sale of power shall lead to recovery of tariff higher than the variable cost of such power.

Targets for Distribution Losses and Collection Efficiency

- 6.38 The Licensee shall file the distribution loss trajectory for the entire Control Period in the Business Plan commensurate with the Capital Investment Plan for each year of the Control Period for approval of the Commission.
- 6.39 The minimum collection efficiency targets to be met during the Tariff Period by various Licensees are as follows:

Collection Efficiency Targets					
Utility	2021-22	2022-23	2023-24	2024-25	2025-26
JBVNL	99.00%	99.00%	99.00%	99.00%	99.00%
JUSCO	99.50%	99.50%	99.50%	99.50%	99.50%
SAIL-Bokaro	99.50%	99.50%	99.50%	99.50%	99.50%
TSL	99.50%	99.50%	99.50%	99.50%	99.50%
DVC	99.50%	99.50%	99.50%	99.50%	99.50%

Provided that in case the actual collection efficiency is greater than the target, the actual collection efficiency shall be considered for Tariff Determination purposes.

Quality of Supply and Services

- 6.40 The quality of supply and the customer service parameters shall be monitored as per the norms specified by the Commission from time to time.
- 6.41 The Licensees shall propose the baseline and performance trajectory for all quality parameters as specified in the JSERC (Distribution Licensees' Standards of Performance) Regulations, 2015, as amended from time to time as per the formats specified in the said Regulations. For the Control Period, the proposed baseline and performance trajectory shall be submitted along with the Business Plan.
- 6.42 The Commission shall make an assessment of reliability of baseline data and may prescribe the performance trajectory for each identified parameter for the Control Period.
- 6.43 The performance framework to encourage Licensees to improve quality of supply and services shall be as per the JSERC (Distribution Licensees' Standards of Performance) Regulations, 2015, as amended from time to time.

Controllable and Uncontrollable elements of ARR

- 6.44 For the purpose of the MYT Framework contained in these Regulations, the elements of ARR shall be identified as "controllable" and "uncontrollable", as follows:

ARR Element	Controllable/Uncontrollable
Sales	Uncontrollable
Power Purchase Cost (excluding short-term power)	Uncontrollable
Short-Term Power Purchase Cost	Controllable (Ceiling Value)
Transmission & Load Despatch Charges	Uncontrollable
O&M Expenses (excluding terminal liabilities of employees)	Controllable
Terminal liabilities of employees	Uncontrollable
Return on Equity	Controllable
Interest on Loan	Controllable
Interest on Working Capital	Controllable
Depreciation	Controllable
Taxes on Income	Uncontrollable
Foreign Exchange Rate Variation	Uncontrollable
Non-Tariff Income	Uncontrollable
Income from Other Businesses	Uncontrollable
Interest on Consumer Security Deposit	Uncontrollable
Distribution Loss and Collection Efficiency	Controllable
Quality of Supply	Controllable
Capital Expenditure	Controllable
Capitalisation	Controllable
Variation in Wires Availability and Supply Availability	Controllable

- 6.45 The variation on account of uncontrollable elements shall be treated as a pass through to be ultimately charged to the consumers, subject to prudence check and approval by the Commission.
- 6.46 The Commission shall also permit pass-through of variations in controllable items on account of Force Majeure events and due to Change in Law in the ARR for the ensuing year, based on the submission of actual values by the Licensee and subsequent validation and approval by the Commission.
- 6.47 The variation from targets specified by the Commission on account of controllable elements shall be subject to incentive and penalty framework, as detailed in the subsequent section.

Incentive and Penalty Framework

- 6.48 Various elements of the ARR of the Licensee will be subject to incentive and penalty framework as per the terms specified in this section. The overall aim shall be to incentivise better performance and penalise poor performance, compared to the performance norms/benchmarks specified by the Commission.

- 6.49 The gains/losses shall be computed on aggregate basis for controllable items such as Operation & Maintenance Expenses (excluding Terminal Liabilities), Distribution Losses and Collection Efficiency considered collectively on annual basis. The computations shall be based on the data submitted by the Licensee in the Annual Performance Review and audited annual accounts and shall be subject to prudence check by the Commission.
- 6.50 In case of **aggregate gains**, the aggregate gain shall be shared between the Licensee and the consumers in the ratio of **50:50** respectively.
- 6.51 The gains to be shared shall be passed on to the consumers through Tariff during the Annual Performance Review for each year of the Control Period.
- 6.52 In case of **any loss** on account of underperformance with respect to the controllable parameters, the Licensee shall bear the entire losses and no proportion of losses shall be passed on to the consumers.
- 6.53 In addition, the net savings due to refinancing of Loans by the Distribution Licensee shall be shared between the Users and the Licensee, as the case may be, in the ratio of **50:50**.

A 7. Truing-up

- 7.1 The Licensee shall submit along with the application for truing up, category-wise and voltage-wise sales, contracted demand and number of consumers, source-wise power purchase quantum and cost, details of capital expenditure, additional capitalization, sources of financing, operation and maintenance expenditure, actual loan portfolio with the interest paid along with other components of ARR, for each year of the Control Period, on the basis of annual Audited Accounts as per the Timelines stipulated in **Section A 24**.
- 7.2 Where after the truing up, the revenue recovered exceeds the trued up value approved by the Commission under these Regulations, the surplus amount shall be treated as specified in **Clause 7.4** of these Regulations.
- 7.3 Where after the truing up, the revenue recovered is less than the trued up value approved by the Commission under these Regulations, the gap amount shall be treated as specified in **Clause 7.4** of these Regulations.

- 7.4 The amount under-recovered or over-recovered, along with simple interest at the rate equal to Bank Rate as on April 01 of the respective year plus 350 basis points, shall be carried forward to the Tariff approved for the subsequent years:

Provided that no carrying cost on the duration of delay shall be allowed on unrecovered gap if the Licensee fails to submit the Petitions as per the timelines stipulated in **Section A 24**:

Provided further that if such gap is large, and it is not feasible to recover the same in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in Clause 8.2.2 of the Tariff Policy, 2016:

Provided further that any adverse financial impact on account of variation in uncontrollable items due to lapse on part of the Licensee or its suppliers/contractors shall not be allowed in truing up.

