

# **Jharkhand State Electricity Regulatory Commission**



**Order on  
True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14)  
to FY 2014-15  
for  
Jharkhand Urja Sancharan Nigam Ltd  
(JUSNL)**

**Ranchi**

**01<sup>st</sup> February 2019**

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### List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
Cr.	Crores
CWIP	Capital Work in Progress
DVC	Damodar Valley Corporation
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
HT	High Tension
JSEB	Jharkhand State Electricity Board
JSERC	Jharkhand State Electricity Regulatory Commission
JBVNL	Jharkhand Bijli Vitaran Nigam Limited
JUSNL	Jharkhand Urja Sancharan Nigam Limited
JUVNL	Jharkhand Urja Vikas Nigam Limited
JUUNL	Jharkhand Urja Utpadan Nigam Limited
LT	Low Tension
MU	Million Units
MYT	Multi Year Tariff
NFA	Net Fixed Assets
NTI	Non-Tariff Income
O&M	Operations and Maintenance
PFA	Power For All
PLR	Prime Lending Rate
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SBI	State Bank of India
SLM	Straight Line Method

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## **BEFORE**

### **Jharkhand State Electricity Regulatory Commission, Ranchi**

**Case No.: 10 of 2017**

**In the matter of:**

**Petitions for True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and  
FY 2014-15 of JUSNL**

**In the matter:**

Jharkhand Urja Sancharan Nigam Limited (JUSNL),  
Dhurwa, HEC, Ranchi ..... Petitioner

#### **PRESENT**

**Hon'ble Dr. Arbind Prasad** - **Chairperson**

**Hon'ble Mr. R.N. Singh** - **Member (T)**

**Order dated 01<sup>st</sup> February 2019**

In this Petition, Jharkhand Urja Sancharan Nigam Limited (hereinafter referred to as JUSNL) has prayed for approval of True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and FY 2014-15.

## **A1: INTRODUCTION**

### **Jharkhand State Electricity Regulatory Commission (JSERC)**

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational with effect from April 24, 2003.
- 1.2 The Government of Jharkhand vide its notification dated August 22, 2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-
- a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29;
  - b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
  - c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
  - d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3 After the Electricity Act, 2003 came into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the JSERC is discharging its functions as prescribed in Section 86 of the Act.
- 1.4 In accordance with provisions of the said Act, the JSERC discharges the following functions: -
- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:  
  
Provided that where open access has been permitted to a category of consumers under section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
  - b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

- c) facilitate intra-state transmission and wheeling of electricity;
  - d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
  - e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
  - f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
  - g) levy fee for the purposes of this Act;
  - h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
  - i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
  - j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
  - k) discharge such other functions as may be assigned to it under this Act.
- 1.5 The Commission advises the State Government on all or any of the following matters, namely:-
- a) promotion of competition, efficiency and economy in activities of the electricity industry;
  - b) promotion of investment in electricity industry;
  - c) reorganisation and restructuring of electricity industry in the State;
  - d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.
- 1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.
- 1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy framed and published by Government of India under the provisions of Section 3 of the Act. The objectives of the present National Tariff Policy are to:
- a) ensure availability of electricity to consumers at reasonable and competitive rates;
  - b) ensure financial viability of the sector and attract investments;

- c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- d) promote competition, efficiency in operations and improvement in quality of supply.

### **The Petitioner - Jharkhand Urja Sancharan Nigam Ltd**

- 1.8 The erstwhile Jharkhand State Electricity Board (JSEB) was constituted on 10<sup>th</sup> March, 2001 under the Electricity (Supply) Act, 1948 as a result of the bifurcation of the erstwhile State of Bihar. Before that, the Bihar State Electricity Board (BSEB) was the predominant entity entrusted with the task of generating, transmitting and supplying power in the State.
- 1.9 The Energy Department, Government of Jharkhand, vide its Letter No. 1/Board-01-Urja-26/13 -1745 dated 28<sup>th</sup> June 2013 unbundled the erstwhile JSEB into following companies:
- a) Jharkhand Urja Vikas Nigam Ltd (JUVNL) being the holding company;
  - b) Jharkhand Urja Utpadan Nigam Ltd (JUUNL) undertaking the generation function of the erstwhile JSEB;
  - c) Jharkhand Bijli Vitaran Nigam Ltd (JBVNL) undertaking the distribution function of the erstwhile JSEB;
  - d) Jharkhand Urja Sancharan Nigam Ltd (JUSNL) undertaking the transmission function of the erstwhile JSEB.
- 1.10 Jharkhand Urja Sancharan Nigam Ltd. (herein after to be referred to as “JUSNL” or the “Petitioner” or “erstwhile JSEB - Transmission function”) has been incorporated under Indian Companies Act, 1956 pursuant to the decision of Government of Jharkhand to re-organize erstwhile JSEB.
- 1.11 Reorganization of the JSEB has been done by Government of Jharkhand pursuant to “Part XIII – Reorganization of Board” read with section 131 of The Electricity Act 2003. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6<sup>th</sup> January 2014, and is duly registered with the Registrar of Companies, Ranchi.
- 1.12 Jharkhand Urja Sancharan Nigam Ltd was incorporated on 23<sup>rd</sup> October 2013 with the Registrar of Companies, Jharkhand, Ranchi and obtained Certificate of Commencement of Business on 28<sup>th</sup> November 2013.
- 1.13 The Petitioner is a Transmission Licensee under the provisions of the Electricity Act, 2003 (EA, 2003) having license to establish or operate transmission lines in the State of Jharkhand.



- 1.14 The Petitioner is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged in the business of Transmission of electricity to its consumers situated over the entire State of Jharkhand.

### **The Petitioner's Prayers**

- 1.15 The Petitioner in its present Petition has prayed before the Commission:
- a) Admit True-Up Petition for FY 2013-14 (6<sup>th</sup> January 2014 to 31<sup>st</sup> March 2014) and FY 2014-15 in accordance with the principles outlined in JSERC Transmission Tariff Regulations, 2010
  - b) Approve the True-Up for FY 2013-14 (6<sup>th</sup> January 2014 to 31<sup>st</sup> March 2014) and FY 2014-15 to the extent claimed by the Petitioner in accordance with the submissions and rationale submitted in the Petition
  - c) Approve cumulative revenue gap of Rs. 233.42 Crores for FY 2013-14 and FY 2014-15 along with carrying cost till date in the subsequent Tariff Order to be issued by the Commission for JUSNL
  - d) To issue appropriate directives for making applicable the Tariff determined for past period
  - e) To condone any inadvertent omissions/errors/rounding off differences/ shortcomings/ deficiencies in the Petition and permit the Petitioner to add/modify/alter this filing and make further submissions as may be required at a future date.
- 1.16 The Petitioner filed for the truing up based on the actual information and audited accounts.

