

Jharkhand State Electricity Regulatory Commission



Order on
True-up for FY 2016-17 & FY 2017-18

for
Tata Steel Limited (TSL)

Ranchi
May 26, 2020



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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ACS/ACoS	Average Cost of Supply
APR	Annual Performance Review
APTEL	Appellate Tribunal for Electricity
ARR	Annual Revenue Requirement
CC	Consumer Contribution
CGRF	Consumer Grievance Redressal Forum
CSD	Consumer Security Deposit
CWIP	Capital Works In Progress
DVC	Damodar Valley Corporation
FPA	Fuel Purchase Adjustment
FY	Financial Year
GFA	Gross Fixed Assets
GoJ	Government of Jharkhand
HP	Horse Power
HT	High Tension
IAS	Irrigation and Agriculture Services
IEX	Indian Energy Exchange
IoWC	Interest on Working Capital
JSERC	Jharkhand State Electricity Regulatory Commission
kW	kilo Watt
kWh	kilo Watt hour
kVA	kilo Volt Ampere
kVAh	kilo Volt-Ampere hour
MD	Maximum Demand
MES	Military and Engineering Services
MOD	Merit Order Despatch
MoP	Ministry of Power
MU	Million Units
MW	Megawatt
NTI	Non-Tariff Income
O&M	Operation and Maintenance
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
REC	Renewable Energy Certificates
RPO	Renewable Purchase Obligation
RTS	Railway Traction Services
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SOP	Standard of Performance
SS	Streetlight Services
TSL	Tata Steel Limited



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BEFORE

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 06 of 2019

In the matter of:

Petition

for

True-up for FY 2016-17 and FY 2017-18

In the matter:

Tata Steel Limited (TSL),
Northern Town, Bistupur, Jamshedpur..... **Petitioner**

PRESENT

Dr. Arbind Prasad

Mr. R.N. Singh

Mr. P.K. Singh

Chairperson

Member (Engg.)

Member (Legal)

Order dated May 26, 2020

In this Petition, Tata Steel Limited (hereinafter referred to as TSL or the Petitioner) has prayed for Truing up for FY 2016-17 and FY 2017-18, Annual Performance Review for FY 2018-19 and ARR & Tariff for FY 2019-20.



A 1 INTRODUCTION

Jharkhand State Electricity Regulatory Commission

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the “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 had 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 got repealed and the functions of SERCs are now defined under Section 86 of the Act.
- 1.4 In accordance with Section 86 (1) of the 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



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- 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 has to also advise the State Government as per sub section 2 of Section 86 of the Act, 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 also guided by the National Tariff Policy as brought out by GoI in compliance to Section 3 of the Act. The objectives of the 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–Tata Steel Limited

- 1.8 Tata Steel Limited (hereinafter referred to as “TSL” or the “Petitioner”), formerly known as Tata Iron and Steel Company Limited (TISCO), is a company incorporated under the provisions of the Companies Act, 1956. It has been distributing electricity in Jamshedpur under the licence granted u/s 14 of the Electricity Act 2003.
- 1.9 The Petitioner has been distributing electricity in Jamshedpur township since 1923 through a sanction/licence granted u/s 28(1) of the erstwhile Indian Electricity Act, 1910. Post enactment of the EA, 2003, the Petitioner filed an application for a distribution licence for Jamshedpur township on December 24, 2003 u/s 15 of the Act. In the absence of the final regulations and in view of the provisions of Section 14, proviso one and Section 172(b) of the Act, JSERC vide order dated March 24, 2004 permitted Tata Steel to continue operating under the provisions of the repealed Act till the time regulations regarding the same were notified by the Commission.
- 1.10 After notification of the JSERC (Terms and Conditions for Distribution Tariff) Regulation, 2004, action for issue of licence for Jamshedpur town was initiated and subsequently the licence was issued to Tata Steel Limited (TSL) on January 12, 2006 w.e.f. March 24, 2004.
- 1.11 The area of the Petitioner is bounded as under:
- (a) **North:** River Subarnarekha
 - (b) **South:** Tracks of South Eastern Railways
 - (c) **East:** Eastern boundaries of Mouza, Jojobera and Nildhand.
 - (d) **West:** River Kharkai.

The Petitioner’s Prayers

- 1.12 The Petitioner in this Petition has prayed before the Commission to:
- Admit the Petition and examine the proposal submitted by the Petitioner in the enclosed petition for a favourable dispensation.



- Pass suitable orders with respect to its claim based on regulations and audited accounts for the True-up of ARR of Rs. 1,400.74 Crore for FY 2016-17 which is incurred by TSL for serving its consumers.
- Pass suitable orders with respect to its claim based on regulations and audited accounts for the True-up of ARR of Rs. 1,500.55 Crore for FY 2017-18 which is incurred by TSL for serving its consumers.
- Pass suitable orders with respect to its claim based on regulations and provisional performance (latest available unaudited) FY 2018-19 for ARR of Rs. 1,658.31 Crore for FY 2018-19;
- Pass suitable orders with respect to its claim based on regulations and revised Annual Revenue Requirement (ARR) for FY 2019-20 for Rs. 1,659.75 Crore;
- Pass suitable orders with respect to the Tariff Proposal submitted by the Petitioner;
- Condone the delay in filing this petition as this has happened due to our efforts to comply with the latest regulations and submit the petition along with the audited power accounts of FY 2017-18. The Petitioner reasoned that the Audited Power accounts of FY 2017-18 took more time as new statutory auditors also took relatively more time for checking and validation. It further submitted that the audited account was signed in May 2019, after which the petition was filed and requested the Commission to kindly condone this delay in filing and assured the Commission that such delay will not happen in future.
- Condone any inadvertent omissions/errors/shortcomings and permit TSL to add/change/modify/alter this filing and make further submissions as may be required at a future date;
- Pass such further, as the Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;

Scope of the Present Order

- 1.13 The Petitioner has filed Petition seeking True-up for FY 2016-17 & FY 2017-18, Annual Performance Review for FY 2018-19 and ARR & Tariff for FY 2019-20.
- 1.14 During the pendency of the above Petition, the Petitioner filed another Petition seeking Truing Up for FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21.
- 1.15 The Commission is of the view that since the Petitioner has filed separate petition seeking True up for FY 2018-19 and APR for FY 2019-20 there is no rationale to carry out APR



for FY 2018-19 and determining tariff for FY 2019-20. The Commission has therefore, in this Order, has carried out only the Truing up for FY 2016-17 and FY 2017-18.

1.16 While approving this Order, the Commission has taken into consideration:

- a) Material placed on record by the Petitioner
- 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 Distribution Tariff) Regulations, 2015 (hereinafter referred to as JSERC Distribution Tariff Regulations, 2015 or the Regulations);

1.17 Accordingly, the Commission has scrutinized the Petition in detail and hereby issues the Order on Truing-up for FY 2016-17 and FY 2017-18 for Tata Steel Limited.



A 2 PROCEDURAL HISTORY

Background

- 2.1 The Commission had issued the MYT Order for the Petitioner on June 4, 2014 for True up for FY 2011-12 and FY 2012-13, determination of ARR for MYT period FY 2013-14 to FY 2015-16 and tariff for FY 2013-14. The Petitioner filed review petition against the MYT Order dated June 4, 2014 for relief under the provisions of Section 94 (1) (f) of the Electricity Act 2003 and Regulation 36 (1) of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 on July 1, 2014. The Commission decided the matter under the review petition in its Order dated March 31, 2015.
- 2.2 Subsequently, the Petitioner filed the tariff petition for True-up for FY 2013-14, Annual Performance Review for FY 2014-15 and Revised ARR & Tariff Proposal for FY 2015-16 on November 10, 2014. The Commission issued the Tariff Order for approval of trueing up of FY 2013-14, Annual Performance Review for FY 2014-15 and Revised ARR & Tariff Proposal for FY 2015-16 on May 31, 2015.
- 2.3 The Petitioner filed the tariff petitions for True-Up for FY 2014-15 and Annual Performance Review for FY 2015-16 on January 1, 2016. Further, as per the provisions of the Distribution Tariff Regulations, 2015, the Petitioner also filed the Business Plan for MYT Control Period from FY 2016-17 to FY 2020-21 on July 12, 2016 and the petition for determination of ARR for Multi Year Tariff Period from FY 2016-17 to FY 2020-21 and Tariff Determination for FY 2016-17 on July 28, 2016. The Commission issued the Tariff Order in this regard on February 28, 2017.
- 2.4 The Petitioner filed the tariff petitions for True-Up for FY 2015-16, Annual Performance Review for FY 2016-17, ARR & Tariff Determination for FY 2017-18. The Commission issued the Tariff Order in this regard on May 18, 2018. The Petitioner filed review petition against the Order dated May 18, 2018 and the Commission decided the matter under review petition in its Order dated September 11, 2018.
- 2.5 The Petitioner has now filed the tariff petition for True-up for FY 2016-17 and FY 2017-18, Annual Performance Review for FY 2018-19, Annual Revenue Requirement and Tariff Determination for FY 2019-20.



Information Gaps in the Petition

- 2.6 As part of the Tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner that were communicated to the Petitioner vide Letter No. JSERC/Case (Tariff) No.: 06 of 2019/131 dated July 9, 2019.
- 2.7 The Petitioner submitted its response to the aforesaid letter and furnished additional data/information to the Commission vide letters no. PBD/584/10/59-T/2019 dated July 24, 2019, PBD/658/10/59-T/2019 dated August 24, 2019 and PBD/10/59-T/2019 dated September 2, 2019 and additional reply dated October 03, 2019.
- 2.8 The Commission has scrutinized the additional data/information and has considered the same while passing this Order. The Commission has examined the replies and supporting documents as supplied by the Petitioner on the discrepancies pointed out by the Commission.
- 2.9 In order to provide adequate opportunities to all stakeholders and general public, as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulation(s) framed by the Commission and in order to ensure transparency in the process of tariff determination, the Commission decided to hold public hearing in Jamshedpur.

Inviting Public Comments/Suggestions

- 2.10 The Commission directed the Petitioner to make available copies of the Petitions to the members of general public on request, and also issue a public notice inviting comments/suggestions on the Petition for approval of True-up for FY 2016-17 and FY 2017-18, Annual Performance Review for FY 2018-19 and Annual Revenue Requirement & Tariff Determination for FY 2019-20.
- 2.11 The aforesaid public notice was issued by the Petitioner in various newspapers and a period of twenty-one (21) days were given to the members of the general public for submitting their comments/suggestions.

Table 1: List of newspapers and dates of publication of public notice by TSL

Newspaper	Date of Publication
Prabhat Khabar	13.10.2019
Dainik Bhaskar	13.10.2019
Times of India	13.10.2019 & 14.10.2019
Telegraph	13.10.2019
Uditwani	13.10.2019



Newspaper	Date of Publication
Chamakta Aina	13.10.2019
Avenue Mail	13.10.2019
New Ispat Mail	13.10.2019
Hindustan	14.10.2019
Dainik Jagran	14.10.2019
Pioneer	14.10.2019

2.12 Subsequently, the Commission also issued a notice on its website www.jserc.org and various newspapers for conducting the public hearing on the Petition. The details of the newspapers publishing the notice by the Commission are as under:

Table 2: List of newspapers and dates of publication of public notice by the Commission

Newspaper	Date of Publication
Hindustan	25.12.2019
Dainik Jagran	25.12.2019
The Times of India	25.12.2019
Morning India	25.12.2019
Prabhat Khabar	15.01.2020
Dainik Bhaskar	15.01.2020
Morning India	15.01.2020
Pioneer	15.01.2020

Submission of Comments/Suggestions and Conduct of Public Hearing

2.13 The public hearing was held in Jamshedpur on January 17, 2020. 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 **Section A 4** of this Order.



A 3 BRIEF FACTS OF THE PETITION

True-up for FY 2016-17 and FY 2017-18

Energy Sales

3.1 The following table summarises the energy sales approved by the Commission in its Order dated May 18, 2018 wherein the Commission carried out APR of FY 2016-17 and revised ARR of FY 2017-18 vis-à-vis actual energy sales as submitted by the Petitioner.