- 7.5 The Commission, to ensure tariff stability, may include the trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period.

A 8. Annual Performance Review

- 8.1 The Licensee shall submit along with the application for Annual Performance Review, details of category-wise and voltage-wise sales, contracted demand and number of consumers, source-wise power purchase quantum and cost, details of capital expenditure, additional capitalization, sources of financing, operation and maintenance expenditure, actual loan portfolio with the interest paid along with other components of ARR incurred/projected to be incurred for the year under review, as per the timelines stipulated in **Section A 24**.
- 8.2 Along with Annual Performance Review Filing, the Licensee shall also claim revised ARR for the following year based on the truing up and annual performance review of previous year/s.
- 8.3 The Scope of the Annual Performance Review shall be comparison of the approved expenses vis-à-vis revised estimates for the year(s) and shall comprise the following:
- a) Comparison of Approved Capital Expenditure and Capitalisation vis-à-vis revised estimates by the Licensee based on the latest actual data available;

- b) Comparison of Sales and Power Purchase required to meet the requisite Sales approved by the Commission vis-à-vis the revised estimates by the Licensee based on the latest actual data available;
 - c) Comparison of Other Expenses such as Interest on Loan, Interest on Working Capital, Return on Equity, Depreciation and O&M Expenses approved by the Commission vis-à-vis the revised estimates by the Licensee based on the latest actual data available;
 - d) Computation of the sharing of gains and losses on account of controllable factors for the previous year;
 - e) Approved Revenue vis-à-vis revised estimates based on the latest actual data available.
 - f) Any other Expenses/Revenues impacting ARR.
- 8.4 Distribution Licensees may, as a result of additional information not previously known or available to them at the time the forecast was developed, apply for a modification in the approved forecast of ARR and expected revenue from tariff and charges for the remainder of the Control Period, as part of the Annual Performance Review.
- 8.5 The Commission if, as a result of additional information not previously known or available to it at the time the forecast was developed, is of the view that the same may result in significant over/under recovery, either suo-motu or on an application made by any interested or affected party, modify the approved forecast of ARR and expected revenue from tariff and charges for the remainder of the Control Period, as part of the Annual Performance Review.
- 8.6 Based on the analysis of Annual Performance Review and Truing up, the Commission, may revise the ARR and Tariff for the ensuing year of the Control Period.

CHAPTER III:

DETERMINATION OF ARR

A 9. Details for True-up, APR and determination of ARR & Tariff

9.1 The Distribution Licensee shall submit the details for True-up for the previous year, Annual Performance Review for the current year and Tariff Determination for the ensuing year as per the principles discussed in the subsequent Sections.

A 10. Principles for Determination of ARR

Calculation of ARR for Wheeling Business during the Control Period

10.1 The Aggregate Revenue Requirement for the Wheeling Business of the Licensees for each year of the Control Period, shall comprise the following items:

- a) Operation and Maintenance Expenses;
- b) Return on Equity;
- c) Interest on Working Capital;
- d) Interest on Loans;
- e) Depreciation;
- f) Income Tax;
- g) Lease Charges;
- h) Foreign Exchange Rate Variation;
- i) Less: Non-Tariff Income;
- j) Less: Income from Other Business; and
- k) Less: Income from wheeling of electricity (refer **Clause 10.50**)

Calculation of ARR for Retail Supply Business during the Control Period

10.2 The Aggregate Revenue Requirement for the Retail Supply Business of the Licensees for each year of the Control Period, shall comprise the following items:

- a) Cost of power procurement;
- b) Transmission & Load Despatch charges;
- c) Operation and Maintenance Expenses;
- d) Return on Equity;
- e) Interest on Working Capital;
- f) Interest on Loans;
- g) Interest on Consumer Security Deposit;
- h) Depreciation;
- i) Income Tax;

- j) Lease Charges;
- k) Foreign Exchange Rate Variation;
- l) Less: Non-Tariff Income;
- m) Less: Income from Other Business; and
- n) Less: Receipts on account of Cross Subsidy Surcharge and Additional Surcharge from Open Access Consumers.

Operation and Maintenance Expenses

10.3 Operation and Maintenance (O&M) Expenses shall include:

- a) Salaries, wages, pension contribution and other employee costs;
- b) Administrative and General Expenses;
- c) Repairs and Maintenance Expenses.

10.4 The O&M Expenses for the Base Year of the Control Period shall be approved by the Commission taking into account the audited accounts of FY 2015-16 to FY 2019-20, Business Plan filed by the Licensee, estimates of the actual for the Base Year, prudence check and any other factor considered appropriate by the Commission.

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:

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

Where,

R&M_n – Repair and Maintenance Costs of the Licensee for the nth year;

EMP_n – Employee Costs of the Licensee for the nth year excluding terminal liabilities;

A&G_n – Administrative and General Costs of the Licensee for the nth year.

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

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

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 nth 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)th year excluding terminal liabilities;

$A\&G_{n-1}$ – Administrative and General Costs of the Licensee for the (n-1)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;

G_n – is a growth factor for the nth year and it can be greater than or lesser than zero based on the actual performance. Value of G_n shall be determined by the Commission in the MYT Order for meeting the additional manpower requirement based on the Distribution Licensee’s Filing, benchmarking and any other factor that the Commission feels appropriate;

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

Note 1: For the purpose of estimation, the same $INDX_n / INDX_{n-1}$ value shall be used for all years of the Control Period. However, the Commission will consider the actual values in the $INDX_n / INDX_{n-1}$ 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, wage revision agreement, etc., will be considered separately by the Commission;

Note 3: Terminal Liabilities will be approved as per actual submitted by the Licensee along with documentary evidence such as actuarial studies.

- 10.7 The Distribution Licensee, in addition to the above details shall also submit the detailed break-up of the Legal/Litigation Expenses for the previous Years (FY 2015-16 to FY 2019-20) along with the details and documentary evidence of incurring such expenses. The Commission shall approve the legal expenses as per the relevant provisions of the Jharkhand State Litigation Policy based on the necessary documentary evidence submitted for the Control Period and shall carry out due prudence check of legal expenses at the time of e truing up.