### **Scope of the Present Order**

- 1.17 The Commission in this Order has approved the True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) to FY 2014-15.
- 1.18 While conducting the review and approval of True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) to FY 2014-15, the Commission has taken into consideration:
- a) Material placed on record
  - b) Provisions of the Electricity Act, 2003;
  - c) Principles laid down in the National Electricity Policy;
  - d) Principles laid down in the National Tariff Policy;
  - e) Provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2010 (hereinafter referred to as 'JSERC Transmission Tariff Regulations, 2010');

- 1.19 Accordingly, the Commission has scrutinized the Petitions in detail and hereby issues the Order on the True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) to FY 2014-15.

## **A2: PROCEDURAL BACKGROUND**

- 2.1 The Commission had issued the Annual Revenue Requirement for FY 2011-12 and FY 2012-13 for the Transmission Business of erstwhile JSEB on 02<sup>nd</sup> August, 2012.
- 2.2 The Commission had issued its Tariff Order (Provisional) for JUSNL in December 2015 for Review of ARR for FY 2013-14 (6<sup>th</sup> Jan 2014 – 31<sup>st</sup> Mar 2014) & FY 2014-15 and ARR and Transmission Tariff for FY 2015-16 on account of non-submission of audited accounts.
- 2.3 The Commission had issued its last Tariff Order for the approval of Business plan and MYT for the second control period FY 2016-17 to FY 2020-21 dated 24<sup>th</sup> February, 2018.
- 2.4 The 'JSERC Transmission Tariff Regulations, 2010', provide for filing of the True-up of every year by 1<sup>st</sup> November of each year of the control period.
- 2.5 However, the Licensee failed to file the above petitions as per the timelines provided in the JSERC Transmission Tariff Regulations 2010. The Petitioner filed the petition for the approval of True-up for FY 2013-14 (6<sup>th</sup> Jan 2014 – 31<sup>st</sup> Mar 2014) & FY 2014-15 on 11<sup>th</sup> October, 2017.

### **Information Gaps in the Petition**

- 2.6 As part of tariff determination exercise for True up, several deficiencies/ information gaps were observed in the Petitions submitted by the Petitioner. The information gaps were pointed out and communicated vide letter no. JSERC/Case (T) No. 10 of 2017/525 dated 13<sup>th</sup> November, 2017.
- 2.7 The Petitioner submitted its response to the aforesaid letters and furnished additional data/information vide letter no. 552 C.E, T (O&M)/JUSNL dt.21.11.2017.
- 2.8 The Petitioner vide letters 313/ JUSNL dated 15.10.2018 and 349/ JUSNL dated 21.11.2018 have also submitted details of capitalisation to the Commission.
- 2.9 The Commission scrutinized the additional data/ information submitted and considered the same while passing this Order on the Petition filed by the Petitioner. The Commission has examined the replies and supporting documents as submitted by the Petitioner on the discrepancies pointed out to it.
- 2.10 In order to provide adequate opportunity to all stakeholders and general public as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of JSERC Transmission Tariff Regulations 2010 framed by the Commission and in order to ensure transparency in the process of tariff determination, the Commission decided to conduct public hearings at Ranchi.

## Inviting Public Comments/ Suggestions

- 2.11 The Commission directed the Petitioner to make available copies of the Petition to the members of general public on request, and also issued a public notice inviting comments/ suggestions on the Petition for True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) to FY 2014-15.
- 2.12 The aforesaid public notice was issued by the Petitioner in various newspapers and a period of twenty one (21) days was given to the members of the general public for submitting their comments/suggestions.

**Table 1: List of newspapers and dates on which the public notice appeared**

Sl. No.	Newspaper	Date of Publication
1.	Hindustan	22/05/2018 & 23/05/2018
2.	Prabhat Khabar	22/05/2018 & 23/05/2018
3.	Telegraph	22/05/2018 & 23/05/2018
4.	Times of India	22/05/2018 & 23/05/2018
5.	Dainik Bhaskar	22/05/2018 & 23/05/2018
6.	Dainik Jagran	22/05/2018 & 23/05/2018
7.	Pioneer	22/05/2018 & 23/05/2018
8.	Hindustan	22/05/2018 & 23/05/2018

- 2.13 Subsequently, the Commission also issued a notice on its website [www.jserc.org](http://www.jserc.org) and in various newspapers for conducting the public hearing on the Petition filed by the Petitioner. The newspapers wherein the notice for public hearing was issued by the Commission are detailed hereunder:

**Table 2: List of newspapers and dates in which the public notice by JSERC was published**

Sl. No.	Newspaper (Jharkhand edition)	Date of Publication
1.	Prabhat Khabar	07/09/2018
2.	Dainik Bhaskar	07/09/2018
3.	The Hindustan Times	07/09/2018
4.	Morning India	07/09/2018
5.	Taneem News	07/09/2018

## Submission of Comments/ Suggestions and Conduct of public hearings

- 2.15 The public hearings was held on September 24, 2018 in Ranchi.
- 2.16 Numerous objections/comments/suggestions on the Petition were received. The objections/ comments/ suggestions of the public, Petitioner's responses and Commission's views thereon are detailed in the Section A4 of this Order.

**A3: SUMMARY OF THE PETITION**

3.1 The following sub-sections present a summary of True-up for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) to FY 2014-15 as filed by the Petitioner:

**Summary of Capital Expenditure, Capitalization and GFA**

3.2 The details of Capital Expenditure, Capitalization, Gross and Net fixed assets as submitted by the Petitioner has been summarized below in the following table:

**Table 3: CWIP Capital Expenditure and Capitalization as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14			FY 2014-15		
	Approved	Actual	Deviation	Approved	Actual	Deviation
Opening CWIP	209.14	482.01	272.87	472.28	484.55	12.27
Capital Expenditure during the year	263.14	3.94	-259.2	346.74	389.74	43
Less: Asset Capitalized	-	1.4	1.4	289.42	557.17	267.75
<b>Closing CWIP</b>	<b>472.28</b>	<b>484.55</b>	<b>12.27</b>	<b>529.6</b>	<b>328.58</b>	<b>(201.02)</b>