Table 3: Sales as submitted by the Petitioner for FY 2016-17 and FY 2017-18 (MU)

Consumer Category	FY 2016-17		FY 2017-18	
	APR Order	Actual	ARR Order	Actual
Domestic	197.25	199.94	204.77	199.49
Domestic - DSHT	91.98	91.52	94.60	91.48
Commercial	64.26	65.32	67.18	66.52
Temporary Supply	2.34	1.79	2.34	1.78
High Tension I	29.71	29.37	30.85	28.11
High Tension II	111.83	111.83	114.02	108.96
High Tension III	1883.33	1883.33	1961.94	1913.35
High Tension IV	130.82	130.82	133.74	196.96
Utilities/Street Light	86.54	84.13	87.54	81.82
Sale to JUSCO	279.29	279.29	302.64	314.56
Total Sales	2877.34	2877.34	2999.62	3003.04

Energy Balance

3.2 The energy balance details as submitted by the Petitioner for FY 2016-17 and FY 2017-18 vis-a-vis as approved earlier by the Commission in its Order dated May 18, 2018 is provided in the table below:

Table 4: Energy Balance as submitted by the Petitioner for FY 2016-17 and FY 2017-18 (MU)

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Actual	ARR Order	Actual
Energy Requirement				
Sales to Other Licensee	279.29	279.29	302.64	314.56
Dist. Loss on Sales to Other Licensee (%)	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Other Licensee	0.00	0.00	0.00	0.00
Energy Req. for Sales to Other Licensee	279.29	279.29	302.64	314.56
Sales to Steel Works	130.82	130.82	133.15	196.96
Dist. Loss on Sales to Steel Works (%)	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Steel Works	0.00	0.00	0.00	0.00
Energy Req. for Sales to Steel Works	130.82	130.82	133.15	196.96



Particulars	FY 2016-17		FY 2017-18	
	APR Order	Actual	ARR Order	Actual
Sales to LT consumers	350.38	351.19	361.83	349.60
Sales to Other HT consumers	2116.84	2116.04	2201.40	2141.91
Total Sales to Other Consumers	2467.23	2467.23	2563.23	2491.51
Dist. Loss on Sales to Other Consumers (%)	3.54%	3.54%	4.06%	2.75%
Dist. Loss on Sales to Other Consumers	90.42	90.44	104.07	70.55
Energy Req. for Sales to Other Consumers	2557.65	2557.67	2667.30	2562.06
Overall Sales	2877.34	2877.34	2999.62	3003.04
Overall Distribution Loss (%)	3.05%	3.05%	3.35%	2.30%
Overall Distribution Loss	90.42	90.44	104.07	70.55
Total Energy Requirement	2967.77	2967.79	3103.69	3073.59
Energy Available				
TPCL (Unit II and Unit III)	1423.92	1423.92	1469.45	1475.76
Damodar Valley Corporation 132kV	308.07	308.09	394.09	404.28
Damodar Valley Corporation 400kV	1151.11	1151.11	1176.78	1047.05
TSW - Captive	76.51	76.52	23.77	17.76
RE	0.00	0.00	0.00	0.00
Open access/ other sources	8.15	8.15	128.93	128.73
Total Pooled Energy Availability	2967.77	2967.79	3193.02	3073.59

Aggregate Revenue Requirement

3.3 The Aggregate Revenue Requirement for the FY 2016-17 and FY 2017-18 as submitted by the Petitioner vis-a-vis that approved earlier by the Commission in its Order dated May 18, 2018 and Order dated September 11, 2018 is tabulated below:

Table 5: ARR as submitted by the Petitioner for FY 2016-17 and FY 2017-18 (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Actual	ARR Order	Actual
Power Purchase Cost	1227.67	1227.68	1265.55	1334.68
O&M Expenses	68.84	72.65	70.41	73.76
Depreciation	33.80	32.34	29.83	27.90
Interest and Finance Charges	34.97	34.55	28.51	36.93
<i>Interest on Loan</i>	<i>15.09</i>	<i>15.17</i>	<i>11.87</i>	<i>12.08</i>
<i>Interest on Consumer Security Deposit</i>	<i>1.26</i>	<i>1.26</i>	<i>1.85</i>	<i>2.03</i>
<i>Interest on Working Capital</i>	<i>18.62</i>	<i>18.11</i>	<i>14.80</i>	<i>22.81</i>
Return on Equity	21.83	33.39	22.18	33.87
Less: Non-Tariff Income	5.86	5.38	5.86	6.58
Add: Deferred Income Tax	-	5.51	-	-
Annual Revenue Requirement	1381.25	1400.74	1410.62	1500.55

3.4 Based on the ARR and revenue as per the Audited Accounts, the Petitioner has estimated the revenue gap for the FY 2016-17 and FY 2017-18 as summarized below:

**Table 6: Surplus as submitted by the Petitioner for FY 2016-17 & FY 2017-18 (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Actual	ARR Order	Actual
Annual Revenue Requirement	1381.25	1400.74	1410.62	1500.55
Revenue Billed	1528.09	1502.50	1872.52	1813.43
Gap/(Surplus) during FY	(146.83)	(101.76)	(461.90)	(312.88)
Impact of sharing of Gain/(loss) on O&M Expenses	-	(0.09)	-	0.17
Gap/(Surplus) after Sharing of Loss/Gain	(146.83)	(101.85)	(461.90)	(312.71)

Annual Performance Review for FY 2018-19

Sales

3.5 The following table summarises the energy sales approved by the Commission in its MYT Order dated February 28, 2017 vis-à-vis as submitted by the Petitioner.

Table 7: Sales submitted for FY 2018-19 (MU)

Consumer Category	FY 2018-19	
	MYT Order	Projected
Domestic	255.99	197.38
Domestic - DSHT	119.33	85.50
Commercial	76.37	71.24
Temporary Supply	2.00	2.44
High Tension I	39.20	2081.10
High Tension II	168.00	
High Tension III	2014.32	
High Tension IV	100.00	
Utilities/Street Light	89.00	89.11
Sale to JUSCO	337.95	408.39
Total Sales	3202.17	2935.16

Energy Balance

3.6 The energy balance details as submitted by the Petitioner for FY 2018-19 vis-a-vis that approved in the its MYT Order dated February 28, 2017 is provided in the table below:

Table 8: Energy Balance as submitted by the Petitioner for FY 2018-19 (MU)

Particulars	FY 2018-19	
	MYT Order	Projected
Energy Requirement		
Sales to Other Licensee	337.95	408.39
Dist. Losses on Sales to Other Licensee (%)	0.00%	0.00%
Distribution on Sales to Other Licensee	0.00	0.00
Energy Req. for Sales to Other Licensee	337.95	408.39
Sales to Steel Works	100.00	171.51
Dist. Losses on Sales to Steel Works (%)	0.00%	0.00%
Dist. Losses on Sales to Steel Works	0.00	0.00



Particulars	FY 2018-19	
	MYT Order	Projected
Energy Req. for Sales to Steel Works	100.00	171.51
Sales to LT consumers	423.36	360.16
Sales to Other HT consumers	2340.85	1995.09
Total Sales to Other Consumers	2764.22	2355.25
Dist. Losses on Sales to Other Consumers (%)	4.00%	2.50%
Dist. Losses on Sales to Other Consumers	115.18	58.88
Energy Req. for Sales to Other Consumers	2879.39	2414.13
Overall Sales	3202.17	2935.15
Overall Distribution Losses %	3.47%	1.97%
Overall Distribution Losses	115.18	58.88
Total Energy Requirement	3317.34	2994.03
Energy Available		
TPCL (Unit II and Unit III)	1608.34	1400.95
Damodar Valley Corporation 132kV	289.16	393.07
Damodar Valley Corporation 400kV	1399.85	1073.34
TSW - Captive	20.00	19.14
RE	0.00	0.00
Open access/ other sources	0.00	126.97
Total Pooled Energy Availability	3317.34	3013.47

Aggregate Revenue Requirement

3.7 The Aggregate Revenue Requirement for the FY 2018-19 as submitted by the Petitioner vis-a-vis that approved in the MYT Order for FY 2018-19 dated February 28, 2017 is tabulated below:

Table 9: ARR as submitted by the Petitioner for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19	
	MYT Order	Projected
Power Purchase Cost	1408.81	1489.98
O&M Expenses	71.79	78.55
Depreciation	32.08	28.30
Interest and Finance Charges	29.98	32.06
<i>Interest on Loan</i>	<i>10.93</i>	<i>9.22</i>
<i>Interest on Consumer Security Deposit</i>	<i>1.71</i>	<i>2.04</i>
<i>Interest on Working Capital</i>	<i>17.34</i>	<i>20.80</i>
Return on Equity	22.94	34.42
Less: Non-Tariff Income	5.86	5.00
Annual Revenue Requirement	1559.75	1658.31



3.8 Based on the Annual Revenue Requirement and revenue projected as per the existing Tariff, the Petitioner has estimated the revenue gap for the FY 2018-19 as summarized below:

Table 10: Gap/Surplus as submitted by the Petitioner for FY 2018-19 (Rs. Crore)

Particulars	FY 2018-19
	Projected
Annual Revenue Requirement	1658.31
Revenue Billed	1836.65
Gap/(Surplus) during FY	(178.34)

Annual Revenue Requirement and Tariff for FY 2019-20

Energy Sales

3.9 The following table summarised the energy sales as approved by the Commission in its MYT Order dated February 28, 2017 vis-a-vis that estimated now by the Petitioner for FY 2019-20:

Table 11: Sales submitted for FY 2019-20 (MU)

Consumer Category	FY 2019-20	
	MYT Order	Projected
Domestic	266.76	203.00
Domestic - DSHT	123.17	91.00
Commercial	77.69	73.00
Temporary Supply	2.00	2.44
High Tension I	41.17	2087.00
High Tension II	171.37	
High Tension III	2074.75	
High Tension IV	100.00	
Utilities/Street Light	88.00	89.00
Sale to JUSCO	337.95	413.15
Total Sales	3282.85	2958.59

Energy Balance

3.10 The energy balance as approved by the Commission in its MYT Order dated February 28, 2017 vis-a-vis that estimated now by the Petitioner for FY 2019-20 is provided in the table below:

Table 12: Energy Balance as submitted by the Petitioner for FY 2019-20 (MU)

Particulars	FY 2019-20	
	MYT Order	Projected
Energy Requirement		
Sales to Other Licensee	337.95	413.15



Particulars	FY 2019-20	
	MYT Order	Projected
Dist. Loss on Sales to Other Licensee (%)	0.00%	0.00%
Dist. Loss on Sales to Other Licensee	0.00	0.00
Energy Req. for Sales to Other Licensee	337.95	413.15
Sales to Steel Works	100.00	171.51
Dist. Loss on Sales to Steel Works (%)	0.00%	0.00%
Dist. Loss on Sales to Steel Works	0.00	0.00
Energy Req. for Sales to Steel Works	100.00	171.51
Sales to LT consumers	434.44	367.15
Sales to Other HT consumers	2410.45	2177.55
Total Sales to Other Consumers	2844.90	2373.19
Dist. Loss on Sales to Other Consumers (%)	4.00%	3.75%
Dist. Loss on Sales to Other Consumers	118.54	88.99
Energy Req. for Sales to Other Consumers	2963.43	2462.19
Overall Sales	3282.85	2957.85
Overall Distribution Loss (%)	3.48%	2.92%
Overall Distribution Loss	118.54	88.99
Total Energy Requirement	3401.38	3046.85
Energy Available		
TPCL (Unit II and Unit III)	1608.34	1416.48
Damodar Valley Corporation 132kV	373.20	397.43
Damodar Valley Corporation 400kV	1399.85	1085.24
TSW - Captive	20.00	19.35
RE	0.00	0.00
Open access/ other sources	0.00	128.38
Total Pooled Energy Availability	3401.38	3046.88

Aggregate Revenue Requirement

3.11 The Aggregate Revenue Requirement for the FY 2019-20 as approved by the Commission in its MYT Order dated February 28, 2017 vis-a-vis that estimated now by the Petitioner is tabulated below:

Table 13: ARR as submitted by the Petitioner for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	MYT Order	Projected
Power Purchase Cost	1464.11	1503.85



Particulars	FY 2019-20	
	MYT Order	Projected
O&M Expenses	75.23	75.23
Depreciation	33.62	33.62
Interest and Finance Charges	28.86	28.86
<i>Interest on Loan</i>	<i>9.08</i>	<i>9.08</i>
<i>Interest on Consumer Security Deposit</i>	<i>1.83</i>	<i>1.83</i>
<i>Interest on Working Capital</i>	<i>17.95</i>	<i>17.95</i>
Return on Equity	24.04	24.04
Less: Non-Tariff Income	5.86	5.86
Annual Revenue Requirement	1620.01	1659.75

3.12 Based on the projected Annual Revenue Requirement and estimated revenue for FY 2019-20, the Petitioner has estimated Surplus of Rs. 229.65 Crore as summarized below:

Table 14: Surplus at existing Tariff as submitted by the Petitioner for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20
	Projected
Annual Revenue Requirement	1659.75
Revenue Billed	1889.40
Gap/(Surplus) during FY	(229.65)

3.13 Based on the submissions, the Petitioner has estimated the cumulative revenue gap of Rs. 1001.53 Crore till FY 2019-20 at the existing tariff as summarized below:

Table 15: Cumulative Revenue Gap till FY 2019-20 at the existing tariff as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20
	Actual	Actual	Actual	Projected	Projected
Opening Gap/(Surplus)	1108.84	1269.38	1323.59	1157.77	1109.80
Gap/(Surplus) during FY	(2.81)	(101.76)	(312.88)	(178.34)	(229.65)
Rate of Carrying Cost (%)	14.75%	12.80%	12.60%	12.20%	12.20%
Carrying Cost on Opening Gap/(Surplus)	163.55	162.48	166.77	141.25	135.40
Carrying Cost on Gap/(Surplus) during FY	(0.21)	(6.51)	(19.71)	(10.88)	(14.01)
Closing Gap/(Surplus)	1269.38	1323.59	1157.77	1109.80	1001.53

3.14 The Petitioner has submitted that given the significant amount of revenue gap, the whole impact may not be possible to be passed on to consumers, by way of revision in retail tariffs, as it may lead to an inexorable tariff shock. Therefore, the Petitioner has proposed increase in fixed charges and energy charges to recover these cumulated losses in the next 3 to 4 years.