Capital Cost

- 10.8 The capital cost of the Licensee shall include the following:
- a) Expenditure incurred or projected to be incurred on original scope of work, including the interest during construction and financing charges, any gain or loss on account of Foreign Exchange Risk Variation during construction, on the actual loan up to the date of commercial operation of the scheme, as admitted by the Commission after prudence check, shall form the basis for determination of Tariff;
 - b) Capitalised initial spares subject to ceiling norm of 1.5% of the original project cost.
- 10.9 The capital cost admitted by the Commission after prudence check shall form the basis for determination of tariff:

Provided that where the Commission has given 'in principle' approval to the estimates of scheme capital cost and financing plan, the same shall be the guiding factor for applying prudence check on the actual capital expenditure:

Provided further that in case of the existing schemes, the capital cost admitted by the Commission prior to April 01, 2021 and the additional capital expenditure projected to be incurred for respective year of the Control Period during FY 2021-22 to FY 2025-26 as may be admitted by the Commission, shall form the basis for determination of capital cost:

Provided also that any increase in Capital Cost due to time/cost over-run shall only be allowed in case the Licensee establishes with the support of appropriate documents and facts to the satisfaction of the Commission that the delay was on account of uncontrollable factors and not attributable to the Licensee.

- 10.10 Capital cost to be allowed by the Commission for the purpose of determination of tariff will be based on the capital investment plan prepared by the Licensee and approved by the Commission.
- 10.11 The amount funded through Consumer Contribution, Grants or Deposit Works for connection to the distribution system of the Licensee shall be deducted from the original cost of the scheme for the purpose of calculating the amount under debt and equity under these Regulations.
- 10.12 Further, in case such cost has been incurred towards replacement or upgradation of any existing assets, the original cost of the replaced asset shall be reduced and de-capitalised from the Capital Cost.

Additional Capitalization

- 10.13 The capitalisation of capital expenses incurred or projected to be incurred, on the following counts within the original scope of work, after the asset has been put to use may be admitted by the Commission, subject to prudence check:
- a) Deferred liabilities;
 - b) Works deferred for execution;
 - c) Liabilities to meet award of arbitration or for compliance of the order or directions of any statutory authority or order or decree of any court of law;
 - d) On account of change in law;
 - e) Any additional works/services, which have become necessary for efficient and successful operation of the scheme, but not included in the original scheme cost;
 - f) Capital Expenses incurred due to Force Majeure conditions;
 - g) Less: De-Capitalisation of replaced/upgraded assets, if any; and
 - h) Less: Assets not put to use:

Provided that the details of work included in the original scope of work along with estimates of expenditure, undischarged liabilities and works deferred for execution shall be submitted along with the application for determination of tariff after the date of commercial operation of the scheme.

10.14 In case of de-capitalisation of assets of a Distribution Licensee, the original cost of such asset as on the date of decapitalization duly certified by its Statutory Auditor shall be deducted from the value of gross fixed asset and corresponding outstanding loan on such assets as well as equity shall be deducted from loan and the equity balances respectively. Such deductions shall be carried out in the year such de-capitalisation takes place with corresponding adjustments in cumulative depreciation and cumulative repayment of loan shall be carried out duly taking into consideration the year in which it was capitalised.

10.15 Impact of additional capitalisation within the approved scheme cost on tariff shall be considered by the Commission during the Annual Performance Review:

Provided that the Commission may consider any new scheme proposed on merits subject to prudence check as per this Tariff Regulation.

Debt-Equity Ratio

10.16 Existing Schemes - In case of capital expenditure schemes capitalised prior to April 01, 2021, the debt-equity ratio as allowed by the Commission for determination of tariff for the period ending March 31, 2021 shall be considered.

10.17 New Schemes – For capital expenditure schemes capitalised after April 01, 2021:

- a) A normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;
- b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;
- c) In case the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;
- d) The premium, if any raised by the Licensee while issuing share capital and investment of internal accruals created out of free reserve, shall also be reckoned as paid up capital for the purpose of computing return on equity, provided such premium amount and internal accruals are actually utilized for meeting capital expenditure.

Note 1: Any expenditure admitted on account of committed liabilities within the original scope of work and the expenditure deferred on techno-economic grounds but falling within the original scope of work shall be serviced in the normative debt-equity ratio specified in these Regulations;

Note 2: Any expenditure on replacement of old assets or on renovation and modernization or life extension shall be considered on normative debt-equity ratio specified in these Regulations after writing off the entire book value of the original assets from the capital cost of the new asset;

Note 3: Any expenditure admitted by the Commission for determination of tariff on account of new works not in the original scope of work shall be serviced in the normative debt-equity ratio specified in these Regulations.

10.18 The Licensee shall submit the resolution of the Board of the Company or approval of the competent authority in other cases regarding infusion of funds from internal resources in support of the utilization made or proposed to be made to meet the capital expenditure of the Distribution Licensee.

Return on Equity

10.19 The rate of return on equity shall be 14.50% (post-tax) for the Control Period.

10.20 Return on equity for each year shall be allowed on equity employed in assets in use considering the following:

- a) Equity employed in accordance with **Clause 10.16** of these Regulations on assets (in use) capitalised as on the beginning of the year; and
- b) 50% of the equity projected to be employed in accordance with **Clause 10.17** of these Regulations on assets (in use) commissioned during the year.

Interest on Loan Capital

10.21 The loans arrived at in the manner indicated in **Clauses 10.16** and **10.17** shall be considered as gross normative loan for calculation of interest on loan.

10.22 The normative loan outstanding as on April 01, 2021 shall be worked out as the gross loan by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021 from the gross normative loan.

10.23 The repayment for each year of the Control Period shall be deemed to be equal to the depreciation allowed for that year.

10.24 In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on pro-rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such assets.