**Table 4: Gross and Net Fixed Assets as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14			FY 2014-15		
	Approved	Actual	Deviation	Approved	Actual	Deviation
Opening Gross Fixed Assets (GFA)	496.42	507.97	11.55	496.42	509.16	12.74
Addition in GFA	-	1.40*	1.4	289.42	557.17	267.75
Closing GFA	496.42	509.37	12.95	785.84	1066.33	280.49
Less Accumulated Depreciation	200.17	193.84	-6.33	241.75	342.83	101.08
<b>Net Fixed Assets (NFA)</b>	<b>296.25</b>	<b>315.53</b>	<b>19.28</b>	<b>544.09</b>	<b>723.5</b>	<b>179.41</b>

\* From 6th January 2014 to 31st March 2014

**Aggregate Revenue requirement**

3.3 The summary of Aggregate Revenue Requirement of JUSNL from FY 2013-14 (6<sup>th</sup> Jan to 31<sup>st</sup> Mar) to FY 2014-15 as submitted by the Petitioner has been tabulated below:

**Table 5: Summary of Aggregate Revenue Requirement as submitted by the Petitioner (Rs Cr)**

Particulars	FY 2013-14			FY 2014-15		
	Approved	Actual	Deviation	Approved	Actual	Deviation
Employee Cost	7.34	12.33	4.99	33.92	38.01	4.09
Administrative and General Cost	1.62	1.48	(0.14)	7.54	5.58	(1.96)
Renovation and Modernization Cost	2.69	20.12	17.43	11.57	28.35	16.78

Particulars	FY 2013-14			FY 2014-15		
	Approved	Actual	Deviation	Approved	Actual	Deviation
Total Operations and Maintenance Cost	11.65	33.93		53.03	71.94	
Interest and Finance Charges	<b>4.95</b>	<b>0.27</b>	<b>(4.68)</b>	<b>29.62</b>	<b>17.10</b>	<b>(12.52)</b>
Interest on Working Capital	1.10	2.47	1.37	5.64	8.89	3.25
Depreciation	7.50	6.15	(1.35)	41.58	55.18	13.60
Net Prior Period Charges	-	-	-	-	6.63	6.63
Total Cost	<b>25.20</b>	<b>42.82</b>	<b>17.62</b>	<b>129.87</b>	<b>159.74</b>	<b>29.87</b>
Add: Return on Equity	5.38	17.55	12.17	29.81	150.70	120.89
Less: Non-Tariff income	1.04	1.98	0.94	4.69	5.89	1.20
Net Aggregate Revenue Requirement	<b>29.54</b>	<b>58.39</b>	<b>28.85</b>	<b>154.99</b>	<b>304.55</b>	<b>149.56</b>

### Revenue Gap/ (Surplus):

3.4 The year wise revenue gap based on the trued-up ARR and actual revenue realized by JUSNL for FY 2013-2014 (6th Jan – 31st Mar) to FY 2014-2015 has been tabulated below:

Table 6: Sharing of Gains and Losses as submitted by the Petitioner (Rs. Cr)

Particulars	FY 2013-14			FY 2014-15		
	Approved	Actual	Gain/Loss	Approved	Actual	Gain/Loss
ARR	<b>29.54</b>	<b>58.39</b>	<b>(28.85)</b>	<b>154.99</b>	<b>304.55</b>	<b>(149.56)</b>
Revenue at Existing Tariff	32.91	31.40	1.51	133.34	138.53	(5.19)
Gap (surplus)	<b>(3.37)</b>	<b>26.99</b>	<b>(30.36)</b>	<b>34.7</b>	<b>166.02</b>	<b>(131.32)</b>

### Cumulative Revenue Gap/ (surplus):

3.5 The cumulative revenue gap as submitted by JUSNL for FY 2013-14 (6<sup>th</sup> Jan – 31<sup>st</sup> Mar) to FY 2014-15 has been tabulated below:

Table 7: Revenue Gap along with carrying cost as submitted by the Petitioner (Rs Cr.)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Opening balance of Revenue Gap	0	32.55	178.36	204.67
Addition of Revenue Gap after truing up	30.36	131.32	0	0
Closing balance of Revenue Gap	30.36	163.87	178.36	204.67
SBI PLR Rate	14.45%	14.75%	14.75%	14.05%
Carrying Cost on Revenue Gap	2.19	14.49	26.31	28.75
Total Revenue Gap including carrying cost	32.55	178.36	204.67	233.42
Cumulative Revenue gap				<b>233.42</b>

#### **A4: PUBLIC CONSULTATION PROCESS**

- 4.1 The Petition evoked response from several consumers. Public hearing was held at Ranchi to ensure maximum public participation wherein stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached in **Annexure I**.
- 4.2 In course of the public hearing, the Commission also allowed persons/ representatives of entities who had not submitted prior written representations but attended the public hearings to express their views, in person, regarding the Petition filed by the Petitioner and also about ways and means to improve the services rendered by the Petitioner.
- 4.3 The comments and suggestion of the members of the public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder:

#### **Interest on Loan**

##### *Public Comments/Suggestions*

- 4.4 Various stakeholders in the public hearing pointed out that JUSNL has taken loan at very high rate of interest of 13% from the State Government and requested the Hon'ble Commission to direct the Petitioner to re-structure the loan.

##### *Petitioner's Response*

- 4.5 The Petitioner submitted that it had negotiated with NABARD and PFC to secure funding for its capital expenditure but these negotiations were not fruitful. The Petitioner had to rely on the support of the State Government which issued the funding with 13% interest. The petitioner stated that it will take up the issue of rate of interest with the State Government.

##### *Views of the Commission*

- 4.6 The Commission noted that the loan taken by the Petitioner at 13% is high. The Petitioner being a State Government entity should have negotiated for a lower rate of interest or should have explored possibilities with other institutions. The Commission reiterated that in its MYT order dated 24<sup>th</sup> February, 2018, the Petitioner was directed to make all efforts to re-finance the loan for DVC area schemes. The Petitioner was also directed to submit list of steps it has taken to refinance such scheme with the list of banks/ financial institutions it has approached to refinance these schemes and submit such details within two months from the issue of the MYT order.

- 4.7 The Commission observes that the Petitioner has not complied with the directive of the Commission. The Commission re-directs the petitioner to submit such details within two months from the date of this order and the reason for not complying with earlier directive of the Commission. Also, the Petitioner should take up the issue with the State Government and work towards converting the funding towards a grant.

### **Public Private Partnership (PPP) projects**

#### *Public Comments/Suggestions*

- 4.8 JUSCO in the public hearing enquired about the costing of PPP projects and how the PPP projects are shortlisted.

#### *Petitioner response*

- 4.9 The Petitioner submitted that the mode of execution has been decided based on planning.