3.15 In order to cover the projected revenue gap for the Financial Year, the Petitioner has proposed revision in retail tariff for FY 2019-20 for various categories. The tariff schedule proposed by the Petitioner is summarised below.

Table 16: Tariff Schedule for FY 2019-20 as proposed by the Petitioner (Rs.)

Category/Sub-category	Existing Tariff		Proposed Tariff	
	Energy Charge (Rs.)	Fixed Charge (Rs.)	Energy Charge (Rs.)	Fixed Charge (Rs.)
Domestic (0-100 units)	2.60/kWh	13/Conn./Month	2.80/kWh	15/Conn./Month
Domestic (Above 100 units)	4.55/kWh	30/Conn./Month	4.85/kWh	35/Conn./Month
Domestic HT	4.20/kWh	40/kVA/Month	4.50/kWh	45/kVA/Month
Commercial	6.25/kWh	100/Conn./Month	6.70/kWh	105/Conn./Month
IAS	4.50/kWh	20/HP/Month	4.80/kWh	25/HP/Month
LTIS	5.00/kWh	100/kVA/Month	5.35/kWh	110/kVA/Month
HTIS	6.30/kWh	320/kVA/Month	6.75/kWh	340/kVA/Month
SS (Metered)	4.90/kWh	35/Conn./Month	5.25/kWh	40/Conn./Month
RTS/MES	6.00/kWh	350/kVA/Month	6.40/kWh	375/kVA/Month

3.16 The Petitioner has submitted that the proposed tariff schedule would yield revenue of Rs. 1921 Crore as against Rs. 1889 Crore at the existing tariff.

3.17 **The Commission as discussed in Section 1 of this Order has already stated that as the Petitioner has filed another Petition seeking True up for FY 2018-19, Annual Performance Review for FY 2019-20 and Annual Revenue Requirement and Tariff for FY 2020-21, the Commission is only carrying out truing-up for FY 2016-17 and FY 2017-18 in this Order.**



A 4 PUBLIC CONSULTATION PROCESS

- 4.1 The Petition filed by the Petitioner evoked response from several Stakeholders. The Public Hearing was held at Jamshedpur to ensure maximum public participation and transparency wherein stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as **Annexure-1** to this Order.
- 4.2 During the public hearing, the Commission also allowed persons/representatives of entities who had not submitted prior written representations but attended the public hearing 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:

O&M Expenses

Public Comments/Suggestions

- 4.4 The Stakeholder submitted that O&M Expense is controllable factor and hence it should not be re-visited at this stage. Further, each component of O&M Expense needs to be considered for calculation of gain or loss instead of cumulative comparison as proposed by the Petitioner.

Petitioner's Response

- 4.5 The Petitioner submitted that at the time of MYT Order, the Commission has not considered the impact of increase in consumer base/load growth. Hence, the Petitioner requested the Commission to consider the actual inflation factor and impact of consumer base/load growth while approving the O&M Expenses.
- 4.6 The Petitioner further submitted that operation and maintenance activities of the Licensee are either carried out by in-house resources or by outsourcing it to external contractors. In case it is carried out by internal resource it is booked under employee expenses however, if it outsourced then it is booked under R&M Expenses head. Considering the above facts, the Petitioner requested the Commission to consider the cumulative value of O&M Expenses for sharing of gain.



Views of the Commission

4.7 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission has considered each component of O&M Expenses along with actual inflation factor and impact of consumer base/load growth, if applicable while approving the O&M Expenses and sharing of gain/loss in accordance to JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015, if any.

Income Tax

Public Comments/Suggestions

4.8 The Stakeholder submitted that the Petitioner files combined income tax for the Tata Group. Hence, it is difficult to distinguish the share of Petitioner associated to power business. Further, only submission of income tax challans of Tata Group as single entity will not suffice the requirement. The Commission is requested to look into this matter.

Petitioner's Response

4.9 The Petitioner submitted that they are claiming the income tax as per regulations and methodology approved by the Commission in its earlier Orders.

Views of the Commission

4.10 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission has dealt with the issue in detail in Section 5 of this Order.

High Rebate to HT Consumer

Public Comments/ Suggestions

4.11 The Stakeholder submitted that the Petitioner proposes high rebate structure to HT Consumers which will mainly benefit their group company only. Hence, the Stakeholder requested the Commission to revisit such unjustified proposal and rationalise such rebate.

Petitioner's Response

4.12 The Petitioner submitted that the rebate and penalty structure approved by the Commission is applicable to each consumer falling under that category. So, there is no question of being biased. Further, the Petitioner submitted that the Stakeholder had placed its request before the Commission. The Commission may take an appropriate



decision which will be binding on the Petitioner and will be applicable to each consumer under such category.

Views of the Commission

4.13 The Commission has gone through the submissions of the Stakeholder and the Petitioner. As the Commission is only carrying out the trueing up for FY 2016-17 and FY 2017-18 hence the issue is not relevant to the current proceedings and shall take the above submissions in consideration while determining Tariff for FY 2020-21.

Tariff Philosophy

Public Comments/Suggestions

4.14 The Stakeholder stated that the methodology adopted by the Petitioner for calculation of fixed and variable part of Annual Revenue Requirement is illogical. The Petitioner has only considered the fuel component as variable and rest all the component as fixed part. The Stakeholder requested the Commission to reassess the fixed and variable component.

Petitioner's Response

4.15 The Petitioner submitted that in the long run all the costs are variable in nature. However, considering the expense on annual basis, various components like employee expenses, finance charge etc. are fixed in nature. Hence, considered only fuel component as variable charge.

Views of the Commission

4.16 The Commission has gone through the submissions of the Stakeholder and the Petitioner. Further, as the issue pertains to Tariff for FY 2019-20 hence the Commission doesn't find it relevant to the current proceedings and shall take the above submissions in consideration while determining Tariff for FY 2020-21.

High Tariff

Public Comments/Suggestions

4.17 The Stakeholder submitted that the Petitioner requested higher tariff even though it has surplus during the year.



Petitioner's Response

4.18 The Petitioner submitted that there is accumulated gap of Rs. 1269.38 Crore till FY 2015-16, due to which there is requirement of tariff hike to meet its expenses.

Views of the Commission

4.19 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission has determined the net Gap/Surplus for FY 2016-17 and FY 2017-18 after carrying out due prudence check and has reduced the same from the outstanding gap to determine net Gap/Surplus as on March 31, 2018.

kVA based billing for Domestic HT Consumer

Public Comments/ Suggestions

4.20 The Stakeholder submitted the present approved tariff structure, the Domestic HT Category consumers are billed on 100% of Sanctioned Load for fixed charge whereas other category for example i.e. LTIS is billed at 50% of Sanctioned load or actual demand whichever is higher. Similarly, HT consumers are billed for fixed charge either at 85% of Sanctioned load or actual load whichever is higher. The Stakeholder suggested approving the fixed charge on Connection based for Domestic HT Consumers.

Petitioner's Response

4.21 The Petitioner submitted to retain the kVA based billing for Domestic HT consumer. In Connection based billing, there will be no control over demand pattern of the consumers. The Petitioner further submitted that demand based billing helps to ensure discipline among consumers and also in principle, billing should be on kVA basis. However, since the Stakeholder had placed its request before the Commission, the Commission may take an appropriate decision which will be binding on the Petitioner and will be applicable to each consumer under such category.

Views of the Commission

4.22 The Commission has gone through the submissions of the Stakeholder and the Petitioner. As the Commission is only carrying out the trueing up for FY 2016-17 and FY 2017-18 hence the issue is not relevant to the current proceedings and shall take the above submissions in consideration while determining Tariff for FY 2020-21.



Detail of Electricity Bill

Public Comments/ Suggestions

4.23 The Stakeholder submitted that the Petitioner does not provide the detail break up of electricity bill to the Consumers.

Petitioner's Response

4.24 The Petitioner submitted that the detail break up of electricity bill is already printed in the bill of each consumer. However, in case any consumer requires any further clarification, the same can be received from the Petitioner's office.

Views of the Commission

4.25 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission directs the Petitioner to ensure that the detail break up of electricity bill is printed on the bill.

Detail of CSR Activities

Public Comments/ Suggestions

4.26 The Stakeholder requested the Petitioner to publish the details of CSR activities carried out by the Petitioner. Also, if required social audit need to be carried out for such activities.

Petitioner's Response

4.27 The Petitioner submitted that the Tata Group in cumulative carries out CSR activities. The detail regarding the CSR activities is made public as per the terms and policy of the company. Also, the objection raised on the Stakeholder is not related to tariff.

Views of the Commission

4.28 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission is of the view that the objection raised is not related to tariff and therefore not dealt in this Order.



Increase in provisional connection load from 2kW to 3kW

Public Comments/ Suggestions

4.29 The Stakeholder requested the Commission to increase the upper limit of provisional connection from 2kW to 3kW.

Petitioner's Response

4.30 The Petitioner submitted that the Stakeholder had placed its request before the Commission. The Commission may take an appropriate decision which will be binding on the Petitioner.

Views of the Commission

4.31 The Commission has gone through the submissions of the Stakeholder and the Petitioner. As the Commission is only carrying out the truing up for FY 2016-17 and FY 2017-18 hence the issue is not relevant to the current proceedings and shall take the above submissions in consideration while determining Tariff for FY 2020-21.

Sub-division of Commercial Consumer

Public Comments/ Suggestions

4.32 The Stakeholder requested the Commission to further subdivide the Commercial category taking into account the small vendor like vegetable sellers, tailor, small shops etc. Also, the Stakeholder suggested making provision to release group connection at reasonable rate to vegetable sellers.

Petitioner's Response

4.33 The Petitioner submitted that the Stakeholder had placed its request before the Commission. The Commission may take an appropriate decision which will be binding on the Petitioner.

Views of the Commission

4.34 The Commission has gone through the submissions of the Stakeholder and the Petitioner. As the Commission is only carrying out the truing up for FY 2016-17 and FY 2017-18 hence the issue is not relevant to the current proceedings and shall take the above submissions in consideration while determining Tariff for FY 2020-21.



Management of electrical Connection of consumer after Meter

Public Comments/ Suggestions

4.35 The Stakeholder stated that the consumers are satisfied by the service provided by the Petitioner. The Stakeholder further requested the Commission to make provision so that the Petitioner carryout the installation and maintenance work beyond meter.

Petitioner's Response

4.36 The Petitioner submitted that they are carrying out their activities as per regulation. The installation and maintenance of electrical connection beyond meter is not in the scope of the Petitioner.

Views of the Commission

4.37 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission is of the view that the objection raised is not related to tariff.



A 5 TRUE-UP FOR FY 2016-17 AND FY 2017-18

- 5.1 The Commission had approved the MYT Order for 2nd Control period i.e. FY 2016-17 to FY 2020-21 and determined the tariff for FY 2016-17 vide its Order dated February 28, 2017 based on the principles specified in the JSERC Distribution Tariff Regulations, 2015.
- 5.2 Later, on May 18, 2018, the Commission had issued Order on Truing-up for FY 2015-16, Annual Performance Review for FY 2016-17, Annual Review Requirement and tariff for FY 2017-18.
- 5.3 Further, the Petitioner had filed the review petition against the Commission's Order dated May 18, 2018 on True-up petition for FY 2015-16 which was disposed by the Commission on September 11, 2018.
- 5.4 The Petitioner has now sought approval for True-up for FY 2016-17 and FY 2017-18 based on the audited accounts taking into consideration the provisions of the Tariff Regulations, 2015 and the methodology adopted by the Commission in the earlier Orders.
- 5.5 The Commission based on the provisions of the Tariff Regulations, 2015 has now carried out the True-up for the FY 2016-17 and FY 2017-18 taking in account the following:
- (a) Audited (Statutory) accounts for the FY 2016-17;
 - (b) Audited (Statutory) accounts for the FY 2017-18;
 - (c) JSERC Distribution Tariff Regulations, 2015;
 - (d) Methodology adopted by the Commission in its earlier Orders.
- 5.6 The component-wise description of the Petitioner's submission and the Commission's analysis of the same is provided in the foregoing paragraphs.

Consumers, Connected Load and Energy Sales

Petitioner's Submission

- 5.7 The Petitioner has revised category-wise detail of number of consumers, connected load and energy sales for FY 2016-17 and FY 2017-18 based on the actuals vide its affidavit dated August 30, 2019.