- 10.25 Notwithstanding any moratorium period availed by the Licensee, the repayment of loan shall be considered from the first year of operation of the scheme/asset.
- 10.26 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the Licensee:
- Provided that if there is no actual loan for a particular year but normative loan is still outstanding, then the rate of interest shall be considered on normative basis and shall be equal to the Bank Rate as on April 01 of the respective year of the Control Period plus 200 basis points.
- 10.27 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.
- 10.28 The above interest computation shall exclude interest on loan amount, normative or otherwise, to the extent of capital cost funded by Consumer Contribution, Grants or Deposit Works carried out by Distribution Licensee.
- 10.29 The Licensee shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the users and the net savings shall be shared between the users and the Licensee, as the case may be, in the ratio of 50:50.

Interest on Working Capital

- 10.30 Working capital for the Wheeling Business for the Control Period shall comprise:
- a) Maintenance spares at 1% of Opening GFA of Wheeling Business; plus
 - b) Two months equivalent of the expected revenue from wheeling charges at the prevailing tariffs; minus
 - c) Amount, if any, held as security deposits.
- 10.31 Working capital for the Retail Supply of Electricity for the Control Period shall comprise:
- a) Maintenance spares at 1% of Opening GFA for Retail Supply Business; plus
 - b) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus
 - c) Amount held as security deposits under Clause (a) and Clause (b) of sub-section (1) of Section 47 of the Act from consumers and Distribution System Users net of any security held for Wheeling Business; minus

- d) One-month equivalent of cost of power purchased including the Inter-State and Intra-State Transmission Charges and Load Despatch Charges, based on the annual power procurement plan.

10.32 Rate of interest on working capital shall be equal to the Bank Rates on September 30 of the financial year in which the MYT Petition is filed plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on April 01 of the financial year for which truing up exercise has been undertaken.

Interest on Consumer Security Deposits

10.33 Interest paid on consumer security deposits shall be as specified by the Commission in JSERC (Electricity Supply Code) Regulations, 2015 as amended or as replaced from time to time.

Depreciation

10.34 Depreciation shall be calculated every year on the amount of original cost of the fixed assets as admitted by the Commission:

Provided that depreciation shall not be allowed on assets funded by Consumer Contribution and Capital Subsidies/Grants. Provision for replacement of such assets shall be made in the Capital Investment Plan.

10.35 Depreciation for each year shall be determined based on the methodology as specified in these Regulations along with the rates and other terms specified in these Regulations.

10.36 Depreciation shall be calculated annually, based on the straight-line method at the rates specified at **Appendix-I**. The base value for the purpose of depreciation shall be original cost of the asset:

Provided that the Distribution Licensee shall ensure that once the individual asset is depreciated to the extent of seventy (70) percent of the Book Value of that asset, remaining depreciable value as on March 31 of the year closing shall be spread over the balance useful life of the asset.

10.37 Depreciation shall be charged from the first year of commercial operation of the asset. In case, the operation of the asset is for a part of the year, depreciation shall be charged on a pro-rata basis.

- 10.38 The residual value of assets shall be considered as 10% and depreciation shall be allowed to a maximum of 90% of the original cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.

Provided that the salvage value for IT equipment and software shall be considered as NIL and 100% value of the assets shall be considered depreciable;

- 10.39 The Commission may, in the absence of the Fixed Assets Register, calculate Depreciation (%) arrived by dividing the Depreciation and the Average Gross Fixed Assets as per the latest available Audited Accounts of the Distribution Licensee. The Depreciation (%) so arrived shall be multiplied by the Average GFA approved by the Commission for the relevant Financial Year to arrive at the Depreciation for that Financial Year.
- 10.40 In case of de-capitalization of assets, the cumulative depreciation shall be adjusted by taking into account the depreciation recovered through tariff corresponding to the decapitalised asset during its useful services.

Cost of Power Procurement

- 10.41 **Quantum of Power Purchase:** The Commission approved category-wise sales forecast shall be used along with distribution loss trajectory for estimating the Licensees' power procurement requirement for each year.
- 10.42 The Licensee shall be allowed to recover the net cost of power it procures from sources approved by the Commission, viz., intra-State and inter-State Trading Licensees, Bilateral Purchases, Bulk Suppliers, State Generating Stations, Independent Power Producers, Central Generating Stations, non-conventional energy generators, generation business of the Licensee and others, assuming maximum normative rebate available from each source for payment of bills:

Provided that the Licensee shall propose the cost of power procurement taking into account the latest available Energy Charge Rate incurred in the on going year considering the Fuel Price Adjustment formula specified for the generating stations in the JSERC (Terms and Conditions for Determination of Generation Tariff) Regulations, 2020 and any amendments thereof and net revenues earned by sales of surplus power through bilateral exchanges and Unscheduled Interchange (UI) transactions:

Provided further that where the Licensee utilises a part of the approved power purchase or bulk supply allocated or contracted for the Retail Supply Business for its

Trading Business, the Licensee shall provide an Allocation Statement clearly specifying the source wise cost of power purchase that is attributable to such trading activity ensuring that only the unscheduled power after following merit order despatch available during that time period has been traded as surplus power.

- 10.43 While approving the cost of power purchase, the Commission shall determine the quantum of power to be purchased from various sources in accordance with the principles of merit order despatch based on a ranking of all approved sources of supply in the order of their variable cost of power purchase. All power purchase costs will be considered legitimate unless it is established that the merit order principle has been violated or power has been purchased at unreasonable rates.
- 10.44 The estimated revenue from the sale of surplus power, if any, shall be reduced from the gross power purchase cost for estimating the net power purchase cost in the ARR.
- 10.45 The RPO obligation of the Licensee will be as per the JSERC (Renewable Purchase Obligation and its compliance) Regulations, 2016 as amended or replaced from time to time.
- 10.46 Any variation in cost of power purchase at the approved distribution loss level, for reasons beyond the control of the Licensee, shall be allowed to be recovered by way of FPPPA as per the mechanism specified in **Clause 10.69** of these Regulations.

