

BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY
COMMISSION, RANCHI

Suo – Moto Case No. 1515 of Year 2020

IN THE MATTER OF:

The Commission on its own motion

Versus

All Distribution Licensees of Jharkhand

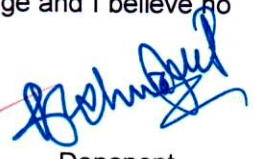


Respondents

AFFIDAVIT VERIFYING THE PETITION

I, Bishwajeet Kumar, son of Shree Bimal Kumar Mishra, aged 45 years residing at #59, Sushila Niwas, Adityapur, PO-RIT, Jamshedpur, Jharkhand, do hereby solemnly affirm and state as follows:

1. That I am working as Head Power Management (Power System & Energy) in the office of the answering Respondent Tata Steel Limited and am competent to swear this affidavit.
2. That the contents of the accompanying reply are true to my knowledge and I believe no part of it is false and no material has been concealed there from.

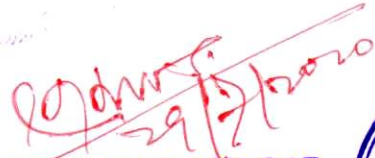

Deponent

VERIFICATION

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

Verified at Jamshedpur on this 29th day of July 2020.


DEPONENT


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



Signed / Put L.T.I.
In my Presence


Advocate

Date:.....

**BEFORE THE HON'BLE JHARKHAND STATE ELECTRICITY REGULATORY
COMMISSION, RANCHI**

Suo – Moto Case No. 1515 of Year 2020

IN THE MATTER OF:

The Commission on its own motion

Versus

All Distribution Licensees of Jharkhand

Respondents

MOST RESPECTFULLY SHOWETH:

1. That u/s 108 of The Electricity Act, 2003 the Government of Jharkhand has issued direction to this Hon'ble Jharkhand State Electricity Regulatory Commission (JSERC) vide its letter no. 1384/ACS dated 16.07.2020 for providing following reliefs to the consumer of Jharkhand due to lockdown to control the spread of COVID19.
 - a. Moratorium of three months for payment of electricity bills which are due between 01.04.2020 and 30.06.2020 without levying any Delayed Payment Surcharge (DPS) for all the consumers of all the Distribution Licensees in the State.
 - b. Waiver of Demand/Fixed Charges for the months of April, May and June 2020 for industrial and commercial consumers of all the Distribution Licensees of Jharkhand.
2. That in view of implementation of the above said direction, this Hon'ble Commission has registered the above said Suo-Moto Case and issued notices to all Distribution Licensees of Jharkhand including the answering Respondent i.e. Tata Steel Limited (TSL) for submitting affidavit stating therein its stand in respect of the above said issues.
3. Tata Steel Limited (TSL), is an Electricity Distribution Licensee for the city of Jamshedpur.
4. That in response to above said issue no. (i) i.e. *"Moratorium of three months for payment of electricity bills which are due between 01.04.2020 and 30.06.2020 without levying any Delayed Payment Surcharge (DPS) for all the consumers"*, the answering Respondent would like to draw the kind attention of this Hon'ble Forum on following concerns and constraints:
 - a. That imposition of such moratorium will entitle all the category of consumers of the answering Respondent to defer pending payment of electricity bills/dues for the period between 01.04.2020 and 30.06.2020 for three months which will eventually disentitle TSL from receiving electricity bill/due amount from its consumers till September 2020.