Commission's Analysis

- 5.8 The Commission after scrutinizing the latest information submitted by the Petitioner and prudence check approves the actual number of consumers, connected load and energy



sales as submitted by the Petitioner for FY 2016-17 and FY 2017-18 as summarised below.

Table 17: Number of Consumers, Connected Load and Sales as submitted by the Petitioner and approved by the Commission for FY 2016-17

Consumer Category	FY 2016-17					
	Petition			Approved		
	No. of Consumers	Connected Load (kVA/kW/HP)	Consumption (MU)	No. of Consumers	Connected Load (kVA/kW/HP)	Consumption (MU)
Domestic	36296	185934	199.94	36296	185934	199.94
Domestic - DSHT	136	55706	91.52	136	55706	91.52
Commercial	8784	43935	65.32	8784	43935	65.32
High Tension I	76	18455	29.37	76	18455	29.37
High Tension II	20	33545	111.83	20	33545	111.83
High Tension III	14	300769	1883.33	14	300769	1883.33
High Tension IV	1	110000	130.82	1	110000	130.82
Utilities/Street Light	393	16932	84.13	393	16932	84.13
Temporary Supply	97	214	1.79	97	214	1.79
Sale to JUSCO	1	50000	279.29	1	50000	279.29
Total Consumers	45818	815490	2877.34	45818	815490	2877.34

Table 18: Number of Consumers, Connected Load and Sales as submitted by the Petitioner and approved by the Commission for FY 2017-18

Consumer Category	FY 2017-18					
	Petition			Approved		
	No. of Consumers	Connected Load (kVA/kW/HP)	Consumption (MU)	No. of Consumers	Connected Load (kVA/kW/HP)	Consumption (MU)
Domestic	37336	189124	199.49	37336	189124	199.49
Domestic - DSHT	145	60035	91.48	145	60035	91.48
Commercial	8846	46779	66.52	8846	46779	66.52
High Tension I	76	17483	28.11	76	17483	28.11
High Tension II	21	32130	108.96	21	32130	108.96
High Tension III	14	300695	1913.35	14	300695	1913.35
High Tension IV	1	110000	196.96	1	110000	196.96
Utilities/Street Light	393	17020	81.82	393	17020	81.82
Temporary Supply	70	129	1.78	70	129	1.78
Sale to JUSCO	1	50000	314.56	1	50000	314.56
Total Consumers	46903	823395	3003.04	46903	823395	3003.04

Energy Balance

Petitioner's Submission

5.9 The Petitioner has submitted that in order to meet its energy requirement, it has procured power from different sources. The Petitioner has further submitted the actual sales along



with distribution losses for True-up for FY 2016-17 and FY 2017-18. The Petitioner requested the Commission to approve the energy balance as per actuals as shown below.

Table 19: Energy Balance as submitted by the Petitioner (MU)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Energy Requirement				
Sales to Other Licensee	279.29	279.29	302.64	314.56
Dist. Loss on Sales to Other Licensee (%)	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Other Licensee	0.00	0.00	0.00	0.00
Energy Req. for Sales to Other Licensee	279.29	279.29	302.64	314.56
Sales to Steel Works	130.82	130.82	133.15	196.96
Dist. Loss on Sales to Steel Works (%)	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Steel Works	0.00	0.00	0.00	0.00
Energy Req. for Sales to Steel Works	130.82	130.82	133.15	196.96
Sales to LT consumers	350.38	351.19	361.83	349.60
Sales to Other HT consumers	2116.84	2116.04	2201.40	2141.91
Total Sales to Other Consumers	2467.23	2467.23	2563.23	2491.51
Dist. Loss on Sales to Other Consumers (%)	3.54%	3.54%	4.06%	2.75%
Dist. Loss on Sales to Other Consumers	90.42	90.44	104.07	70.55
Energy Req. for Sales to Other Consumers	2557.65	2557.67	2667.30	2562.06
Overall Sales	2877.34	2877.34	2999.62	3003.04
Overall Distribution Loss %	3.05%	3.05%	3.35%	2.30%
Overall Distribution Loss	90.42	90.44	104.07	70.55
Total Energy Requirement	2967.77	2967.79	3103.69	3073.59
Energy Available				
TPCL (Unit II and Unit III)	1423.92	1423.92	1469.45	1475.76
Damodar Valley Corporation 132kV	308.07	308.09	394.09	404.28
Damodar Valley Corporation 400kV	1151.11	1151.11	1176.78	1047.05
TSW - Captive	76.51	76.52	23.77	17.76
Renewable Energy	0.00	0.00	0.00	0.00
Open access/ other sources	8.15	8.15	128.93	128.73
Total Pooled Energy Availability	2967.77	2967.79	3193.02	3073.59

Commission's Analysis

5.10 The Commission has approved the sales for FY 2016-17 and FY 2017-18 as per audited accounts submitted by the Petitioner. The Commission has further approved the power purchase quantum from each source after scrutinising the energy bills raised by the Damodar Valley Corporation (DVC) and Tata Power Company Limited (TPCL) and other generators.



5.11 The Commission observed that the actual overall distribution loss of 3.05% and 2.30% for FY 2016-17 and FY 2017-18 respectively as claimed by the Petitioner is well within the approved level of 3.05% and 3.35% in Tariff Order dated May 18, 2018.

5.12 The following table details the energy sales, distribution losses and power purchase quantum as submitted by the Petitioner and approved by the Commission.

Table 20: Energy Requirement as approved by the Commission (MU)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Energy Requirement						
Sales to Other Licensee	279.29	279.29	279.29	302.64	314.56	314.56
Dist. Loss on Sales to Other Licensee (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Other Licensee	0.00	0.00	0.00	0.00	0.00	0.00
Energy Req. for Sales to Other Licensee	279.29	279.29	279.29	302.64	314.56	314.56
Sales to Steel Works	130.82	130.82	130.82	133.15	196.96	196.96
Dist. Loss on Sales to Steel Works (%)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Dist. Loss on Sales to Steel Works	0.00	0.00	0.00	0.00	0.00	0.00
Energy Req. for Sales to Steel Works	130.82	130.82	130.82	133.15	196.96	196.96
Sales to LT consumers	350.38	351.19	351.19	361.83	349.60	349.60
Sales to Other HT consumers	2116.84	2116.04	2116.04	2201.40	2141.91	2141.91
Total Sales to Other Consumers	2467.23	2467.23	2467.23	2563.23	2491.51	2491.51
Dist. Loss on Sales to Other Consumers (%)	3.54%	3.54%	3.54%	4.06%	2.75%	2.75%
Dist. Loss on Sales to Other Consumers	90.42	90.44	90.44	104.07	70.55	70.55
Energy Req. for Sales to Other Consumers	2557.65	2557.67	2557.67	2667.30	2562.06	2562.06
Overall Sales	2877.34	2877.34	2877.34	2999.62	3003.04	3003.04
Overall Distribution Loss (%)	3.05%	3.05%	3.05%	3.35%	2.30%	2.30%
Overall Distribution Loss	90.42	90.44	90.44	104.07	70.55	70.55
Total Energy Requirement	2967.77	2967.79	2967.79	3103.69	3073.59	3073.59
Energy Available						
TPCL (Unit II and Unit III)	1423.92	1423.92	1423.92	1469.45	1475.76	1475.76
Damodar Valley Corporation 132kV	308.07	308.09	308.09	394.09	404.28	404.28
Damodar Valley Corporation 400kV	1151.11	1151.11	1151.11	1176.78	1047.05	1047.05
TSW - Captive	76.51	76.52	76.52	23.77	17.76	17.76
Renewable Energy	0.00	0.00	0.00	0.00	0.00	0.00
Open access/ other sources	8.15	8.15	8.15	128.93	128.73	128.73
Total Pooled Energy Availability	2967.77	2967.79	2967.79	3193.02	3073.59	3073.59



Power Purchase Cost

Petitioner's Submission

5.13 The Petitioner has submitted that they source their power requirement majorly from TPCL (Unit 2 and Unit 3) and DVC at 132 kV and 400 kV. In addition to above, the Petitioner also procures power from Tata Steel Works captive unit as and when required.

5.14 The Petitioner has carried forward the overachieved renewable target of FY 2015-16 while calculating the RPO target for FY 2016-17 as shown below.

Table 21: Carry forward of overachieved RE target in FY 2015-16 to FY 2016-17 as submitted by the Petitioner (MUs)

Particulars	Target	Actual Achieved	Surplus Carryover to FY 2016-17
Non-Solar	115.08	116.61	(1.53)
Solar	48.34	48.89	(0.55)
Renewable Purchase Obligation	163.42	165.50	(2.08)

5.15 The Petitioner further submitted that in order to fulfil RPO compliance for FY 2016-17, the Petitioner purchased 50,000 non-Solar REC's in February 2017. The Petitioner submitted that in the meantime, the Hon'ble CERC invited public comments through their Order dated February 28, 2017 in Petition No. 02/SKP/2017 for determination of forbearance and floor price of REC to be applicable from April 01, 2017. In view of the expected lower price, the Petitioner deferred their plan to procure REC to FY 2017-18.

Table 22: Summary of RPO compliance for FY 2016-17 as submitted by the Petitioner (MUs)

Particulars	FY 2016-17					
	RPO (%)	Obligation for FY 2016-17 (MU)	Carry forward from Previous Year (MU)	Net Obligation for FY 2016-17	Equivalent REC Purchased	Carry forward to next Financial Year (MU)
Non-Solar	3.50%	93.09	(1.53)	91.56	50.00	41.56
Solar	1.80%	47.87	(0.55)	47.32	0.00	47.32
Net RPO	-	140.96	-	138.88	50.00	88.88

Table 23: Summary of RPO compliance for FY 2017-18 as submitted by the Petitioner (MUs)

Particulars	FY 2017-18					
	RPO (%)	Obligation for FY 2017-18 (MU)	Carry forward from Previous Year (MU)	Net Obligation for FY 2017-18	Equivalent REC Purchased	Carry forward to next Financial Year (MU)
Non-Solar	4.00%	106.77	41.56	148.33	137.53	10.80
Solar	3.75%	100.10	47.32	147.42	0.00	147.42
Net RPO	-	206.87	-	295.75	137.53	158.23



- 5.16 The Petitioner requested the Commission to kindly consider the same and allow subsequent purchase as carry forward over next year for meeting the RPO target.
- 5.17 The Petitioner submitted actual power purchase expenses based on the audited accounts as Rs. 1227.68 Crore for FY 2016-17 against the approved value of Rs. 1227.67 Crore in Order dated May 18, 2018.
- 5.18 Similarly, for FY 2017-18, the Petitioner has claimed Rs. 1334.68 Crore against the approved value of Rs. 1265.55 Crore in Order dated May 18, 2018 after considering the revenue of Rs. 36.42 Crore from sale of surplus power.

Table 24: Power Procurement Cost as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Power Purchase Cost				
TPCL Unit 2				
Power Purchased (MU)	716.98	716.98	724.00	743.73
Rate of Power Purchased (Rs./kWh)	3.72	3.72	3.92	4.13
Power Purchase Cost (Rs. Crore)	263.58	263.58	283.85	291.44
Prior Period Adjustments (Rs. Crore)	3.17	3.17	0.00	15.83
Net Power Purchase Cost (Rs. Crore)	266.74	266.74	283.85	307.27
TPCL Unit 3				
Power Purchased (MU)	706.94	706.94	745.45	732.03
Rate of Power Purchased (Rs./kWh)	3.61	3.61	3.77	4.04
Power Purchase Cost (Rs. Crore)	251.80	251.80	281.06	277.16
Prior Period Adjustments (Rs. Crore)	3.73	3.73	0.00	18.65
Net Power Purchase Cost (Rs. Crore)	255.53	255.53	281.06	295.81
DVC 132 kV				
Power Purchased (MU)	308.09	308.09	394.09	404.28
Rate of Power Purchased (Rs./kWh)	5.14	5.14	4.90	4.89
Power Purchase Cost (Rs. Crore)	158.26	158.26	193.21	197.87
DVC 400 kV				
Power Purchased (MU)	1151.11	1151.11	1176.78	1047.05
Rate of Power Purchased (Rs./kWh)	4.43	4.43	4.00	4.35
Power Purchase Cost (Rs. Crore)	509.64	509.64	470.86	455.02
TSW (Captive)				
Power Purchased (MU)	76.51	76.52	23.77	17.76
Rate of Power Purchased (Rs./kWh)	3.67	3.67	3.79	4.09
Power Purchase Cost (Rs. Crore)	28.06	28.06	9.01	7.26
UI				
Power Purchased (MU)	8.15	8.15	128.93	128.73
Rate of Power Purchased (Rs./kWh)	2.20	2.20	3.88	3.87
Power Purchase Cost (Rs. Crore)	1.79	1.79	49.98	49.86
REC Purchased (Rs. Crore)	7.64	7.64	14.00	21.59
Total Power Purchase				
Power Purchased (MU)	2967.79	2967.79	3193.02	3073.59



Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Rate of Power Purchased (Rs./kWh)	4.14	4.14	4.08	4.34
Power Purchase Cost (Rs. Crore)	1227.67	1227.68	1301.98	1334.68

Commission's Analysis

- 5.19 The Commission has scrutinized the audited Account and monthly power procurement bills of TPCL and DVC as submitted by the Petitioner. In case of power procured from TPCL and DVC, the Commission approves the power procurement cost based on the audited accounts, monthly bills submitted by the Petitioner and approved tariff by the Commission.
- 5.20 In regard to power procured from TSW (Captive), the Commission has approved the tariff as the lowest among all the other generators approved in the respective year.
- 5.21 The Commission observed that the Petitioner failed to meet the Renewable Purchase Obligation (RPO) for the FY 2016-17 and FY 2017-18. The Commission directs the Petitioner to fulfil all pending RPO Targets and ensure that in future, the RPO compliance of each Financial Year is met as per JSERC (Renewable Energy Purchase Obligation and its compliance) Regulations, 2016 as amended from time to time.
- 5.22 In view of the above, the Power Procurement Cost from each source as submitted by the Petitioner and approved by the Commission for FY 2016-17 and FY 2017-18 is tabulated below.