Distribution Losses

- 10.47 The Licensee shall file the distribution loss trajectory for the entire Control Period in the Business Plan commensurate with the Capital Investment Plan for each year of the Control Period for approval of the Commission after verification and evaluation of the same.
- 10.48 The Licensee shall also propose voltage-wise losses for each year of the Control Period for the determination of voltage-wise cost of supply and determination of voltage-wise Wheeling Tariff.

Transmission, Load Despatch & Wheeling Charges

- 10.49 The Licensee shall be allowed to recover net transmission and load despatch charges payable to the Transmission Licensees (inter-State Transmission Licensee, State Transmission Licensee, etc.) and System Operators (Regional Load Despatch Centre, State Load Despatch Centre, etc.) for access to and use of the inter-State transmission system, intra-State transmission system and availing load despatch services assuming maximum normative rebate available from each source for payment of bills on presentation of bills in accordance with the tariffs approved from time to time by Central Electricity Regulatory Commission and the appropriate State Commission, as the case may be.
- 10.50 The Licensee shall also be allowed to recover the Wheeling Charges during the Control Period, in case the distribution network of other Licensee is used for procurement of power for the Retail Supply Business.

Income Tax

- 10.51 Tax on income, if any, on the Licensed business of the Licensee shall be limited to tax on the allowed return on equity.
- 10.52 The income tax actually payable or paid limited to the tax on allowed return on equity shall be included in the ARR while truing up. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 and its amendments thereof shall be passed on to the consumers. Tax on the other income streams of the Distribution Licensee shall not be recovered from the Beneficiaries.

Non-Tariff Income

- 10.53 The amount of Non-Tariff Income relating to the Distribution Business as approved by the Commission shall be deducted from the ARR in determining the Retail Supply Tariff and Wheeling Charges of the Distribution Business:

Provided that the Distribution Licensee shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

- 10.54 The Non-Tariff Income shall include:
- a) Income from rent of land or buildings;
 - b) Income from sale of scrap;
 - c) Income from investments;

- d) Interest accrued on advances to suppliers/contractors;
- e) Interest income on loans/advances to employees;
- f) Income from rental of staff quarters;
- g) Income by rental from contractors;
- h) Income by hire charges from contactors and others;
- i) Income from delayed payment surcharge, supervision charges, etc.;
- j) Supervision charges for capital works;
- k) Income from recovery against theft and/or pilferage of electricity;
- l) Income from advertisements;
- m) Income from sale of tender documents;
- n) Profit from sale of Assets (i.e. difference of Sale value and Book value of Asset);
- o) Any other Non-Tariff Income:

Provided that the interest earned from investments made out of Return on Equity corresponding to the regulated Business of the Distribution Licensee shall not be included in Non-Tariff Income.

Provided that the onus to substantiate, to the satisfaction of the Commission, that such investments have been out of Return on Equity shall be on the Licensee.

Income from Other Business

10.55 Where the Licensee is engaged in any Other Business under Section 51 of the Act for optimum utilisation of its assets and/or manpower of its Regulated Business, the income from such business will be calculated considering the following conditions:

1. The Licensee shall not in any manner utilize the assets and facilities of the Licensed Business or otherwise directly or indirectly allow the activities to be undertaken in a manner that it results in the Licensed Business subsidising the Other Business in any manner;
2. The Licensee shall not in any manner, directly or indirectly encumber the assets and facilities of the Licensed Business for the other Business or for any activities other than the Licensed Business;
3. The Licensee shall duly pay for all costs accounted for in the Licensed Business, which have been incurred for Other Business and in the event of such cost being incurred commonly for both the Licensed Business and Other Business, apportion such cost and ensure due payment of apportioned costs to the Licensed Business from the Other Business;

4. The revenue derived from the Other Business shall be commensurate with prevailing market conditions for such similar business activities;
5. In addition to the sharing of costs under sub-clause 3 above, the Licensee shall account for and ensure due payment to the Licensed Business a certain proportion of revenues from the other Business. As a general principle, the Licensee shall retain 50% of the revenues arising on account of Other Business and pass on the remaining 50% of the revenues to the Consumers.

10.56 The revenue from Other Business shall be deducted from the ARR in calculating the revenue requirement of the Licensee:

Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement as approved by the Board of Directors to the Commission along with his application for determination of tariff:

Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the ARR of the Licensee on account of such Other Business.

Lease charges

10.57 Lease charges for assets taken on lease by the Licensee shall be considered as per the lease agreement, provided they are considered reasonable by the Commission.

Foreign Exchange Rate Variation

10.58 The Licensee shall hedge foreign exchange exposure in respect of the interest on foreign currency loan and repayment of foreign loan acquired by the Licensee.

10.59 The Licensee shall recover the cost of hedging of foreign exchange rate variation corresponding to the normative foreign debt, in the relevant year on year-to-year basis as expense in the period in which it arises and extra rupee liability corresponding to such foreign exchange rate variation shall not be allowed against the hedged foreign debt.

10.60 The Licensee shall recover the cost of hedging and foreign exchange rate variation on year-to-year basis as income or expense in the period in which it arises.

Recovery of ARR

10.61 The Recovery of Fixed Charges approved in the Tariff Order shall be based on the actual hours of supply as recorded in the Consumer's Meter. The Commission, in its MYT/Tariff Orders shall stipulate the minimum hours of supply for HT and LT Consumers for complete recovery of Fixed Charges from such Consumers. The recovery of Fixed Charges shall be in proportion to the stipulated minimum hours of supply:

Provided that the reduction in Fixed Charges to be recovered so calculated shall be treated as disallowance due to reduced hours of supply and the same shall not be allowed to be recovered in the ARR of the Distribution Licensee:

Provided further that if the actual hours of supply are equal to or higher than the minimum hours of supply for HT and LT Consumers for complete recovery of Fixed Charges, then the Distribution Licensee shall recover the complete Fixed Charges.