#### *Views of the Commission*

- 4.10 The Commission enquired whether the projects selected under PPPs are based on planning by JUSNL as a State Transmission Utility (STU) or planning based on Distribution Licensees requirement. The Commission also directed the petitioner to understand its role as a STU in planning of the state transmission network and carry out planning by involving all stakeholders.



## A5: TRUE-UP FOR FY 2013-14 (6<sup>TH</sup> JAN'14 TO 31<sup>ST</sup> MAR'14) TO FY 2014-15

### Gross Fixed Asset (GFA) & CWIP

#### *Petitioner's Submission*

- 5.1 The Petitioner submitted that the capex schedule for FY 2013-14 and FY 2014-15 has been prepared as per audited annual accounts and final transfer scheme.
- 5.2 The details of Capital Expenditure, Capitalization as submitted by the Petitioner has been summarized below in the following table:

**Table 8: CWIP Capital Expenditure and Capitalization as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved (Dec'15)	Actual	Approved (Dec'15)	Actual
Opening CWIP	209.14	482.01	472.28	484.55
Capital Expenditure during the year	263.14	3.94	346.74	401.2
Less: Asset Capitalized	-	1.40	289.42	557.17
<b>Closing CWIP</b>	<b>472.28</b>	<b>484.55</b>	<b>529.6</b>	<b>328.58</b>

- 5.3 The Petitioner submitted that the GFA schedule for FY 2013-14 and FY 2014-15 has been prepared as per audited annual accounts and final transfer scheme.

**Table 9: Gross and Net Fixed Assets as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved (Dec'15)	Actual	Approved (Dec'15)	Actual
Opening Gross Fixed Assets (GFA)	496.42	507.97	496.42	509.16
Addition in GFA	-	1.40*	289.42	557.17
Closing GFA	496.42	509.37	785.84	1066.33
Less Accumulated Depreciation	200.17	193.84	241.75	342.83
<b>Net Fixed Assets (NFA)</b>	<b>296.25</b>	<b>315.53</b>	<b>544.09</b>	<b>723.5</b>

#### *Commission's Analysis*

- 5.4 The Petitioner has considered the actual capital expenditure and capitalisation that it has incurred in the books of accounts for truing up of expenses for FY 2013-14 and FY 2014-15.

- 5.5 In the previous order dated 14<sup>th</sup> December 2015 for the review of ARR for FY 2013-14 (6<sup>th</sup> January 2014 to 31<sup>st</sup> March 2014) and FY 2014-15, the Commission had provisionally approved the capital expenditure and capitalisation details in the absence of audited accounts, due to non-submission of scheme-wise details of actual capital expenditure and capitalisation for FY 2013-14 and FY 2014-15 and non-submission of DPRs of the schemes to be undertaken and details of funding secured for the execution of the schemes.
- 5.6 In the present Petition also, the Commission had again directed the petitioner to submit scheme wise capitalization and capital expenditure for FY 2013-14 and FY 2014-15.
- 5.7 The Petitioner initially had submitted Rs. 557.17 Crore as capitalization for FY 2014-15 but after Commission's directive to submit asset wise capitalization, the Petitioner submitted Capitalization details of assets vide letter 313 dated 15<sup>th</sup> October, 2018 and letter 349 dated 21<sup>st</sup> November, 2018. The Commission has reviewed the schemes submitted and observed that most of the schemes were commissioned priorly in the period from 2009 to 2013. The schemes were capitalised in FY 2014-15 and are being submitted now to the Commission. The Commission has also observed that the Petitioner has not taken any approval of business plan for the period concerned. In view of the same, the Commission is of the opinion that all the schemes which have been submitted for capitalisation and schemes wherein expenditure has been incurred in the true-up period were not part of any planning exercise and prior approval of the Commission which were supposed to have been undertaken. In view of the same, the Commission has not allowed the capital expenditure and capitalisation submitted by the Petitioner for the period FY 2013-14 (6<sup>th</sup> Jan – 31<sup>st</sup> Mar) to FY 2014-15. The Petitioner should approach the State Government for converting any previous loans taken to undertake the submitted schemes into a grant.
- 5.8 JUSNL vide letter no. 110 dated 10<sup>th</sup> December, 2018 has also requested the State Government to notify JUSNL as an STU. Post the notification of STU, the Petitioner is directed to undertake planning in co-ordination with STU for the State of Jharkhand as a whole as per the Regulations and plan capital expenditure schemes to support the network growth and augmentation in the State. The capital expenditure schemes to be submitted for JUSNL for subsequent periods should be a post planning by STU and with prior approval of the Commission.
- 5.9 The Commission has approved the GFA for the respective years based on the audited accounts and transfer scheme submitted by the Petitioner.

**Table 10: CWIP as approved by the Commission (Rs. Cr.)**

Particulars	FY 2013-14	FY 2014-15
Opening CWIP	482.01	482.01
Capital Expenditure during the year	0.00	0.00
Less: Asset Capitalized	0.00	0.00
<b>Closing CWIP</b>	<b>482.01</b>	<b>482.01</b>

**Table 11: GFA as approved by the Commission (Rs. Cr.)**

Particulars	FY 2013-14	FY 2014-15
Opening Gross Fixed Assets (GFA)	507.98	507.98
Addition in GFA	0.00	0.00
<b>Closing GFA</b>	<b>507.98</b>	<b>507.98</b>

## Operation and Maintenance (O&M) Expenses

### *Petitioner's Submission*

- 5.10 The Petitioner submitted that employee expenses comprise of salaries of the staff, payments related to surrender leave, various medical allowances and other allowances.
- 5.11 The Petitioner submitted that an increase in employee cost mainly on account of increase in number of employees due to inclusion of some non- technical staffs from the JUVNL (holding company) to JUSNL (transmission utility), increase in Dearness Allowance by 10%. The petitioner submitted that the reason for increase in employee cost are uncontrollable in nature and it is therefore claiming the entire deviation from the approved numbers in the truing up exercise.
- 5.12 The Petitioner submitted that A&G expenses for FY 2013-14 and FY 2014-15 is inline with the expenses approved by the Hon'ble Commission
- 5.13 The Petitioner submitted that R&M expenses for FY 2013-14 and FY 2014-15 are of Rs. 20.12 Cr and Rs 28.35 Cr. respectively. These expenses includes not only labour cost but also includes procurement cost of materials necessary for repairs.
- 5.14 The summary of O&M expenses for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and FY 2014-15 is given in the table below:

**Table 12: Summary of O&M expenses as submitted by the Petitioner (Rs. Cr.)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
<b>Employee expenses</b>	<b>7.34</b>	<b>12.33</b>	<b>33.92</b>	<b>38.01</b>