Table 25: Power Procurement Cost as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Power Purchase Cost						
TPCL Unit 2						
Power Purchased (MU)	716.98	716.98	716.98	724.00	743.73	743.73
Rate of Power Purchased (Rs./kWh)	3.72	3.72	3.68	3.92	4.13	3.92
Power Purchase Cost (Rs. Crore)	263.58	263.58	263.58	283.85	291.44	291.44
Prior Period Adjustments (Rs. Crore)	3.17	3.17	3.17	0.00	15.83	15.83
Net Power Purchase Cost (Rs. Crore)	266.74	266.74	266.74	283.85	307.27	307.27
TPCL Unit 3						
Power Purchased (MU)	706.94	706.94	706.94	745.45	732.03	732.03
Rate of Power Purchased (Rs./kWh)	3.61	3.61	3.56	3.77	4.04	3.79
Power Purchase Cost (Rs. Crore)	251.80	251.80	251.80	281.06	277.16	277.16
Prior Period Adjustments (Rs. Crore)	3.73	3.73	3.73	0.00	18.65	18.65
Net Power Purchase Cost (Rs. Crore)	255.53	255.53	255.53	281.06	295.81	295.81
DVC 132 kV						
Power Purchased (MU)	308.09	308.09	308.09	394.09	404.28	404.28



Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Rate of Power Purchased (Rs./kWh)	5.14	5.14	5.14	4.90	4.89	4.89
Power Purchase Cost (Rs. Crore)	158.26	158.26	158.26	193.21	197.87	197.87
DVC 400 kV						
Power Purchased (MU)	1151.11	1151.11	1151.11	1176.78	1047.05	1047.05
Rate of Power Purchased (Rs./kWh)	4.43	4.43	4.43	4.00	4.35	4.35
Power Purchase Cost (Rs. Crore)	509.64	509.64	509.64	470.86	455.02	455.02
TSW (Captive)						
Power Purchased (MU)	76.51	76.52	76.52	23.77	17.76	17.76
Rate of Power Purchased (Rs./kWh)	3.67	3.67	3.56	3.79	4.09	3.79
Power Purchase Cost (Rs. Crore)	28.06	28.06	27.25	9.01	7.26	6.73
UI						
Power Purchased (MU)	8.15	8.15	8.15	128.93	128.73	128.73
Rate of Power Purchased (Rs./kWh)	2.20	2.20	2.20	3.88	3.87	3.87
Power Purchase Cost (Rs. Crore)	1.79	1.79	1.79	49.98	49.86	49.86
REC Purchased (Rs. Crore)	7.64	7.64	7.64	14.00	21.59	21.59
Total Power Purchase						
Power Purchased (MU)	2967.79	2967.79	2967.79	3193.02	3073.59	3073.59
Rate of Power Purchased (Rs./kWh)	4.14	4.14	4.13	4.08	4.34	4.34
Power Purchase Cost (Rs. Crore)	1227.67	1227.68	1226.86	1301.98	1334.68	1334.15

Capital Work in Progress (CWIP) & Gross Fixed Asset (GFA)

Petitioner's Submission

5.23 The Petitioner has considered the opening and closing CWIP as per Balance Sheet Statement for FY 2016-17 and FY 2017-18. The assets transferred to GFA are considered as per Note-3 of the Audited Accounts statement. The Petitioner further submitted that the capital expenditure and resultant capitalization is carried out as per plan approved by the Commission in its earlier Orders. The scheme wise detail of capital expenditure and capitalisation was enclosed by the Petitioner along with the petition.

5.24 The Petitioner therefore requested the Commission to review the capital expenditure and capitalization for FY 2016-17 and FY 2017-18 as submitted based on audited accounts and consider the same while truing up for FY 2016-17 and FY 2017-18.

5.25 The Capital Work in Progress (CWIP) and Gross Fixed Asset (GFA) as submitted by the Petitioner is shown below.

Table 26: CWIP & GFA as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
<i>Capital Works in Progress</i>				
Opening CWIP	5.37	5.37	24.95	8.92



Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Additional Capex	8.46	8.46	5.00	13.13
Less: Capitalisation	4.91	4.91	14.89	18.05
Closing CWIP	8.92	8.92	15.06	4.00
<i>Gross Fixed Assets</i>				
Opening GFA	520.33	520.32	525.20	525.19
Net Addition	4.87	4.87	14.89	18.05
Closing GFA	525.20	525.19	540.08	543.24

Commission's Analysis

- 5.26 The Commission scrutinised the scheme wise details submitted by the Petitioner along with audited information for approval of CWIP and GFA for FY 2016-17 and FY 2017-18. On scrutiny of the information submitted by the Petitioner, the Commission observed that the works carried out by the Petitioner were towards the schemes approved by the Commission in its MYT Order dated February 28, 2017.
- 5.27 Accordingly, the Commission has approved the GFA, CWIP and capital expenditure incurred during the year as per the audited accounts for FY 2016-17 and FY 2017-18 based on the provisions specified in JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 and the information submitted by the Petitioner.

Table 27: CWIP & GFA as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
<i>Capital Works in Progress</i>						
Opening CWIP	5.37	5.37	5.37	24.95	8.92	8.92
Additional Capex	8.46	8.46	8.46	5.00	13.13	13.13
Less: Capitalisation	4.91	4.91	4.91	14.89	18.05	18.05
Closing CWIP	8.92	8.92	8.92	15.06	4.00	4.00
<i>Gross Fixed Assets</i>						
Opening GFA	520.33	520.32	520.32	525.20	525.19	525.19
Net Addition	4.87	4.87	4.87	14.89	18.05	18.05
Closing GFA	525.20	525.19	525.19	540.08	543.24	543.24

Consumer Contribution

Petitioner's Submission

- 5.28 The Petitioner submitted that the detail of Consumer Contribution is taken as per Note-1 (Capital Contribution) of the audited accounts of FY 2016-17 and FY 2017-18. The detail of Consumer Contribution as submitted by the Petitioner is as shown below.

**Table 28: Consumer Contribution as submitted by the Petitioner (Rs. Crore)**

Particulars	FY 2016-17	FY 2017-18
	Petition	Petition
Opening CC	50.76	56.53
Addition in CC during the Year	5.77	4.65
Closing CC	56.53	61.18

Commission's Analysis

- 5.29 The Commission vide letter dated July 09, 2019 directed the Petitioner to reconcile the Consumer Contribution for FY 2017-18 as the same was not matching with the audited accounts for FY 2017-18.
- 5.30 The Petitioner in its reply vide letter dated July 24, 2019, submitted that the submission of Capital Contribution received as Rs. 4.65 Crore is an inadvertent error and should be replaced by Rs. 3.74 Crore and requested the Commission to consider the revised value while carrying out true up for FY 2017-18.
- 5.31 The Commission, however, observes that the Petitioner had received an amount of Rs. 5.77 Crore as consumer contribution in FY 2016-17 as against which the net assets that were capitalised were only Rs. 4.87 Crore leaving a surplus consumer contribution of Rs. 0.90 Crore. The Commission has therefore for computation of tariff components has considered consumer contribution to the extent of net capitalisation in FY 2016-17 and has considered the balance unutilised consumer contribution towards funding of additional capitalisation for FY 2017-18.
- 5.32 The Commission has accordingly approved the addition in Consumer Contribution (CC) during the Financial Year as shown below.

Table 29: Consumer Contribution as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	Petition	Approved	Petition*	Approved
CC considered during the Year	5.77	4.87	3.74	4.64

* Revised in reply dated July 24, 2019

Depreciation**Petitioner's Submission**

- 5.33 The Petitioner submitted that the pro-rata depreciation corresponding to the fixed assets being funded through Consumer Contribution has been deducted from the total



depreciation in order to arrive at the net depreciation charged in the Annual Revenue Requirement.

- 5.34 The Petitioner further submitted that the details of accumulated depreciation can be referred from Note-3 and Note-4 of Audited Accounts for FY 2016-17 and FY 2017-18 respectively and depreciation charged during the year can be referred from respective Profit and Loss (P&L) Statement.
- 5.35 The Petitioner further submitted that the net depreciation amount claimed in true-up is computed after deducting the proportionate depreciation corresponding to assets funded through Consumer Contribution and is as shown below.

Table 30: Depreciation on assets created out of CC as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Petition	Petition
Closing GFA (A)	525.19	543.69
Closing Consumer Contribution capitalised (B)	56.53	61.18
Gross Depreciation (C)	36.24	31.43
Depreciation on Consumer Contribution (D=C/A*B)	3.90	3.54

- 5.36 Accordingly, the Petitioner has claimed Rs. 32.34 Crore and Rs. 27.90 Crore against the approved value of Rs. 33.80 Crore and Rs. 29.83 Crore for FY 2016-17 and FY 2017-18 respectively.

Table 31: Depreciation as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Gross Depreciation	37.80	36.24	33.29	31.43
Depreciation on Account of CC	4.00	3.90	3.46	3.54
Net Depreciation	33.80	32.34	29.83	27.90

Commission's Analysis

- 5.37 The Commission observed discrepancy in the methodology adopted by the Petitioner vis-a-vis that stipulated in the JSERC Distribution Tariff Regulations, 2015 and directed the Petitioner to revise the same in line with the regulation.
- 5.38 The Petitioner in its reply dated July 24, 2019 submitted that the depreciation is calculated as per as per JSERC Distribution Tariff Regulations 2015. However, the rates applicable on office equipment have been considered as per Companies Act which resulted in little higher depreciation by Rs. 0.01 Crore for FY 2016-17 and by Rs. 0.006 Crore for FY 2017-18 and requested the Commission to consider the same.



- 5.39 The Commission observed that the Petitioner has revised the addition in Consumer Contribution during the FY 2017-18 in its reply dated July 24, 2019. However, the Petitioner has not revised the calculation of depreciation attributed to Consumer Contribution accordingly.
- 5.40 The Commission has approved net depreciation after deducting the depreciation on assets funded out of Consumer Contribution from the Gross Depreciation for FY 2016-17 and FY 2017-18. The Commission has considered the average value of Gross Fixed Asset and Consumer Contribution instead of closing values considered by the Petitioner. The depreciation has been considered at the same Rate of Depreciation as claimed by the Petitioner while approving the depreciation.
- 5.41 The following table summarizes the depreciation submitted by the Petitioner and as approved by the Commission for FY 2016-17 and FY 2017-18 respectively.

Table 32: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Gross Depreciation	37.80	36.24	36.07	33.29	31.43	30.91
Depreciation on account of CC	4.00	3.90	3.67	3.46	3.54	3.40
Net Depreciation	33.80	32.34	32.40	29.83	27.90	27.51

Interest and Finance Charges (IFC)

Petitioner's Submission

- 5.42 The Petitioner has considered the same methodology for computing interest charges as approved by the Commission in its previous Orders. The deemed additions to the loan has been considered @70% of fixed asset addition after reducing assets created from Consumer Contribution amount received during the year. $\{(Total\ Assets\ Additions\ to\ GFA\ during\ the\ year - Assets\ Additions\ from\ Consumer\ Contribution\ during\ the\ year) \times 70\%\}$.

Table 33: Normative Loan & Normative Equity added during the Financial Year (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Petition	Petition
Assets added during the Year	4.91	18.05
Less: CC received during the Year	5.77	3.74
Normative Amount Added during the Year	0.00	14.31
Equity Addition during the Financial Year @ 30%	0.00	4.29
Debt Addition during the Financial Year @ 70%	0.00	10.02

- 5.43 Further, in accordance with the Clause 6.24 and Clause 6.25 of JSERC Distribution Tariff Regulations, 2015, the interest on normative loan has been calculated on the average



normative loan for the year. The rate of interest for the year has been considered as SBI Base Rate plus 200 basis points as applicable on April 01, of respective Financial Year.