Illustration: If the Commission has approved the minimum hours of supply of 23 hours, and Fixed Charges of Rs. 350/ kVA/ Month for any HT Consumer, and the actual average hours of supply is 22 hours per day for such consumer in any month, the Fixed Charges recoverable by the Distribution Licensee for such Consumer shall be calculated as below:

Fixed Charges Recoverable = $22/23 \times 350 = \text{Rs. } 334.78/\text{kVA}/\text{Month}$

Cross-Subsidy Surcharge

10.62 The surcharge payable by consumers opting for open access on the network of the Licensee will be determined by the Commission as per the following formula:

$$S = T - [C / (1 - (L / 100)) + D + R]$$

Where,

S is the surcharge;

T is the Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the per unit weighted average cost of power purchase by the Licensee, including meeting the Renewable Purchase Obligation;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;

L is the aggregate of transmission, distribution and commercial losses, expressed as a percentage applicable to the relevant voltage level;

R is the per unit cost of carrying regulatory assets:

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

Additional Surcharge on Charges of Wheeling

- 10.63 Additional Surcharge shall be determined on 'case to case' basis and shall be payable only if the Licensee is able to conclusively demonstrate the incidence of any stranded costs.
- 10.64 Cross-Subsidy Surcharge and Additional Surcharge shall be shown as revenue from tariff from the consumer categories, which are permitted open access, and such amount shall be utilized to meet the cross-subsidy requirements of subsidised categories and fixed costs of the Licensee arising out of his obligation to supply. The Licensee shall provide the details in its MYT filings based on the actuals during the previous Control Period and submit annual filings during the Control Period.

Fuel Price and Power Purchase Adjustment (FPPPA)

- 10.65 In case of change in cost of power procured due to changes in fuel price, the Licensee may carry out adjustment, without any prior approval of the Commission, through the Fuel Price and Power Purchase Adjustment (FPPPA) formula, as specified below.
- 10.66 The FPPPA charge shall be applicable on the entire sale of the Licensee without exemptions to any consumer.
- 10.67 The FPPPA charge applicable to each tariff category of consumers shall be displayed prominently at the cash collection centres and on the internet website of the Licensee. The Licensee shall also put up on his internet website such details of the additional power purchase cost incurred and the FPPPA charged to all consumers for each quarter along with detailed computations;
- 10.68 The FPPPA charge shall be computed and charged on the basis of actual variation in fuel costs relating to power generated from own generation stations and power procured during each quarter subsequent to such costs being incurred, and shall not be computed on the basis of estimated or expected variations in fuel costs.

10.69 The formula for the calculation of the Average FPPPA shall be as given under:

$$\text{Average FPPPA (in Rs/kWh)} = \text{ABR/ACoS} * \text{C/ E}$$

Where,

ABR= Average Billing Rate as approved by the Commission for the year under consideration;

ACoS= Average Cost of Supply as approved by the Commission for the year under consideration;

C= \sum (Variable Cost of each source of power purchase during previous quarter in Rs/kWh – Base Variable Cost of each source of power purchase as approved under Tariff Order for the year under operation in Rs/kWh) x Corresponding Power Purchase from each source during previous quarter in MU;

E = Energy sold (metered plus estimated) during previous quarter in MU:

Provided that the variation in power purchase cost due to Unscheduled Interchange/ deviation settlement charges and hydro based generation shall not be covered under the FPPPA mechanism:

Provided further that for the generation stations/power purchase sources, which have single part tariff, one-third (1/3) of the tariff shall be considered as fixed charge and two-thirds (2/3) of the tariff shall be considered as energy charge for adjustment under the given formula:

Provided also that for purchase from another Distribution Licensee as a consumer, the FPPPA shall be applicable as levied by the Distribution Licensee selling the power:

Provided also that the cost and quantum of power purchase shall be based on bills paid/ credits received during the previous quarter irrespective of period to which it pertains and shall include arrears or refunds (if any) for the previous period not considered earlier.

10.70 The FPPPA charge shall not exceed 10% of the variable component of tariff for the applicable consumer category, or such other ceiling as may be stipulated by the Commission from time to time.

10.71 The FPPPA charge shall be allowed only in respect of approved power purchases by the Licensee and in respect of power purchases made in accordance with **Clause 10.42**, where the approval of the Commission is not required under these Regulations.

10.72 Category-wise FPPPA charge shall be calculated as below:

$$\text{Category-wise FPPPA (in Rs./kWh)} = \frac{\text{ABR(Category-wise)}}{\text{ABR(Total)}} * \text{Average FPPPA (in Rs./kWh)}$$

Where,

ABR (Category-wise)= Category-wise Average Billing Rate as approved by the Commission for the year under consideration;

ABR (Total)= Average Billing Rate as approved by the Commission for the year under consideration;

Average FPPPA (in Rs/kWh)= FPPPA Charge calculated as per **Clause 10.69**.

10.73 The category-wise FPPPA recoverable as per the formula specified above, shall be recovered from the actual category-wise sales in Rs./kWh terms after rounding off to two decimal points.

10.74 The Licensee shall submit details relating to the FPPPA computation to the Commission for each quarter by the end of the following quarter for the purpose of verification and prudence check. All the source-wise details of power procurement should be supported with requisite documentary evidence/invoices raised by the generators/suppliers of the power. The consumer category-wise sales shall also be submitted in spreadsheet format.

Late Payment Surcharge

10.75 In case the payment of any bill for charges payable under these Regulations is delayed by a Consumer beyond a period of 21 days from the date of billing, a late payment surcharge shall be levied by the Distribution Licensee at the Bank Rate as on April 01 of the respective year plus 500 basis points shall be applicable for the first month, and for every month or part thereof delay, the rate of late payment surcharge shall increase by 50 basis points, subject to a maximum of Bank Rate as on April 01 of the respective year plus 700 basis points.

Prompt Payment Rebate

10.76 For payment of bills by the Consumers (Capacity Charge and Energy Charges) within 5 days of presentation of bills by the Distribution Licensee, a rebate of 2.00% shall be allowed.

Note: In case of computation of 5 days, the number of days shall be counted consecutively without considering any holiday. However, in case the last day or 5th day is official holiday, the 5th day for the purpose of Rebate shall be construed as the immediate succeeding working day (as per the official State Government's calendar, where the Office of the Authorized Signatory or Representative of the Beneficiary, for the purpose of receipt or acknowledgement of Bill is situated).