A&G expenses	1.62	1.48	7.54	5.58
R&M expenses	2.69	20.12	11.57	28.35
<b>Total O&amp;M charges</b>	<b>11.65</b>	<b>33.93</b>	<b>53.03</b>	<b>71.94</b>

*Commission's analysis*

**Employee Cost**

- 5.15 The Commission in its earlier Order dated December'15 had approved the employee cost provisionally subject to true-up by increasing the actual employee cost (excluding the amount of arrears paid out on account of wage arrears and terminal benefits) for FY 2012-13 by weighted average inflation rate of 8.64%.
- 5.16 The Petitioner has now made available the audited annual accounts for the Company Period. Accordingly, the Commission has now approved the actual employee cost and terminal benefits for the period FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and FY 2014-15 as per the audited annual accounts for respective years.
- 5.17 The details of the employee cost as approved by the Commission for the Company period has been tabulated below:

**Table 13: Details of the Employee cost as approved by the Commission (Rs Cr.)**

Particulars	FY 2013-14	FY 2014-15
Employee expenses	11.68	35.26
Terminal Benefits	0.65	2.75
<b>Total Employee expenses</b>	<b>12.33</b>	<b>38.01</b>

**Administrative & General cost**

- 5.18 The Commission in its earlier Order had provisionally approved the A&G cost, in line with the methodology adopted for the approval of employee expenses
- 5.19 The Commission has now approved the actual A&G cost for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and FY 2014-15 as per the audited annual accounts for respective years.
- 5.20 The details of the A&G cost as approved by the Commission for the Company period has been tabulated below:

**Table 14: A&G cost as approved by the Commission (Rs. Cr.)**

Particulars	FY 2013-14	FY 2014-15
A&G expenses	1.48	5.58

## Repair & Maintenance cost

- 5.21 The Petitioner has submitted R&M expenses for 3 months of FY 2013-14 as Rs 20.12 Cr. while for FY 2014-15 it corresponds to Rs 28.35 Cr.
- 5.22 The Statutory auditor of the petitioner in its statutory audit report has noted that there has been abnormal increase in R&M expenses from 1<sup>st</sup> notification and 2<sup>nd</sup> notification in JSEB accounts.
- 5.23 The Commission in its ARR review order dated December 14, 2015 had approved K factor for calculating R&M as 2.33%. The Commission is thus approving K factor of 2.33% for FY 2013-14 and FY 2014-15 as approved by it in its revised MYT order.
- 5.24 The Commission has now approved the actual R&M expenses of the JUSNL for FY 2013-14 (6th Jan'14 to 31st Mar'14) and FY 2014-15 as per the audited annual accounts for respective years.

**Table 15: R&M cost as approved by the Commission (Rs. Cr.)**

Particulars	FY 2013-14	FY 2014-15
R&M expenses	2.76	11.84

- 5.25 Accordingly, the O&M cost submitted by the Petitioner and approved by the Commission is summarized in the following table:

**Table 16: O&M cost as approved by the Commission (Rs Cr)**

Particulars	FY 2013-14	FY 2014-15
Employee expenses	11.68	35.26
Terminal Benefits	0.65	2.75
A&G expenses	1.48	5.58
R&M expenses	2.76	11.84
<b>Total Operations and Maintenance Cost</b>	<b>16.57</b>	<b>55.43</b>

## Depreciation

### *Petitioner's Submission*

- 5.26 The Petitioner submitted that it has determined depreciation in its annual accounts based on provisions of JSERC Transmission Tariff Regulations, 2010.
- 5.27 The summary of Depreciation for FY 2013-14 (6<sup>th</sup> Jan'14 to 31<sup>st</sup> Mar'14) and FY 2014-15 is given in the table below:

**Table 17: Depreciation expense as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Depreciation	7.5	6.15	41.58	55.18

*Commission's Analysis*

- 5.28 The Commission has calculated asset wise depreciation based on opening GFA and addition during the year based on audited accounts and additional submission made by the petitioner.
- 5.29 The depreciation rates for the various asset classes have been considered as per the JSERC Transmission Tariff Regulations, 2010
- 5.30 The depreciation as approved by the Commission is summarised in the following table:

**Table 18: Depreciation as approved by the Commission (Rs Cr)**

Particulars	FY 2013-14	FY 2014-15
Depreciation	8.25	35.47

**Interest & Finance charges**

*Petitioner's submission*

- 5.31 The Petitioner submitted that as per the final transfer scheme all the liabilities were taken over by the State Government and clean balance sheet were notified to individual Companies.
- 5.32 The Interest on loan for the FY 2013-14 (from 6<sup>th</sup> January 2013 to 31<sup>st</sup> March 2014) and FY 2014-15 has been calculated based on the outstanding loan balance and the applicable interest rate. The Interest on Loan expense is summarized in the table below:

**Table 19: Interest & Finance charges as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Interest on Loan	4.95	0.27	29.62	17.1

*Commission's analysis*

- 5.33 The Commission has calculated interest on loan as per JSERC Transmission Tariff Regulations, 2010

- 5.34 The Commission has considered opening balance of normative loan as 70% of opening GFA as per audited accounts and Transfer scheme for FY 2013-14.
- 5.35 The repayment for the year has been deemed to be equal to the depreciation allowed for that year in accordance with the JSERC Transmission Tariff Regulations, 2010
- 5.36 Without actual loan portfolio the Commission is approving rate of interest of 13% as approved by it in provisional tariff order dated December 14, 2015. The Petitioner has also reiterated in the present petition that loans have been taken from Government of Jharkhand at an interest rate of 13%.

**Table 20: Interest & finance Charges as approved by the Commission (Rs. Cr.)**

Particulars (Rs. Cr.)	FY 2013-14	FY 2014-15
Opening Balance of Loan	167.90	159.65
Additions during the year	0.00	0.00
Repayments during the year	8.25	35.47
Closing Balance of Loan	159.65	124.18
Average Loan balance	<b>163.77</b>	<b>141.91</b>
Weighted Average Interest Rate	13%	13%
Interest on Loan	<b>4.96</b>	<b>18.45</b>

- 5.37 Further, as per the JSERC Transmission Tariff Regulations, 2010:

*“7.22 The Transmission 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 refinancing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and the Transmission Licensee, in the ratio of 2:1.”*

- 5.38 The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the rates currently prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes.