Table 34: Interest and Finance Charges as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Opening Loan (Normative)	150.43	150.45	116.64	118.11
Add: Deemed Addition during the FY	0.00	0.00	10.42	10.02
Less: Deemed Repayment	33.80	32.34	29.83	27.90
Closing Loan (Normative)	116.64	118.11	97.23	100.23
Average Loan	133.54	134.28	106.93	109.17
SBI Base Rate plus 200bp	11.30%	11.30%	11.10%	11.10%
Interest and Finance Charges	15.09	15.17	11.87	12.12

Commission's Analysis

- 5.44 The Commission vide its letter dated July 09, 2019 directed the Petitioner to reconcile its Consumer Contribution for FY 2017-18 in line with the audited accounts. The Petitioner in its reply dated July 24, 2019, revised the Consumer Contribution from Rs. 4.65 Crore to Rs. 3.74 Crore in line with the audited accounts.
- 5.45 The Commission observed that the Petitioner received amount of Rs. 5.77 Crore against the net capitalized value of Rs. 4.87 Crore in FY 2016-17. The Commission has therefore carried forward the excess amount received during FY 2016-17 (Rs. 0.90 Crore) to FY 2017-18 while calculating the normative addition of equity and loan for FY 2017-18.
- 5.46 In accordance with the JSERC Distribution Tariff Regulations, 2015 and the principles adopted in the previous tariff Order, the Commission has computed the normative loan addition during the year equal to 70% of the approved capitalization after deducting assets funded out of consumer contribution. The normative repayment is deemed to be equal to the approved depreciation during the Financial Year.
- 5.47 Further, in accordance with the above, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of SBI Base Rate plus 200 bps as on April 01, of the respective Financial Year.

Table 35: Normative Loan & Normative Equity added during the Year (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	Petition	Approved	Petition*	Approved
Assets added during the Year	4.91	4.87	18.05	18.05
Less: CC considered during the Year	5.77	4.87	3.74	4.64
Normative Amount Added during the Year	0.00	0.00	14.31	13.41
Equity Addition during the Financial Year @ 30%	0.00	0.00	4.29	4.02



Particulars	FY 2016-17		FY 2017-18	
	Petition	Approved	Petition*	Approved
Debt Addition during the Financial Year @ 70%	0.00	0.00	10.02	9.38

* Revised in reply dated July 24, 2019

5.48 The following table details the Interest and Finance Charges (IFC) as submitted by the Petitioner and that approved by the Commission for FY 2016-17 and FY 2017-18.

Table 36: Interest and Finance Charges as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Opening Loan (Normative)	150.43	150.45	150.43	116.64	118.11	118.03
Add: Deemed Addition during the FY	0.00	0.00	0.00	10.42	10.02	9.38
Less: Deemed Repayment	33.80	32.34	32.40	29.83	27.90	27.51
Closing Loan (Normative)	116.64	118.11	118.03	97.23	100.23	99.90
Average Loan	133.54	134.28	134.23	106.93	109.17	108.96
SBI Base Rate plus 200bp	11.30%	11.30%	11.30%	11.10%	11.10%	11.10%
Interest and Finance Charges	15.09	15.17	15.17	11.87	12.12	12.09

Interest on Security Deposits

Petitioner's Submission

5.49 The Petitioner has furnished the details of Interest on Security Deposit as per Audited Account. The Petitioner has paid the Interest on Security Deposits after considering the actual security deposits, period of security deposits held and applicable interest rate.

5.50 The Petitioner has submitted the average security deposit amount as on year-end of FY 2016-17 and FY 2017-18 as Rs. 17.81 Crore and Rs. 21.36 Crore respectively and the corresponding interest on security deposit as Rs. 1.26 Crore and Rs. 2.03 Crore.

5.51 The Petitioner further added that they have not received any Bank Guarantee (BG) from customers apart from cash for security deposit during the financial years.

Table 37: Consumer Security Deposit as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR	Petition	ARR	Petition
Opening CSD	15.32	15.32	20.30	20.30
CSD Addition	4.97	4.97	0.00	2.11
Closing CSD	20.30	20.30	20.30	22.41
Interest on CSD	1.26	1.26	1.85	2.03



Commission's Analysis

5.52 The Commission has scrutinized the details as submitted by the Petitioner and finds the claim in line to JSERC Distribution MYT Regulations, 2015. The Interest on Security Deposits as approved by the Commission for FY 2016-17 and FY 2017-18 is shown below.

Table 38: Consumer Security Deposit as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR	Petition	Approved	ARR	Petition	Approved
Opening CSD	15.32	15.32	15.32	20.30	20.30	20.30
CSD Addition	4.97	4.97	4.97	0.00	2.11	2.60
Closing CSD	20.30	20.30	20.30	20.30	22.41	22.90
Interest on CSD	1.26	1.26	1.26	1.85	2.03	2.03

Return on Equity

Petitioner's Submission

5.53 The Petitioner has considered the same methodology for computing equity addition as approved by the Commission in its earlier Orders. The deemed additions to the equity has been considered @30% of total fixed asset addition after reducing assets funded from Consumer Contribution amount received during the year. $\{(Total\ Additions\ to\ GFA\ during\ the\ year - Assets\ Addition\ from\ Consumer\ Contribution\ during\ the\ year) \times 30\%\}$.

5.54 The Petitioner has paid the income tax as per normal income tax rate, accordingly Return on Equity is grossed up by tax rate. The income tax challan copy has been provided as supporting documents for FY 2016-17 and FY 2017-18.

Table 39: Return on Equity as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Petition	ARR Order	Petition
Opening Equity (Normative)	140.87	140.87	140.87	140.87
Equity Addition	0.00	0.00	4.47	4.29
Closing Equity (Normative)	140.87	140.87	145.34	145.16
Average Equity	140.87	140.87	143.10	143.02
Rate of Return	15.50%	15.50%	15.50%	15.50%
Return on Equity	21.83	21.83	22.18	22.17
Income Tax Rate	0.00%	34.61%	0.00%	34.61%
Income Tax	0.00	11.56	0.00	11.73
Return on Equity including Tax	21.83	33.39	22.18	33.90



Commission's Analysis

- 5.55 In accordance with the JSERC Distribution Tariff Regulations, 2015, the Commission has considered the opening equity equal to the closing equity of the previous financial year.
- 5.56 The Commission vide its letter dated July 09, 2019 directed the Petitioner to reconcile its Consumer Contribution for FY 2017-18 in line with the audited accounts. The Petitioner in its reply dated July 24, 2019 revised the Consumer Contribution from Rs. 4.65 Crore to Rs. 3.74 Crore in line with audited accounts.
- 5.57 However, the Petitioner has not considered the excess amount received during FY 2016-17 (Rs. 0.90 Crore) while calculating the normative addition of equity for FY 2017-18. The Commission has revised the normative equity addition inline with the revised Consumer Contribution considering the surplus, while trueing up for FY 2017-18.
- 5.58 The Commission has allowed a rate of return of 15.5% (post tax) on equity, which is as per Regulation 6.17 of JSERC Distribution Tariff Regulations, 2015.
- 5.59 The Commission vide its letter dated July 09, 2019 directed the Petitioner to submit the basis for considering the rate of 34.61% on Return on Equity for income tax calculation. The Petitioner in its reply vide dated July 24, 2019 submitted that the Petitioner has made overall profits and has made payment for income tax as per normal income tax rate. The income tax challan was also provided as documentary support along with the petition.
- 5.60 The Commission has considered the submission of the Petitioner and approves the Income Tax on Equity @ 34.61% for FY 2016-17 and FY 2017-18 respectively.
- 5.61 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2016-17 and FY 2017-18.

Table 40: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Opening Equity (Normative)	140.87	140.87	140.87	140.87	140.87	140.87
Equity Addition	0.00	0.00	0.00	4.47	4.29	4.02
Closing Equity (Normative)	140.87	140.87	140.87	145.34	145.16	144.89
Average Equity	140.87	140.87	140.87	143.10	143.02	142.88
Rate of Return	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity	21.83	21.83	21.83	22.18	22.17	22.15
Income Tax Rate	0.00%	34.61%	34.61%	0.00%	34.61%	34.61%
Income Tax	0.00	11.56	11.56	0.00	11.73	11.72



Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Return on Equity including Tax	21.83	33.39	33.39	22.18	33.90	33.87

Interest on Working Capital

Petitioner's Submission

5.62 The Petitioner has arrived at the Working Capital requirement based on the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015. The interest rate of SBI Base Rate as on April 1st of respective financial year plus 350 basis points has been considered for computation of interest on working capital as given below.

Table 41: Interest on Working Capital as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Petition	ARR Order	Petition
Receivables (2 months)		250.42	235.11	302.24
O&M Expenses (1 month)		6.02	5.87	6.15
Maintenance Spares (1% of Opening GFA)		5.20	5.26	5.25
Less: Security Deposit	-	17.81	20.30	21.36
Less: Power Purchase Cost (1 month)		102.31	108.50	111.22
Total Working Capital		141.53	117.43	181.06
Interest Rate		12.80%	12.60%	12.60%
Interest on Working Capital	18.62	18.11	14.80	22.81

Commission's Analysis

5.63 The Commission observes that the Petitioner has calculated the receivables for two months based on actual revenue received in that particular financial year. However, as per regulation, the receivables need to be calculated based on Annual Revenue Requirement instead of actual revenue.

5.64 The Commission has scrutinized the details submitted by the Petitioner and approves the Interest on Working Capital on normative basis. The normative working capital is considered excluding approved deferred income tax of previous years.

Table 42: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Receivables (2 months)		250.42	231.77	235.11	302.24	248.63
O&M Expenses (1 month)		6.02	5.93	5.87	6.15	6.06
Maintenance Spares (1% of Opening GFA)		5.20	5.20	5.26	5.25	5.25
Less: Security Deposit	-	17.81	17.81	20.30	21.36	21.60



Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Less: Power Purchase Cost (1 month)		102.31	102.24	108.50	111.22	111.18
Total Working Capital		141.53	122.86	117.43	181.06	127.16
Interest Rate		12.80%	12.80%	12.60%	12.60%	12.60%
Interest on Working Capital	18.62	18.11	15.73	14.80	22.81	16.02

Operation and Maintenance Expenses (O&M)

Petitioner's Submission

- 5.65 The Petitioner has segregated each component of O&M Expenses. The Petitioner has calculated the normative value of Employee expenses on approved value of employee expenses for FY 2015-16 in Order dated September 11, 2018 and inflation factor of 3.96% for FY 2016-17.
- 5.66 Similarly, the Petitioner has projected the normative A&G expenses based on the inflation figure of 3.96% for FY 2016-17.
- 5.67 The Petitioner has calculated the normative R&M expenses considering the 'k' factor as 4.80% as approved by the Commission in MYT Order dated February 28, 2017. The Petitioner further submitted that the Distribution Tariff Regulations 2015 has ignored to make provision for statutory increases like wages & labour charges, service tax levy, GST levy, other taxes & duties etc. while allowing the R&M expenses which has direct impact on the expenses of the company and the same are totally uncontrollable. Every business and each expense under it tend to be affected with inflationary increases and R&M expenses under distribution are no different. Hence, the Petitioner has requested the Commission to also include inflationary adjustment while approving the normative R&M expenses.
- 5.68 The Petitioner has requested the Commission to revise the approved normative figures of O&M Expenses for the 2nd Control Period taking into the normative principles and the issues raised by the petitioner as under:
- Employee Expenses considering Load Growth & Inflation;
 - A&G Expenses considering Load Growth & Inflation;
 - R&M Expenses considering the 'k' factor;
 - Allow Additional fees due to amendment in Conduct of Business Regulations 2016 and additional CGRF expenses due to Commission's Order under Change in Law as separate element under O&M head.

**Table 43: Normative O&M Expenses as submitted by the Petitioner (Rs. Crore)**

Particulars	FY 2016-17		FY 2017-18	
	APR*	Petition	ARR*	Petition
Employee Expenses	21.17	22.22	21.81	22.97
A&G Expenses	24.79	25.01	25.54	25.76
R&M Expenses	24.98	24.98	25.21	25.21
O&M Expenses	70.93	72.20	72.56	73.93

* Revised in Review Order dated 11.09.2018

- 5.69 Further, for calculation of sharing of gains/(loss) on O&M expense, the Petitioner has calculated the actual O&M expenses based on audited accounts for FY 2016-17 and FY 2017-18.
- 5.70 The actual employee expense as per audited account is Rs. 19.82 Crore and Rs. 21.18 Crore for FY 2016-17 and FY 2017-18 respectively which mainly includes Salaries & Wages.
- 5.71 The Petitioner further submitted the A&G Expense as Rs. 24.17 Crore and Rs. 20.22 Crore as per audited account which mainly includes rent, travelling & conveyance, consultancy charges, advertisement expenses, security charges, vehicle hiring charges, petition filing fee, CGRF expenses etc.
- 5.72 The actual R&M Expenses as per audited accounts as submitted by the Petitioner is Rs. 28.31 Crore and Rs. 32.36 Crore for FY 2016-17 and FY 2017-18 respectively which includes cost of repairs, stores consumables and spares and repairs etc.