Other Rebates and Surcharges

10.77 Any other Rebate/Surcharges applicable to the consumers, viz., Voltage Rebate/Surcharge, Power Factor Rebate/Surcharge, Load Factor Rebate/Surcharge etc., shall be applicable as specified in the MYT/ Annual Tariff Orders or the JSERC (Electricity Supply Code) Regulations, 2015, as amended or re-enacted from time to time.

CHAPTER IV:
PROCEDURE FOR FILING OF ARR AND TARIFF

A 11. Multi-Year Tariff Filing Procedure

- 11.1 The Multi Year Tariff filing shall be submitted as per the provisions in these Regulation and in the manner as per the provisions of JSERC (Conduct of Business) Regulations, 2016, as amended or re-enacted from time to time.
- 11.2 The Multi Year Tariff framework shall be based on the following:
- a) **Business Plan** for the Wheeling and the Retail Supply Business of the Licensees for the entire Control Period as submitted before the Commission for approval, prior to the start of the Control Period;
 - b) **Multi Year Petition on Licensees' forecast of expected ARR** for each year of the Control Period, wheeling tariff and retail supply tariff for the first year of the ensuing Control Period, based on reasonable assumptions of the underlying financial and operational principles/parameters laid down under these Regulations, and on the basis of the Business Plan;
 - c) The **Trajectory for specific parameters**, which shall be stipulated by the Commission for improvement of Licensee's performance through incentives and disincentives;
 - d) **Annual review of performance** which shall be conducted vis-à-vis the approved forecast and categorization of variations in performance into controllable and uncontrollable factors.
- 11.3 The Licensee shall also submit the MYT filing in electronic format to the Commission.
- 11.4 The Licensee shall file the MYT Petition and related documents for approval of Retail Supply Business and Wheeling Business for the Control Period in accordance with the MYT framework and the timelines specified in **Section A 24** of these Regulations failing which:
- a) The Commission may issue the MYT order suo-motu;
 - b) The Commission may disallow the return on equity to the Licensee.
- 11.5 The Licensee shall file the MYT Petition for the Retail Supply Business and the Wheeling Business together with the requisite information of the expenses and revenue attributable to the respective businesses.

Before the Start of the Control Period

11.6 The Licensee shall file for the Commission's approval, as per the Timelines specified in **Section A 24**, a Business Plan and MYT Petition in accordance with **Clauses 6.9 to 6.15** of these Regulations.

Annual Tariff Filings for the Control Period

11.7 The Licensee shall file an application for approval of Retail Supply Tariff and Wheeling Tariff for each year of the Control Period, as per the timelines specified in **Section A 24** of these Regulations, before the commencement of each year of the Control Period.

11.8 The Licensee shall propose capacity-based wheeling tariff. The Licensee shall also specify the distribution losses voltage-wise to provide for adjustment of losses in the system.

11.9 The filings for wheeling tariff shall contain the following:

- a) The distribution system or network usage forecast for each year of the Control Period consistent with the Business Plan, true up values and annual performance;
- b) Revenue Gap or Surplus for each year of the Control Period and tariff proposal for meeting/adjusting the Revenue Gap or Surplus for each year;
- c) The Operation and Maintenance (O&M) Expenses estimated for the Base Year and the actuals for the previous Control Period as per the Audited Accounts, together with forecasts for each year of the Control Period in accordance with **Clauses 10.3 to 10.6** of these Regulations;
- d) Proposal for computation of tariffs for voltage-wise Wheeling of electricity for each year of the Control Period, including the losses and the procedure thereof;
- e) Proposal for Non-Tariff Income with item-wise description and details;
- f) Proposal in respect of income from Other Businesses like Consultancy Services, Convergence, Training Facilities, etc;
- g) Expected Revenue from the proposed Wheeling Tariff including Additional Surcharge, Cross-Subsidy Surcharge, etc.

11.10 The filings for retail supply tariff shall contain the following:

- a) Licensee shall submit proposal for retail sale of electricity for the consumers pertaining to Retail Supply Business, which shall include tariffs for each consumer category- slab-wise and voltage-wise- as applicable. The proposed tariff may also be based on energy charges, demand charges, minimum charges, etc., along with the tariff rationalization measures;
- b) Revenue Gap/Surplus for each year of the Control Period and tariff proposal for meeting/adjusting the Revenue Gap/Surplus for each year. This should be based on the cost of supply for various consumer categories and cross-subsidy reduction road map;
- c) The Operation and Maintenance (O&M) Expenses estimated for the Base Year and the actuals for the previous Control Period as per the Audited Accounts, together with forecasts for each year of the Control Period in accordance with **Clauses 10.3 to 10.6** of these Regulations;
- d) Proposals for Non-Tariff Income with item-wise description and details;
- e) Each tariff proposal submitted by the Licensee shall be supported with a cost-of-service model allocating the costs of the Licensed business to each category of consumers based on voltage-wise costs and losses;
- f) The proposals of the Licensee should demonstrate that the tariffs are progressively reflecting the cost of supply;
- g) Expected revenue from the proposed retail supply tariff, and other matters considered appropriate by the Licensee, including incentive schemes to consumers, cross subsidy surcharge, etc;
- h) The applicable FPPPA charge calculated as per the formula mentioned in **Clause 10.69** of these Regulations.

A 12. Disposal of Application

- 12.1 The Commission shall process the filings made by the Licensee in accordance with these Regulations and JSERC (Conduct of Business) Regulations, 2016 and its amendments thereof.

- 12.2 Based on the Licensee's filings, objections/suggestions from public and other stakeholders, the Commission may accept the application with such modifications and/or such conditions as may be deemed just and appropriate and issue, within 120 days of the receipt of the application and after considering all suggestions and objections from public and other stakeholders, an order containing, inter alia, true up revenue and cost components for the year preceding the Base Year, estimation of parameters for the Base Year and determination of ARR and tariff for retail supply and wheeling business for each year of the Control Period. The Order shall also contain the approved Business Plan, targets for controllable items and performance targets for quality of supply for the Control Period.