- b. That imposition of such moratorium will affect the cash inflow of the answering Respondent due to delayed realisation of pending payment as on 30.06.2020. Such adverse impact on cash inflow will cause financial difficulties for the answering Respondent.
- c. That it is humbly submitted that under the provisions of Jharkhand State Electricity Regulatory Commission (Electricity Supply Code) Regulations, 2015, the answering Respondent demands & retains estimated amount for power consumption of only 75 days towards energy security deposit.
- d. That under the provisions of the said Regulations, one individual consumer deposits only 75 days of equivalent energy consumption as security deposit. Therefore, by allowing moratorium of three months, pending energy consumption bills as on 30.06.2020, will become unsecured sales amount for the answering Respondent. These unsecured sales amount may result in bad debt in future.
- e. That it is submitted that under the provisions of the said Regulations, the answering Respondent is entitled to apply security deposit towards satisfaction of any amount which is due or owing from the consumer. The Distribution Licensee may adjust and debit any amount which is due from the consumer against the security deposited by that consumer.
- f. That it is further submitted that in case of subsequent default by consumers in making payment of accumulated bills, the total of current demand and arrear/dues of consumer will further increase. In view of increased total dues and lesser security deposit, the answering Respondent will not be able to realise the total outstanding dues/bill amount by adjusting it against energy security deposit. Pertinently, even disconnection of the electricity connection will not serve much purpose to the answering Respondent because non-payment of dues by consumers and inability of non-adjustment of dues against security deposit will not help the answering Respondent for realisation of dues amount.
- g. That it may kindly be considered that the above stated direction is for consumers in general. However, the same needs to consider that establishments like hospitals, medical shops, commercial banks, water supply organisation, rations shops, manufacturing industries, street lights and other offices involved in emergency services, etc. were not affected by lockdown and they remained open during the lockdown period and they were accepting money in lieu of services rendered by them. Therefore, giving relief to those consumers, who have not been affected by lockdown, at the cost of financial health of the answering Respondent would not be appropriate.
- h. That it is further submitted that several steel plants, automotive plants and Industries (including industries in rural areas) were also allowed to operate in most part of the lockdown period and they operated at a reasonable capacity.
- i. That for most of the industrial consumers & commercial consumers whose operations were affected, the energy consumption was also less and therefore the overall bills were also lower accordingly.

5. That in response to above said issue no. (ii) i.e. *"Waiver of Demand/Fixed Charges for the months of April, May and June 2020 for industrial and commercial consumers"*, the answering Respondent would like to draw the kind attention of this Hon'ble Forum on following concerns and constraints:
- a. That the answering Respondent is required to continue its operations during the lockdown period. Due to reduction in energy sales, the revenue of the Licensee is adversely affected.
 - b. That Licensee is required to pay the Capacity Charges for its power purchase even during the lockdown period and therefore by waiving the Demand/Fixed charges from consumers during the lockdown period.
 - c. That such waivers will further adversely affect the cash flow of the licensee thereby affecting its capacity to pay the charges to Generating Units and meet other operational expenses.
 - d. That in view of provisions of prompt payment rebate and late payment surcharge prescribed under the Regulations, several consumers with paying capacity have already paid the bills in the referred period.
 - e. That it may kindly be appreciated that waiving of any charges at this stage would amount to refund of the bills (demand/fixed charge part) already paid by the consumers to the answering Respondent. This is against the intent of relaxation, as any relaxation need to be given to consumers where paying capacity has been impacted in such a manner that payment is practically cumbersome/impossible.
 - f. That it is submitted that for commercial and industrial consumers, electricity is one of the inputs to their operations and cost of electricity is not borne by them but is passed on to the end consumers by including the same in their product/service cost and then into the price they charge for their services/ product.
 - g. That it may kindly be considered that the above stated direction is based on general. However, the same need to consider that establishments like hospitals, medical shops, commercial banks, water supply organisation, rations shops, manufacturing industries, street lights and other offices involved in emergency services, etc. were not affected by lockdown and they remained open during the lockdown period and they were accepting money in lieu of services rendered by them. Therefore, giving relief to those consumers, who have not been affected by lockdown, at the cost of financial health of the answering Respondent would not be appropriate, reasonable and just.
 - h. That it further submitted that several steel plants, automotive plants and Industries (including industries in rural areas) were also allowed to operate in most part of the lockdown period and they operated at a reasonable capacity.
 - i. That for most of the industrial consumers & commercial consumers whose operations were affected, the energy consumption was also less and therefore the overall bills were also lower accordingly.