Table 44: Actual O&M Expenses as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Petition	Petition
Employee Expenses	19.82	21.18
A&G Expenses	24.17	20.22
R&M Expenses	28.31	32.36
O&M Expenses	72.29	73.76

- 5.73 The Petitioner has additionally claimed Rs. 0.45 Crore for FY 2016-17 and Rs. 0.15 Crore for FY 2017-18 respectively due to increase in petition fee and CGRF expenses (rent & remuneration) under the head of Change in Law.
- 5.74 The table mentioned below depicts the O&M expenses claimed by the Petitioner including sharing of gain/(loss).

Table 45: O&M Expenses including sharing of Gain/Loss as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Petition	Petition
Normative O&M Expenses	72.20	73.93
Actual O&M Expenses	72.29	73.76
Gain/(Loss)	(0.09)	0.17
Sharing of Gain/(Loss)	(0.09)	0.10
Add: Change in Law	0.45	0.15
O&M Claimed	72.65	74.01

Commission's Analysis

5.75 The Commission has approved the actual O&M expenses for FY 2016-17 and FY 2017-18 based on the audited accounts for the respective years as shown below.

Table 46: Actual O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Approved	Approved
Employee Expenses	19.82	21.18
A&G Expenses	24.17	20.22
R&M Expenses	28.31	32.36
O&M Expenses	72.29	73.76

5.76 The Commission has approved the true up for FY 2015-16 in its Order dated May 18, 2018. Further, in the same Order, the Commission has carried out the Annual Performance Review for FY 2016-17 based on the audited figure of O&M Expenses for FY 2015-16 and taking into account the escalation as per JSERC Distribution Tariff Regulations, 2015.

5.77 Further, the Commission in its Order dated September 11, 2018 revised the employee cost for base year (FY 2015-16) as Rs. 20.54 Crore after including the arrear cost of Rs. 2.03 Crore associated to FY 2015-16 out of cumulative arrear of Rs. 6.53 Crore.

5.78 The Commission in this Order has calculated the normative employee cost for FY 2016-17 and FY 2017-18 based on revised employee expenses (Salaries and Wages and Staff Welfare Expenses) for FY 2015-16 as per audited accounts, actual value of inflation factor (3.05% for FY 2016-17 and 3.01% for FY 2017-18) as per Regulation and approved load growth for respective years. Since, the Petitioner submitted the employee expenses including the terminal benefits, hence the Commission has also approved the employee expenses including terminal benefits.



5.79 The Commission, for conversion of connection load from kW to kVA, has considered the multiplying factor as 0.85 and observes that there has been reduction in the connected load of the Petitioner.

Table 47: Normative Employee Expenses as approved by the Commission (Rs. Crore)

Particulars	UoM	FY 2016-17	FY 2017-18
		Approved	Approved
Employee Cost of Previous Year	Rs. Cr.	20.54	21.17
Connected Load of Previous Year	kVA*	871451	859081
Employee Cost/kVA	Rs./kVA	235.73	246.41
Inflation Factor	%	3.05%	3.01%
Employee Cost/kVA including Inflation	Rs./kVA	242.91	253.82
Connected Load (kVA) for Current Year	kVA*	859081	868051
Normative Employee Cost	Rs. Cr.	21.16	21.81

* Equivalent kVA value

5.80 The Commission has calculated the normative A&G Expenses based on the actual A&G expenses (A&G Expenses excluding petition filing fee and CGRF Expenses) for FY 2015-16 as per audited accounts, actual inflation rate as 3.05% for FY 2016-17 and 3.01% for FY 2017-18 respectively.

5.81 The Commission has considered petition filing fees and CGRF Expenses on actual basis for the respective years as the same are non-escalable expenses.

5.82 For the purpose of evaluating the normative R&M Expenses, the Commission has considered the approved opening value of Gross Fixed Asset for FY 2016-17 and FY 2017-18 respectively and multiplied it with the 'k' factor of 4.80% as approved in the MYT Order dated February 28, 2017.

5.83 The following table summarizes the normative O&M Expenses as approved by the Commission for FY 2016-17 and FY 2017-18.

Table 48: Normative O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18
	Approved	Approved
Employee Expenses	21.16	21.81
A&G Expenses (excluding filing & CGRF Expenses)	24.50	25.24
R&M Expenses	24.98	25.21
Normative O&M Expenses	70.65	72.25
Petition Filing Fee	0.40	0.18
CGRF Expenses (Rent & Remuneration)	0.16	0.26
Normative O&M Expenses including Filing Fee and CGRF Expenses	71.21	72.69

5.84 In view of the above, the O&M expenses claimed by the Petitioner and approved by the Commission including sharing of gain/(loss) for FY 2016-17 and FY 2017-18.

Table 49: Sharing of Gain/Loss on account of O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	Petition	Approved	Petition	Approved
Normative O&M Expenses	72.20	70.65*	73.93	72.25*
Actual O&M Expenses	72.29	71.73*	73.76	73.32*
Gain/(Loss)	(0.09)	(1.09)	0.17	(1.07)
Sharing of Gain/Loss	(0.09)	-	0.10	-
Expenses due to Change in Law/Filing Fee & CGRF Expenses	0.27#	0.56	0.15	0.44
O&M Approved	72.65	71.21	74.01	72.69

*Excluding Petition Filing Fees and CGRF Expenses
Revised by Petitioner in its reply dated July 24, 2019

Non-Tariff Income

Petitioner's Submission

5.85 The Petitioner has claimed Rs. 5.38 Crore and Rs.6.58 Crore towards Non-Tariff Income for FY 2016-17 and FY 2017-18 respectively. The Petitioner further submitted that Non-Tariff Income includes Meter Rent, Delay Payment Surcharge, Service charges, Supervision charges and Miscellaneous Charges etc and substantiate the Non-Tariff Income with the audit accounts submitted along with the petition.

Table 50: Non-Tariff Income as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	APR Order	Petition	ARR Order	Petition
Non-Tariff Income	5.86	5.38	5.86	6.58

Commission's Analysis

5.86 The Commission has scrutinized the audited accounts and find the claim of the Petitioner in line to JSERC Distribution Tariff Regulations, 2015. Hence, the Commission approves the Non-Tariff Income as claimed by the Petitioner.

Table 51: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Non-Tariff Income	5.86	5.38	5.38	5.86	6.58	6.58



Revenue

Petitioner's Submission

5.87 The Petitioner submitted the revenue from operations as Rs. 1502.50 Crore and Rs. 1813.43 Crore for FY 2016-17 and FY 2017-18 respectively.

Commission's Analysis

5.88 The Commission has scrutinized the audited accounts submitted by the Petitioner along with the petition. The Commission has approved the revenue from sale of power as Rs. 1502.50 Crore (Note-4) and Rs. 1813.43 Crore (Note-5) of audited accounts for FY 2016-17 and FY 2017-18 respectively.

Table 52: Revenue as approved by the Commission for (Rs. Crore)

Particulars	FY 2016-17		FY 2017-18	
	Petition	Approved	Petition	Approved
Revenue	1502.50	1502.50	1813.43	1813.43

Summary of Annual Revenue Requirement and Gap/(Surplus)

Petitioner's Submission

5.89 The Petitioner has projected surplus of Rs. 101.85 Crore for FY 2016-17 after accounting for loss of Rs. 0.09 Crore due to O&M expenses. Similarly, the Petitioner has projected surplus of Rs.312.71 Crore for FY 2017-18.

Commission's Analysis

5.90 The following table summarises the Annual Revenue Requirement (ARR) and gap/(surplus) for the FY 2016-17 and FY 2017-18 as submitted by the Petitioner vis-à-vis that approved by the Commission. The Commission has approved the deferred income tax of Rs. 5.51 Crore (Rs. 29.68 Cr. - Rs. 24.17 Cr.) as approved in Tariff Order dated May 18, 2018 and was withheld during the Truing up for FY 2015-16 for passing in the subsequent Orders.

Table 53: Summary of ARR as approved by the Commission for (Rs. Crore)

Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Power Purchase Cost	1227.67	1227.68	1226.86	1265.55	1334.68	1334.15
O&M Expenses	68.84	72.65	71.21	70.41	73.76	72.69
Depreciation	33.80	32.34	32.40	29.83	27.90	27.51



Particulars	FY 2016-17			FY 2017-18		
	APR Order	Petition	Approved	ARR Order	Petition	Approved
Interest and Finance Charges	15.09	15.17	15.17	11.87	12.08	12.09
Interest on Consumer Security Deposit	1.26	1.26	1.26	1.85	2.03	2.03
Interest on Working Capital	18.62	18.11	15.73	14.80	22.81	16.02
Return on Equity	21.83	33.39	33.39	22.18	33.87	33.87
Less: Non-Tariff Income	5.86	5.38	5.38	5.86	6.58	6.58
Add: Gain/(Loss)	-	(0.09)	0.00	-	0.17	0.00
Annual Revenue Requirement	1381.25	1395.14	1390.64	1410.62	1500.72	1491.78
Add: Deferred Income Tax	-	5.51	5.51	-	-	-
Net-Annual Revenue Requirement	1381.25	1400.65	1396.15	1410.62	1500.72	1491.78
Revenue Billed	1528.09	1502.50	1502.50	1872.52	1813.43	1813.43
Gap/(Surplus)	(146.83)	(101.85)	(106.35)	(461.90)	(312.71)	(321.65)

Revenue Gap/(Surplus)

Petitioner's Submission

- 5.91 The Petitioner has considered the revenue gap/(surplus) till FY 2015-16 as approved by the Commission in Tariff Order dated May 18, 2018 as base for the subsequent years. The carrying cost is assumed based on methodology adopted and approved by the Commission in previous Tariff Orders i.e. Interest equivalent to prevailing SBI Base rate as on April 01, plus 350bp of the respective financial year.
- 5.92 Later, the Commission in its Review Order dated September 11, 2018 revised the O&M expenses for FY 2016-17 and FY 2017-18 and hence there is change in resultant revenue Gap/(Surplus) of these respective years.
- 5.93 Based on the submission, the Petitioner has proposed the cumulative revenue gap of Rs. 1157.77 Crore till FY 2017-18.
- 5.94 In order to liquidate this revenue gap, the Petitioner has proposed tariff increase. The increase in tariff is proposed in the fixed charge as well as the energy charge which will enable liquidation of revenue gap in next 3 to 4 years.

Commission's Analysis

- 5.95 The Commission has considered the gap as Rs. 1269.38 Crore for FY 2015-16 as approved in Tariff Order dated May 18, 2018.
- 5.96 As per MYT Distribution Regulations, 2015, the Petitioner is required to file the true up petition for FY 2016-17 latest by November 30, 2017 and true up for FY 2017-18 by



November 30, 2018. The Commission observed that the Petitioner had failed to meet the timeline and filed the petition for trueing up for FY 2016-17 & FY 2017-18 after the timelines mentioned in the regulation. Hence, the Commission has not considered the carrying cost on gap outstanding as on April 01, 2016.

5.97 Based on the approved value on True-up petition for FY 2016-17 and FY 2017-18, the cumulative revenue gap approved by the Commission is shown below.

Table 54: Cumulative Gap/(Surplus) as approved by the Commission (Rs. Crore)

Particulars	FY 2015-16	FY 2016-17	FY 2017-18
Opening Gap/(Surplus)	1108.84	1269.38	1156.22
Gap/(Surplus) during FY	(2.81)	(106.35)	(321.65)
Rate of Carrying Cost (%)	14.75%	12.80%	12.60%
Carrying Cost on Opening Gap/(Surplus)	163.55	-	-
Carrying Cost on Gap/(Surplus) during FY	(0.21)	(6.81)	(20.26)
Closing Gap/(Surplus)	1269.38	1156.22	814.31

5.98 The mechanism to recover the above mentioned gap shall be dealt in detail in the tariff Order for FY 2020-21.



A 6 STATUS OF EARLIER DIRECTIVES

6.1 The Commission has time and again issued various directives in order to improve the functioning of the Petitioner. The Commission directs the Petitioner to comply with the directives with utmost sincerity failing which penal action may be taken.