A 13. Periodic Reviews

Review during the Control Period

- 13.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensee's performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise.
- 13.2 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 A 24** 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.
- 13.3 The Licensee shall also submit the True up of ARR and corresponding tariff adjustments as per the timelines specified in the **Section A 24** 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.
- 13.4 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.

Review at the end of the Control Period

- 13.5 Towards the end of the Control Period, the Commission shall seek to review whether the implementation of the principles laid down in these Regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, sector requirements, consumer and other stakeholder expectations and Licensee's requirements at that point in time. Depending on the requirements of the sector to meet the objective of the Act, the Commission may revise the principles for the next Control Period.
- 13.6 The end of the Control Period shall be the beginning of the next Control Period and the Licensee shall follow the same procedure unless specified otherwise by the Commission.
- 13.7 The Commission shall analyse the performance of the Licensee with respect to the targets set out at the beginning of the Control Period and based on the actual performance, expected efficiency improvements and other factors prevalent, determine the initial values for the next Control Period.

CHAPTER V:
MISCELLANEOUS PROVISIONS

A 14. Issue of Orders and Practice Directions

- 14.1 Subject to the provisions of the Act and these Regulations, the Commission may, from time to time, issue Orders and Practice Directions in regard to the implementation of these Regulations and procedure to be followed on various matters, which the Commission has been empowered by these Regulations to direct, and matters incidental or ancillary thereto.
- 14.2 Notwithstanding anything contained in these Regulations, the Commission shall have the authority, either suo-motu or on a Petition filed by any interested or affected party, to determine the tariff of any Applicant.

A 15. Non-Compliance of Directions

- 15.1 State Load Despatch Centre may give such directions and exercise such supervision and control as may be required for ensuring integrated operation of the power system for achieving maximum economy and efficiency and every Licensee, generating company, sub-station and any other person connected with the operation of the power system shall comply with such directions.
- 15.2 If any Distribution Licensee fails to comply with the directions issued, it shall be liable to a penalty as per Section 146 of the Electricity Act, 2003.

A 16. Dispute Resolution

- 16.1 In case of dispute, any of the parties may make an application in accordance with the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time, including statutory re-enactment thereof, for settlement of the dispute.

A 17. Power to remove difficulties

- 17.1 In case of any difficulty in giving effect to any of the provisions of this Regulation, the Commission may by general or special order, issue appropriate directions to Distribution Licensee(s) etc., to take suitable action, not being inconsistent with the provisions of the Act, which appear to the Commission to be necessary or expedient for the purpose of removing the difficulty.
- 17.2 The Licensees may make an application to the Commission and seek suitable orders to remove any difficulties that may arise in implementation of these Regulations.

A 18. Power of relaxation

18.1 The Commission may in public interest and for reasons to be recorded in writing, relax any of the provision of these Regulations.

A 19. Interpretation

19.1 If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

A 20. Saving of Inherent Powers of the Commission

20.1 Nothing contained in these Regulations shall limit or otherwise affect the inherent powers of the Commission from adopting a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of the matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient to depart from the procedure specified in these Regulations.

A 21. Enquiry and Investigation

21.1 All enquiries, investigations and adjudications under these Regulations shall be done by the Commission through the proceedings in accordance with the provisions of the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time.

A 22. Power to amend

22.1 The Commission may from time to time add, vary, alter, suspend, modify, amend or repeal any provisions of this Regulation.

A 23. Savings

23.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuse of the process of the Commission.

23.2 Nothing in these Regulations shall bar the Commission from adopting in conformity with the provisions of the Act a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

- 23.3 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations or Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

(By order of the Commission)

**Rajendra Prasad Nayak,
Secretary
Jharkhand State Electricity Regulatory Commission**

A 24. Summary of Timelines

S. No.	Description	Filing of the Document by	Furnishing additional information as sought by the Commission	Disposal of the Application
1.	Business Plan for the Control Period and MYT Petition for the Control Period for FY 2021-22 to FY 2025-26 with Retail and Wheeling Tariffs for first year of the Control Period	November 30, 2020	Within 30 days of filing of document	Within 120 days of acceptance of the filing
2.	True-Up for the previous year, Annual Performance Review for the current year and ARR & Tariff Determination for the next year of the Control Period	November 30 of the financial year for which APR has been sought	Within 30 days of filing of document	Within 120 days of acceptance of the filing

APPENDIX I: DEPRECIATION SCHEDULE

Asset Description	Straight Line Depreciation(%)
Land owned under full title	0.00
Land held under lease	2.67
a) for investment in the land	2.67
b) for cost of clearing site	2.67
Assets Purchased New:	
<i>Building & civil engineering works</i>	
i) Offices & showrooms	2.67
ii) Temporary erection such as wooden structures	100
iii) Roads other than kutchra roads	2.67
iv) Others	2.67
<i>Transformers, transformer (Kiosk) sub-station equipment & other fixed apparatus (including plant foundations)</i>	
i) Transformers (including foundations) having a rating of 100 kVA & above	4.22
ii) Others	4.22
<i>Switchgear including cable connections</i>	4.22
<i>Lightning arrestors</i>	4.22
<i>Batteries</i>	12.77
<i>Cables and Duct System</i>	4.22
<i>Overhead lines including supports</i>	
i) Lines on fabricated steel operating at voltages higher than 66 kV	4.22
ii) Lines on steel supports operating at voltages higher than 13.2 kV but not exceeding 66 kV	4.22
iii) Lines on steel or reinforced concrete supports	4.22
iv) Lines on treated wood supports	4.22
<i>Meters</i>	12.77
<i>Self-propelled vehicles</i>	12.77
<i>Air conditioning plants</i>	
i) Static	4.22
ii) Portable	7.60
<i>Office Equipment, Furniture, Internal Wiring and Street Light Fittings</i>	6.33
<i>Apparatus let on hire</i>	
i) Other than motors	7.60
ii) Motors	4.22
<i>Communication equipment</i>	6.33
<i>IT Equipment and Software</i>	15.00
<i>Any Other Asset not covered above</i>	4.22 (or as approved by the Commission considering asset life and residual value)