## Interest on Working Capital

### *Petitioner's Submission*

5.39 The Petitioner has submitted that the JSERC Transmission Tariff Regulations, 2010 has been considered for calculating interest on working capital. Petitioner submits that the interest rate on working capital of 14.45% is considered for the purpose of the interest calculations. The Interest on working capital is summarized in the table below:

**Table 21: Interest on Working capital as submitted by the petitioner for FY 2013-14 (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
O&M Expenses for one Month	4.17	11.82	4.42	6.00
15% of O&M expense as Maintenance Spares	7.51	21.28	7.95	10.79
2 months receivables of Annual Fixed Charges	21.14	40.26	25.81	43.47
Total Working Capital	32.82	73.36	38.19	60.27
Interest on Working Capital (%)	14.45%	14.45%	14.75%	14.75%
Interest on Working Capital	4.74	10.6	5.64	8.89
Interest on Working Capital for Company Period	<b>1.10</b>	<b>2.47</b>	<b>5.64</b>	<b>8.89</b>

### *Commission's Analysis*

5.40 The Commission has considered the interest on working capital as per the norms specified in the JSERC Transmission Tariff Regulations, 2010.

5.41 As per JSERC Transmission Tariff Regulations, 2010, the working capital requirements shall be determined as per the following norms:-

- Operation & Maintenance expenses for one month
- Maintenance spares @ 15% of operation and maintenance expenses
- Receivables equivalent to two months of transmission charges

5.42 Rate of interest on working capital has been considered to be equal to the Prime lending rate of SBI as applicable on the 1<sup>st</sup> April of the relevant financial year.

5.43 The interest on working capital as computed by the Commission is summarized in the following table:

**Table 22: Interest on Working Capital as approved by the Commission (Rs Cr)**

Particulars	FY 2013-14	FY 2014-15
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O&M Expenses for one Month	5.93	4.62
15% of O&M expense as Maintenance Spares	10.67	8.31
2 months receivables of Annual Fixed Charges	24.45	22.60
Total Working Capital	41.05	35.53
Interest on Working Capital (%)	14.45%	14.75%
Interest on Working Capital	5.93	5.24
Interest on Working Capital for Company Period	<b>1.38</b>	<b>5.24</b>

## Return on Equity

### *Petitioner's Submission*

- 5.44 The Petitioner has submitted that Return on Equity is calculated based on the provisions prescribed above in the JSERC Transmission Tariff Regulations, 2010. The equity additions during the year is considered as Rs. 972.29 Crore which is as per the final transfer scheme notification by the State Government.
- 5.45 The Petitioner in its submission has calculated Return on equity on Average equity balance during the year with post tax return of 15.5%. Accordingly, Return on Equity is as follows:

**Table 23: Return on equity as submitted by the Petitioner (Rs. Cr)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Opening Balance of Equity	148.93	-	148.93	972.29
Additions during the year	0.00	972.29	86.83	0
Closing Balance of Equity	148.93	972.29	235.75	972.29
Return On Equity for company period @ 15.5%	<b>5.38</b>	<b>17.55</b>	<b>29.81</b>	<b>150.70</b>

### *Commission's Analysis*

- 5.46 Commission has calculated Return on Equity as per JSERC Transmission Tariff Regulations, 2010.
- 5.47 The Commission has considered opening balance of normative Equity as 30% of opening GFA as per audited accounts and Transfer scheme for FY 2013-14.
- 5.48 The rate of return on equity has been considered at 15.50% as per clause 7.12 of the JSERC Transmission Tariff Regulations, 2010.

- 5.49 The return on normative equity as approved by the Commission for FY 2013-14 and FY 2014-15 is summarized in the following table:

**Table 24: Approved Return on equity as approved by the Commission (Rs. Cr)**

Particulars	FY 2013-14	FY 2014-15
Opening Balance of Equity	152.39	152.39
Additions during the year	0.00	0.00
Closing Balance of Equity	152.39	152.39
Average Equity Balance	152.39	152.39
Return on Equity @ 15.50%	<b>23.62</b>	<b>23.62</b>
Applicable Return on Equity	<b>5.50</b>	<b>23.62</b>

### Non-Tariff Income (NTI)

#### *Petitioner's Submission*

- 5.50 The details of the Non-tariff income for FY 2013-14 and FY 2014-15 are as follows:

**Table 25: Non-Tariff Income as submitted by the Petitioner for FY 2013-14 (Rs. Cr.)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Non-Tariff Income	<b>1.04</b>	<b>1.98</b>	<b>4.69</b>	<b>5.89</b>

#### *Commission's Analysis*

- 5.51 The Commission has approved the Non-Tariff income as per audited accounts and audit report of Comptroller and Auditor General of India (CAG) for the respective years.
- 5.52 The Commission notes that the petitioner has not included supervision charge of Rs. 50.85 Lakh earned by Transmission circle, Ranchi. The Commission has thus included this income in Non-tariff Income for FY 2013-14.
- 5.53 The Commission notes that the petitioner has not included supervision charge of Rs. 1.86 Cr. earned by Transmission Zone, Jamshedpur. The Commission has thus included this income in Non-tariff Income for FY 2014-15.
- 5.54 Accordingly, the non-tariff income approved by the Commission for FY 2013-14 and FY 2014-15 is summarized in the following table:

**Table 26: Non-tariff income as approved by the Commission (Rs Cr)**

Particulars	FY 2013-14	FY 2014-15
Non-Tariff Income	<b>2.49</b>	<b>7.75</b>

## Prior Period Expenses

### *Petitioner's Submission*

5.55 The Petitioner has submitted that it has incurred prior period expenses of Rs. 6.63 Crores as per its books of accounts for FY 2014-15 and is presented below

**Table 27: Prior period expenses as submitted by the Petitioner (Rs. Cr.)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Prior period expenses	-	-	-	6.63

### *Commission's Analysis*

5.56 The Commission had directed the petitioner to submit age wise breakup of prior period expenses.

5.57 The petitioner submitted that it has not maintained age wise breakup of prior period expenses since it is a newly formed company.

5.58 Since the petitioner has not given any breakup of prior period expenses with year in which these expenses were incurred, the Commission disallows prior period expenses of Rs 6.63 Cr for FY 2014-15.

5.59 Based on prudence check and comments made by Comptroller and Auditor General of India (CAG) on accounts of FY 2014-15 the Commission approves prior period expenses of Rs 2 Crore and Rs. 3.12 Crore on account of understatement of prior period preliminary expenses and Non Capitalization of expense in Dumka circle respectively.