Directives	Status	Views of the Commission
Direction as per Tariff Order dated May 18, 2018		
Optimisation of Power Procurement Cost		
The Commission directed the Petitioner to undertake a detailed demand forecasting exercise for short term, medium term as well as long term based on which it should devise a power procurement strategy with higher focus on managing short term procurement of power through various avenues and optimising costs for procurement other than long term sources.	<p>The Petitioner submitted that the energy demand for 2nd Control period is done during the MYT petition. The demand in the Petitioner's license area is primarily governed by expansion plans of the industrial Units which attributes to ~80% of the sales. The energy demand for the next control period is being worked out by the Petitioner and will be submitted to the Commission in subsequent filings.</p> <p>As far as power procurement strategy is concerned, the Petitioner has created a Power Management Group (PMG), working on optimizing the power purchase costs from all long term tied up sources by scheduling based on Merit Order subject to technical and load flow constraints in the system. The Petitioner's is also proposing to sale surplus power in exchange to reduce the energy cost.</p>	The Commission has noted the submissions of the Petitioner. The Commission directs the Petitioner to continue taking steps to reduce the power purchase cost through better planning and forecasting techniques and submit the details along with the MYT Petition for the next Control Period.
RPO Obligation		
The Commission directed the Petitioner to comply with the RPO norms set by the Commission in future, failing which the penal action may be taken by the Commission against the licensee.	The Petitioner submitted that the Petitioner is taking all the efforts to comply with the provisions of RPO Regulations and in the past also met the targets through purchase of RECs and regularly updating the Commission about its action plan on RPO.	The Commission observed that the Petitioner has not complied with the RPO targets for FY 2016-17 and FY 2017-18 and has proposed to meet the shortfall in the FY 2019-20.



Directives	Status	Views of the Commission
		The Commission directs the Petitioner to fulfil all pending RPO Targets and ensure that in future, the RPO compliance of each Financial Year is met as per JSERC (Renewable Energy Purchase Obligation and its compliance) Regulations, 2016 as amended from time to time.
Quality of power/ Reliability Indices and Standard of Performance (SOP)		
The Commission directed the Petitioner to continue submitting monthly report on Reliability Indices in MS-Excel format along with compliance to SOP's in true spirit, in course of achieving 24x7 quality & reliable power.	The Petitioner complied with the directive and has submitted the monthly reports to the Commission.	The Commission noted the compliance of the Petitioner. The Commission directs the Petitioner to continue submitting the reports to the Commission.
Impact assessment study for switching from kWh billing to kVAh billing		
The Commission directed the Petitioner to carry out impact assessment study on transition from kWh billing to kVAh billing, for a sample set of consumers in the HTIS category and submit a report within six months of issuance of this Order.	The impact assessment study is underway and the Petitioner shall report the findings as soon as the same is completed.	The Commission directs the Petitioner to submit the impact assessment study within three months of issuance of this Order without fail.
Approval of PPA		
The Commission directed the Petitioner to submit, for approval, all the PPA's which have not yet been approved by the Commission within three months of the date of issuance of this Tariff Order.	The Petitioner submitted that they have submitted the PPA's with DVC for 120 MVA at 132 kV and 200 MW at 400 kVA to the Commission vide its Letter No. PBD/957/59-T/2018 dated October 22, 2018.	The Commission noted the compliance of the Petitioner. The Commission directs the Petitioner to ensure that all the PPA's is submitted before the Commission for approval in future.



Directives	Status	Views of the Commission
Wheeling Tariff		
<p>The Commission directed the Petitioner to propose capacity-based wheeling tariff and specify the voltage-wise distribution losses as per clause 7.9 of the JSERC MYT Regulations, 2015.</p>	<p>The Petitioner has projected the voltage wise losses as follows: 132kV ~ 0.3% to 1% 33kV ~ 1% to 2% 6.6kV ~ 1% to 2% LT~ 7% to 8%.</p> <p>The Petitioner further submitted that in absence of the methodology and clear understanding of the capacity based wheeling charges, the Petitioner is not in a position to propose the same and requested the Commission to issue the methodology for such computation.</p>	<p>The Commission noted the compliance of the Petitioner.</p> <p>The Commission directs the Petitioner to study the best practices followed by other Distribution Utilities while calculating the voltage wise wheeling charge and propose the mechanism for Commission's approval.</p>
Consolidated Tariff Petition for FY 2018-19 and FY 2019-20		
<p>The Commission directed the Petitioner to file a consolidated Petition for determination of ARR and Tariff for FY 2018-19 and FY 2019-20 along with the True-up of FY 2016-17 and FY 2017-18, within the timelines stipulated in the Tariff Regulations, viz. November 30, 2018.</p>	<p>The Petitioner submitted that filing has been delayed due to unavailability of audited accounts for FY 2017-18 and requested the Commission to kindly condone this delay in filing.</p> <p>The Petitioner has subsequently filed the true-up for FY 2018-19, ARR for FY 2019-20 and has assured that the future petition will be filed as per timelines specified in regulations.</p>	<p>The Commission noted the compliance of the Petitioner and directs the Petitioner to adhere to the timelines specified in the regulations.</p>
Strengthening/Increasing effectiveness of Consumer Grievance Redressal Mechanism		
<p>The Commission directed the Petitioner to strengthen and increase effectiveness of its consumer grievance handling mechanism and submit a report to the Commission along with the next Tariff Petition indicating- total number of complaints received, nature of complaint, complaints resolved, average resolution time, complaints pending etc.</p>	<p>The Petitioner submitted that they took utmost care to ensure that all needs of the customer are taken care of and that none of the needs and complaints converts into a Grievance.</p> <p>The Petitioner further submitted the summary of required report for FY 2016-17, FY2017-18 and H1 of FY 2018-19 (up to Sep-18) vide its Letter no. PBD/976/59-T/2018 dated 31st October 2018 and ensure to submit quarterly reports on the same</p>	<p>The Commission notes the compliance of the Petitioner and directs the Petitioner to continue submitting the reports to the Commission.</p>



Directives	Status	Views of the Commission
	from time to time.	
Bank Guarantee for Security Deposit above Rs. 10 lakh		
The Commission directed the Petitioner to strictly comply with Clause 8.2.20 of the JSERC (Supply Code) Regulations, 2015 for all the existing as well as new Consumers.	The Petitioner submitted that they will comply with the Commission directive in true spirit and allow the eligible consumers to submit the Security Deposit in the form of Bank Guarantee. In FY 2018-19, three consumers submitted the security deposit in the form of Bank Guarantee.	The Commission noted the compliance of the Petitioner.
Investment in Cyber Security Solutions		
The Commission may carry out prudence check while allowing such investment in Annual Revenue Requirement.	The Petitioner submitted that the Petitioner and JUSCO are working on the actions and necessary expenditure required including capital expenditures. The Petitioner has submitted the preliminary estimates and added that the detail estimation of SAP Hana and ISU upgrade is required to be done on input on costs to be provided by the Suppliers. Up gradation of Computers/Laptops (more than 8 years old with Windows XP) software- not supported now) has started in phases. The costs of SAP HANA/ISU upgrade shall be shared between JUSCO and TSL Licensed area as this will service both the area.	The Commission observes that the investment plan is yet to be finalized. The Commission directs the Petitioner to finalize the same at the earliest.



A 7 DIRECTIVES

7.1 In addition to the compliance of existing directives as mentioned in the status of earlier directives, the Commission directed the Petitioner to comply with the following new directives.

Expansion of service area

7.2 The Commission directs the Petitioner to make all out efforts to expand its service area for reaching rural consumers in its complete licensee area.

Expansion in the Distribution Infrastructure

7.3 The Commission directs the Petitioner to take steps to connect to upstream transmission network to improve its grid connectivity. Such interlinking will increase the reliability of the Petitioner, access to other power sources available in the open market within and outside the State and also help in optimizing its power procurement cost.

Raw Water Charges recovered

7.4 Based on the latest information available with the Commission, TSL has partially paid the water tax to Government of Jharkhand (GoJ) amounting to Rs. 316 Crore against the computed value of Rs. 607.20 Crore. The Commission directs the Petitioner to file the detail of water charge claimed by the Petitioner and deposited to the State Government. The Petitioner is also directed to file the details of usage of surplus amount so as to consider it as non-tariff income in future orders.

Compliance of Safety Regulations

7.5 As per JSERC (Compensation to Victims of Electrical Accidents) Regulations, 2018, the Licensees are required to submit the details of the electrical accidents occurring within their respective Licence area to the State Commission by 15th of every succeeding month. However, the Commission observed that even after repetitive reminders, the Petitioner had failed to comply with the above said regulation. The Commission directs the Petitioner to ensure the compliance of the regulations failing which appropriate action shall be taken under the provisions of the above Regulation.



This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on May 26, 2020.

Date: 26.05.2020

Place: Ranchi

Sd/-
(P. K. Singh)
MEMBER (Legal)

Sd/-
(R. N. Singh)
MEMBER (Engg.)

Sd/-
(Arbind Prasad)
CHAIRPERSON



ANNEXURES

Annexure-1: List of participating members of public in the public hearing

Sr. No.	Name	Address/Organization
Tube Makers Club, Namdih Road, Nildih, Jamshedpur Date & Time: January 17, 2020,10:30 PM		
1	Tushar Raj	Kadma, Jamshedpur
2	S. S. Chawla	Golmuri, Vijay Nagar
3	A. N. Choudhary	PSD JUSCO
4	Ashok Kumar Bihany	Ashiana Garden, Sonari, Jamshedpur
5	Mani Pandey	JUSCO
6	R. Rekha	JUSCO
7	Jawahar Lal Sharma	402, rd. No. 8, Sonari west JSR - II
8	Manoj Kumar Sharma	14-B, Bijaynagar, Golmuri- JSR-9
9	Rajesh Kumar	Sonari
10	N. S. Walia	Kadma, Jamshedpur
11	Kiran Kumar	Sitaram Dera, Jamshedpur
12	S.C. Jha	CGRF (TSL)
13	U. S. Ojha	Vatika Garden City Mango
14	A. K. Sinha	PSD JUSCO
15	Anil Kumar	JUSCO-Biling ECR
16	Bishwaneet Kumar	Tata Steel, Jamshedpur
17	Y Prasad	JUSCO Ltd
18	U. K. Mitra	JUSCO
19	Sunil Kumar	JUSCO Ltd. Financial Analyst, power Service Division
20	N. Leena	JUSCO
21	Pintu Mukhi	CGRF (Tata Steel)
22	S. S. Dubey	JUSCO Ltd
23	A. K. Banarjee	JUSCO Ltd
24	Sukanya Das	Tata Steel Utilities & Infrastructure service Ltd.
25	M. K. Panda	JUSCO
26	Suresh Kumar	JUSCO
27	M. P. Singh	JUSCO
28	Debajyoti Mohanty	JUSCO
29	Shio Narayan Singh	Chairperson, CGRF, Tata Steel
30	Saroj Kumar	Tata Steel, Jamshedpur
31	Ranbir Mullick	JUSCO
32	S K Monsob	JUSCO
33	Ashutosh Prasad	Tata Steel, Jamshedpur
34	Tarun Dega	JUSCO
35	Praksh Barna	W.B.F
36	Nidhi Sharma	Tata Steel, Jamshedpur
37	Capt. L Hananjay Mishra	JUSCO



Sr. No.	Name	Address/Organization
38	Manmohan Singh	JUSCO
39	Samir Ghosal	Tata Steel, Jamshedpur
40	Avtas Singh	Tuilaungri Golmuri, Jamshedpur-3
41	Sarabjit Kumar	Tuilaungri Golmuri, Jamshedpur-3
42	Rani Kumari	Tuilaungri Golmuri, Jamshedpur-3
43	Saurabh Goyal	Tata Steel, Jamshedpur
44	B. N. Jha	A/17, Teachers Colony, Birsa Nagar
45	Rajesh Beri	Hotel Siddhartha
45	Gyanendra Kumar	Adityapur, Jamshedpur
47	S. K. Majhur	Kadma, Jamshedpur
48	Anil Khemka	Jamshedpur Hotel & Restaurant Association on (JHRA)
49	B. Singh	Tuilaungri Golmuri, Jamshedpur-3
50	Nawal Khemka	JHRA
51	S. P. Singh	78 Paras Nagar Marg Senior Citizen Committee
52	B. Ahmad	Town Electrical JUSCO
53	P Maharan	Jamshedpur Hotel Association
54	Dhananjay Kumar	Jamshedpur Hotel Association
55	Janak Devi	Tuilaungri Gurdwara, Golmuri
56	Satwant Kour	Tuilungri Gurdwara, Golmuri
57	Jagdish	Bistupur
58	R. R. Ray	JUSCO
59	Suman Mandal	JUSCO
60	Arun Yadav	Jamshedpur Hotel Resturent Association
61	Nirmal Prasad	Dainik Jagran
62	Rajender Singh	Tuilaungri
63	Satwinder Kaur	Tuiladungri
64	Parmjeet Kaur	Tuiladungri
65	Sabinder Kaur	Tuladungri
66	S. Gautam	Kadma, Jamshedpur
67	V. N. Singh	P.N. 6932 Vidyapati Nagar
68	Md. Raja	Bistupur
69	Jhunnu Izhar	Bistupur
70	S. H. Pal	Burmanagar, Jamshepur
71	Bhagirath Sona	Burmanince
72	Pramod Kumar Thakur	Kasidih
73	A. K. Tripathy	Golmuri
74	Jarnail Singh	Golmuri
75	Bablu Choubey	Jugseli
76	Yugal Kishor	Mango
77	Dharam Nag	Buho Jamshedpur
78	Jogendar Singh	Golmuri