6. That it is requested to appreciate that different domestic, industrial and commercial consumers been impacted differently by the lockdown. The extent of impact varies from No impact to high impact. Therefore, relaxation if any, may only be allowed to needy (high impacted) individuals/organisation. Relaxation extended to financially capable domestic, industrial or commercial consumers will be unreasonable and will cause unnecessary financial burden for the answering Respondent.
7. That it may be appreciated that any omnibus direction in respect of imposition of moratorium of three months for payment of electricity bills without levying any Delayed Payment Surcharge (DPS), and waiver of Demand/Fixed Charges for the months for industrial and commercial consumers without applying the considerable factors will prejudice the answering Respondent at the cost of those domestic consumers, manufacturing establishments and commercial bodies who are capable of making payment and also they have neither stopped their services nor refused to receive payments against their services.
8. That without prejudice to the foregoing submissions and admitting anything, for the sake of leniency, following suggestions may be considered:
 - A. Issue no. (i) Moratorium of three months for payment of electricity bills which are due between 01.04.2020 and 30.06.2020 without levying any Delayed Payment Surcharge (DPS) for all the consumers of all the Distribution Licensees in the State.
 - a. Some relaxation may be considered for those domestic consumers whose electricity consumption has remained normal, but their income has been affected due to lockdown and are facing financial difficulty in making payment of bills on time.
 - b. It is established fact that all individuals and establishments are not affected by lockdown and many of them can afford to pay bill/dues despite imposition of lockdown. Therefore, such relaxation may be allowed to those domestic consumers only whose overall bill/dues amount as on 30.06.2020 was less than Rs. 2,000/-. This will cover most of the consumers with less paying capacity as consumers with less paying capacity consumes less energy and therefore there pending bills will be below this estimated value.
 - c. Therefore, giving relaxation to domestic consumers whose total bill is less than 2000/- will ensure that people with paying capacity will continue to pay and cashflow of the answering Respondent is not prejudiced and the ecosystem of power business will also function smoothly.
 - d. Such ceiling will ensure that facility of moratorium is not mis-utilised by consumers, who have capacity to pay during the lockdown period, thereby further worsening the licensee cashflow.
 - e. Such relaxation may be allowed to those industrial and commercial consumers whose operations were impacted during the lockdown period and no such relaxation should be extended to those industrial and commercial consumers which continued their operations even during the lockdown period.


- f. For keeping parity and bringing justice moratorium may be allowed to only those industrial and commercial consumers whose average energy consumption was less than 30% of the FY2020 consumption and not to all industrial and commercial consumers under the license area.
- B. Issue no. (ii) Waiver of Demand/Fixed Charges for the months of April, May and June 2020 for industrial and commercial consumers of all the Distribution Licensees of Jharkhand.
- a. That in view of the above submissions and consideration, waiver of demand / fixed charges should not be considered for any industrial or commercial consumer.

That it is pertinent to mention here that in case any relaxation is allowed to any category of consumers then the probability of non-payment of bills/dues will arise which may convert into bad debt for the answering Respondent. Current distribution tariff Regulation of the state considers 100% collection efficiency for all Licensee in the state. Therefore, the answering Respondent humbly submits that to mitigate further loss to the answering Respondent, in case either of the relaxation is allowed by the Hon'ble Commission; then provision of allowing bad debt to the extent of actual reported in audited accounts for the FY2020-21 may also be ordered by the Hon'ble Commission to avoid any future loss the Licensee while trueing-up of FY2020-21 costs.

Prayer

In view of the aforesaid mentioned facts, the answering Respondent most respectfully prays that this Hon'ble Commission may kindly pass following orders:

1. Moratorium of three months for payment of electricity bills which are due between 01.04.2020 and 30.06.2020 without levying any Delayed Payment Surcharge (DPS) for the following consumers of answering Respondent
 - a. those domestic consumers whose total pending bills as 30.06.2020 was less than 2000/-, and
 - b. for those industrial and commercial consumers whose average energy consumption in April'20, May'20 and June'20 was less than 30% of the FY2020 average monthly consumption.
2. No waiver of Demand/Fixed Charges for the months of April, May and June 2020 for industrial and commercial consumers of the answering Respondent be allowed.
3. Any other or further order in favour of the answering Respondents which may be deemed fit by this Hon'ble Commission.


Authorized Signatory

Tata Steel Limited, Jamshedpur (29th July, 2020)