## Revenue from Existing Tariff

### *Petitioner's Submission*

5.60 The Petitioner has submitted that Revenue from Existing tariff is as per its books of accounts for FY 2013-14 and 2014-15 and is summarized below:

**Table 28: Revenue from Existing tariff as submitted by the Petitioner (Rs. Cr.)**

Particulars	FY 2013-14		FY 2014-15	
	Approved	Actual	Approved	Actual
Revenue at Existing Tariff	32.91	31.40	133.34	138.53

*Commission's Analysis*

5.61 The Commission has approved Revenue from Existing tariff as per audited accounts FY 2013-14 and 2014-15 and is summarized below:

**Table 29: Revenue from Existing tariff as Approved by the Commission (Rs. Cr.)**

Particulars	FY 2013-14	FY 2014-15
Revenue at Existing Tariff	31.40	138.53

**Summary of ARR for FY 2013-14 (6th Jan'14 to 31st Mar'14) and FY 2014-15**

5.62 The following table contains a summary of ARR for FY 2013-14 (6th Jan'14 to 31st Mar'14) as submitted by the Petitioner:

**Table 30: Aggregate Revenue Requirement as submitted by the Petitioner (Rs Cr)**

Particulars	Approved	Actual	Approved	Actual
Employee Cost	6.45	11.68	30.08	35.26
Administrative and General Cost	1.62	1.48	7.54	5.58
Repairs and Maintenance Cost	2.69	20.12	11.57	28.35
Total Operations and Maintenance Cost	11.65	33.93	53.03	71.94
Interest and Finance Charges	4.95	0.27	29.62	17.10
Interest on Working Capital	1.10	2.47	5.64	8.89
Depreciation	7.50	6.15	41.58	55.18
Prior Period Expenses	-	-	-	6.63
Total Cost	24.31	42.17	126.03	156.99
Add: Return on Equity	5.38	17.55	29.81	150.70
Less: Non-Tariff income	1.04	1.98	4.69	5.89
<b>Aggregate Revenue Requirement</b>	29.54	58.39	154.99	304.55
Revenue at Existing Tariff	32.91	31.40	133.34	138.53
<b>Gap (surplus)</b>	<b>(3.37)</b>	<b>26.99</b>	<b>21.65</b>	<b>166.02</b>

5.63 The following table contains a summary of ARR for FY 2013-14 and FY 2014-15 as approved by the Commission:

**Table 31: Aggregate Revenue Requirement as approved by the Commission (Rs Cr)**

Particulars (Rs. Cr.)	FY 2013-14	FY 2014-15
<i>Employee Cost</i>	12.33	38.01

<i>Administrative and General Cost</i>	1.48	5.58
<i>Repairs and Maintenance Cost</i>	2.76	11.84
Operation & Maintenance Expenses	16.57	55.43
Depreciation Expenses	8.25	35.47
Interest and Finance Charges	4.96	18.45
Interest on Working Capital	1.38	5.24
Return on Equity	5.50	23.62
Prior Period expenses	-	5.12
<b>Aggregate Revenue Requirement</b>	<b>36.66</b>	<b>143.32</b>
Less: Non-Tariff Income	2.49	7.75
<b>Net Aggregate Revenue Requirement</b>	<b>34.17</b>	<b>135.57</b>
Revenue at Existing Tariff	31.40	138.53
<b>Revenue Gap/ (Surplus)</b>	<b>2.77</b>	<b>(2.96)</b>

### Revenue Gap/ Surplus for FY 2013-14 (6th Jan'14 to 31st Mar'14) and FY 2014-15

#### *Petitioner's Submission*

5.64 The cumulative revenue gap as submitted by the Petitioner for the Company period has been tabulated below:

**Table 32: Revenue Gap as submitted by the Petitioner**

Particulars	Approved	Actual	Approved	Actual
Net Aggregate Revenue Requirement	29.54	58.39	154.99	304.55
Revenue at Existing Tariff	32.91	31.40	133.34	138.53
<b>Gap (surplus) during the year</b>	<b>(3.37)</b>	<b>26.99</b>	<b>21.65</b>	<b>166.02</b>

**Table 33: Cumulative Revenue Gap as submitted by the Petitioner**

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17
Opening balance of Revenue Gap	0	32.55	178.36	204.67
Addition of Revenue Gap after truing up	30.36	131.32	0	0
Closing balance of Revenue Gap	30.36	163.87	178.36	204.67

SBI PLR Rate	14.45%	14.75%	14.75%	14.05%
Carrying Cost on Revenue Gap	2.19	14.49	26.31	28.75
Total Revenue Gap including carrying cost	32.55	178.36	204.67	233.42
<b>Cumulative Revenue gap</b>				<b>233.42</b>

*Commission's Analysis*

5.65 Based on the approved ARR and revenue realized from sales, the Commission has determined the revenue gap for each year of the Company period as tabulated below:

**Table 34: Revenue Gap/Surplus as approved by the Commission**

Particulars (Rs. Cr.)	FY 2013-14	FY 2014-15
Net Aggregate Revenue Requirement	34.17	135.57
Revenue at Existing Tariff	31.40	138.53
<b>Revenue Gap (surplus)</b>	<b>2.77</b>	<b>(2.96)</b>

5.66 The Commission while computing the cumulative revenue gap/ (surplus) of the company period has considered the opening gap/ (surplus) to be nil.

5.67 The Petitioner has not submitted the Petition as per the timelines given in the Regulations. Hence as per Clause 6.29 and 6.20 of JSERC Transmission Tariff Regulations, 2010, the Petitioner is not eligible for carrying cost on the under-recovery for the year FY 2013-14.

*“6.19 If the Tariff already recovered is more than the Tariff determined after true up, the Transmission Licensee shall refund to the Long-term transmission Beneficiaries the excess amount so recovered along with simple interest at the rate equal to short term prime lending rate of State Bank of India as on 1st April of the respective year/ years.*

*6.20 Similarly, in case the Tariff already recovered is less than the Tariff determined after true up, the Transmission Licensee shall recover from the Long-term transmission Beneficiaries, the under recovered amount along with simple interest at the rate equal to short term prime lending rate of State Bank of India as on 1st April of the respective Year/ Years subject to adhering to the timelines specified by the Commission for filing of True-up Application. In case, it is found that the filing of True-up is delayed due to the reasons attributable to the Transmission Licensee, the under recovery shall not bear any interest..*

*6.21 The amount under-recovered or over-recovered, along with simple interest, shall be recovered or refunded by the Transmission Licensee, in six equal monthly instalments starting within three months from the date of the tariff order issued by the Commission after the truing up exercise.”*

5.68 For the year FY 2014-15, the Petitioner is liable to refund the excess amount recovered as per Clause 6.19 of the JSERC Transmission Tariff Regulations, 2010 along with simple interest at the rate equal to short term prime lending rate of SBI as on 1st April of the respective years. The carrying cost has been considered till the date of submission of the Petition by JUSNL.

5.69 The cumulative gap as approved by the Commission upto the date of submission of Petition :

**Table 35: Cumulative Revenue Gap as approved by the Commission**

Particulars (Rs. Cr.)	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Opening Revenue Gap as on 1st April	-	2.77	(0.41)	(0.47)	(0.54)
Revenue Gap / (Surplus) created during the Year	2.77	(2.96)	-	-	-
Closing Gap at end of the Year	2.77	(0.19)	(0.41)	(0.47)	(0.54)
Rate of Interest	14.45%	14.75%	14.75%	14.05%	13.85%
Carrying cost on opening balance	-	-	(0.06)	(0.07)	(0.04)
Carrying cost on gap during the year	-	(0.22)	-	-	-
<b>Total Gap/ (Surplus) including carrying cost</b>	<b>2.77</b>	<b>(0.41)</b>	<b>(0.47)</b>	<b>(0.54)</b>	<b>(0.58)</b>

### Recovery of Transmission Charges

5.70 The Commission observed that the Petitioner has not given Availability of the Transmission system to adjust ARR. Recovery of transmission charge will be as per JSERC Transmission Tariff Regulations, 2010 considering availability factor during the year as per Regulations. 8.3 to 8.8 below:

#### ***“Norms of operation***

*8.3 Normative Annual Transmission System Availability factor (NATSAF): for recovery of full transmission charges shall be as under:*

*AC system: 98.0% for the tariff period FY 2012 - 2016.*

#### *8.4 Auxiliary Energy Consumption in the sub-station*

*AC System: The charges for auxiliary energy consumption in the AC sub-station for the purpose of air-conditioning, lighting and consumption in other equipment shall be borne by the Transmission Licensee and included in the normative operation and maintenance expenses.*

#### ***Annual Transmission Service Charge***

*8.5 The Transmission Licensee shall be entitled to recover its Annual Transmission Service Charges (ATSC) from Beneficiaries as specified in clauses 8.6 to 8.15 of these Regulations.*

***Recovery of Fixed Charges***

*8.6 The fixed cost of the Transmission System shall be computed on annual basis, in accordance with norms contained in these Regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users.*

*8.7 The transmission charge (inclusive of incentive) payable for a calendar month for a Transmission System or part thereof shall be*

$$AFC \times (NDM / NDY) \times (TAFM / NATSAF)$$

*Where,*

*AFC = Annual fixed cost specified for the year, in Rupees;*

*NATSAF = Normative annual transmission availability factor, in per cent specified in clause 8.3 of these Regulations;*

*NDM = Number of days in the month;*

*NDY = Number of days in the year; and*

*TAFM = Transmission system availability factor for the month, in Percent, computed in accordance with Appendix –III to these Regulations.*

*8.8 The Transmission Licensee shall raise the bill for the transmission charge (inclusive of incentive) for a month based on its estimate of TAFM. Adjustments, if any, shall be made on the basis of the TAFM to be certified by the SLDC within 30 days from the last day of the relevant month.”*



## **DIRECTIVES**

### **Projects under PPP mode**

5.71 The Petitioner had submitted that projects under PPP mode shall be selected through tariff based competitive bidding and the tariff shall be recovered directly by the agency from JBVNL. The submission of the Petitioner is vague and ambiguous. The Petitioner has not mentioned whether the infrastructure to be built under the PPP mode would be built by the private player on behalf of JUSNL or whether it would be built on behalf of JBVNL. In case it is to be built on behalf of JUSNL, which is the transmission licensee and caters to consumers other than JBVNL such as Open Access consumers, Railways etc., then contention of the recovery of charges directly by the private party from JBVNL is erroneous. Moreover, JUSNL should independently assess the requirement of the infrastructure backed by detailed studies besides assessing the business model to be adopted for entering into a PPP arrangement. In case the infrastructure is to be built as per requirement of JBVNL, the Commission observes that there is no mention of such infrastructure (and consequent payment of transmission charges) in the business plan of JBVNL for the period FY 2016-17 to FY 2020-21. Moreover, the role of JUSNL in such a case is also not clear. Due to lack of clarity, the Commission directs the Petitioner to follow a standard and transparent process after due approval of the STU.

### **Re-financing of State Government Loans**

5.72 The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the rates currently prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding for schemes which may be developed for social cause. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes and efforts made with the State Government to convert the loans from them to a viability gap funding/ soft loan/grant/ equity.

### **True up petition for FY 2017-18**

5.73 The Commission directs the Petitioner to file True up Petition for FY 2017-18 in next two months from the issue of this order.

## **Data gaps**

5.74 The Commission directs the Petitioner to note the data deficiencies highlighted throughout the present petition and submit required details and certificates along with the next petition.

**This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 01<sup>st</sup> February, 2019.**

Date: 01<sup>st</sup> February, 2019

Place: Ranchi

**(R.N. Singh)**  
**MEMBER (T)**

**(Dr. Arbind Prasad)**  
**CHAIRPERSON**

## ANNEXURES

### Annexure-I: List of participating members of public in the public hearing

Sl. No.	Name S/Shri	Address / Organization if any
1	A. N. Choudhary	JUSCO
2	S. K. Singh	JUSNL
3	Karan Swar	EY, JUSNL
4	C. M. Sharma	CE (SLDC/ULDC) JUSNL
5	Amit Banerjee	GM (Finance)
6	Atul Kumar	Director (Project), JUSNL
7	Raj Kumar Agarwal	DGM, JUSNL
8	Shailesh Prakash	DGM (Operation), JUSNL
9	Avinash Alda	EEE, JUSNL
10	Niranjan Kumar	M.D., JUSNL
11	Deepak Kumar	JUSNL
12	Sunil Kumar Thakur	CE (C&R) JBVNL
13	Ajit Kumar	DGM (C&RA) Trans
14	Anirudh Kumar	AG (Audit)
15	Ranjeet Kumar Singh	Sr. Manager (JUSNL)
16	Lovely Choudhary	Manager (JUSNL)
17	Jyotish Pandey	Manager (JUSNL)
18	Akash Pandey	JUSNL
19	S. R. Singh	EEE, TVNL
20	S.K. Choudhary	ESE, TVNL
21	Ajay Kumar	ESE,/Transmission
22	M. K. Kalmal	GM Tr, Ranchi
23	Chandra Shekhar Kumar	EEE, Trans., Ranchi