

Jharkhand State Electricity Regulatory Commission



Order on
Provisional True-up for FY 2023-24,
APR for FY 2024-25,
and ARR and Tariff Petition for FY 2025-26

for

Jharkhand Urja Sancharan Nigam Limited

April 17, 2025



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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
CFBC	Circulating Fluidized Bed Combustion
CCL	Central Coalfield Limited
CIL	Coal India Limited
ECR	Energy Charge Rate
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GHR	Gross Station Heat Rate
GoJ	Government of Jharkhand
IoWC	Interest on Working Capital
IPL	Inland Power Limited
JBVNL	Jharkhand Bijli Vitran Nigam Limited
JSEB	Jharkhand State Electricity Board
JSERC	Jharkhand State Electricity Regulatory Commission
JUVNL	Jharkhand Urja Vikas Nigam Limited
kCal	Kilocalorie
Kg	Kilogram
kWh	Kilowatt-hour
MAT	Minimum Alternative Tax
ML	Millilitre
MOU	Memorandum of Understanding
MT	Million Tonnes
MU	Million Units
MW	Megawatt
MYT	Multi-Year Tariff
NAPAF	Normative Annual Plant Availability Factor
O&M	Operations and Maintenance
PAF	Plant Availability Factor
PLF	Plant Load Factor
PPA	Power Purchase Agreement



Abbreviation	Description
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupees
SBI	State Bank of India
SLDC	State Load Dispatch Centre
SLM	Straight Line Method



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Before

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 08 of 2024

In the matter of:

Petition for
Provisional True-up for FY 2023-24, APR for FY 2024-25 and
ARR and Tariff for FY 2025-26

In the matter:

Jharkhand Urja Sancharan Nigam Limited.....**Petitioner**

PRESENT

Shri Mahendra Prasad

Member (Law)

Shri Atul Kumar

Member (Technical)

Order dated April 17, 2025

Jharkhand Urja Sancharan Nigam Limited (hereinafter referred to as 'JUSNL' or the 'Petitioner') filed a petition dated November 26, 2024 for the Provisional True-up for FY 2023-24, APR for FY 2024-25 & ARR & Tariff for FY 2025-26 for the transmission of electricity in the State of Jharkhand.



Chapter 1: Introduction

Jharkhand State Electricity Regulatory Commission

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



State;

- d) facilitate intra-state transmission and wheeling of electricity;
- e) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
- f) 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;
- g) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
- h) levy fee for the purposes of this Act;
- i) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
- j) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
- k) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
- l) discharge such other functions as may be assigned to it under this Act.

1.5 The Commission advises the State Government on all or any of the following matters, namely: -

- a) promotion of competition, efficiency and economy in activities of the electricity industry;
- b) promotion of investment in electricity industry;
- c) reorganisation and restructuring of electricity industry in the State;
- d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.

1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.

1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy framed and published by Government of India under the provisions of Section 3 of the Act. The objectives of the present National Tariff Policy are to: -

- a) ensure availability of electricity to consumers at reasonable and competitive rates;



- b) ensure financial viability of the sector and attract investments;
- c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- d) promote competition, efficiency in operations and improvement in quality of supply.

The Petitioner – Jharkhand Urja Sancharan Nigam Ltd. (JUSNL)

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



transmission lines in the State of Jharkhand.

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

The Petitioner's Prayers

- 1.15 The Petitioner in this petition has made the following prayers before the Commission: -

- a) Admit the instant Petition;
- b) Examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
- c) Approve the Provisional True up for FY 2023-24 under Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, other amendments and orders issued by the Commission from time to time;
- d) Approve the APR for FY 2024-25 under the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, other amendments and orders issued by the Commission from time to time;
- e) Approve the ARR and Tariff Proposal for FY 2025-26;
- f) Pass separate Order for the Petitioner against the present petition;
- g) JUSNL may also be permitted to propose suitable changes to the respective ARR, prior to the final approval by the Commission. JUSNL believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification;
- h) Pass such Order, as the Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;



Chapter2: Procedural History

Background

- 2.1 The Commission had issued an order on Annual Revenue Requirement for FY 2011-12 and FY 2012-13 for the Transmission Business of erstwhile JSEB on August 02, 2012.
- 2.2 The Commission had issued the Provisional Tariff order on Review of Annual Revenue Requirement for FY 2013-14 (January 06, 2014 to March 31, 2014) & FY 2014-15 and Annual Revenue Requirement and Transmission Tariff for FY 2015-16 on December 14, 2015.
- 2.3 The Commission had issued the order for the approval of Business plan and MYT for the 2nd Control period from FY 2016-17 to FY 2020-21 on February 24, 2018.
- 2.4 The Commission by Order dated February 01, 2019 had issued the True-up for FY 2013-14 (January 06, 2014 to March 31, 2014) and FY 2014-15. The Petitioner had filed a review petition against the order dated February 01, 2019 which was disposed off by the Commission vide order dated December 03, 2020.
- 2.5 Thereafter the Petitioner filed the petition for approval of True-up for FY 2015-16 & FY 2016-17 and Annual Revenue Requirement for FY 2017-18 & FY 2018-19 on October 05, 2018, and Commission passed the order on December 03, 2020.
- 2.6 The Petitioner on February 05, 2021 filed the petition for approval of True-up for FY 2017-18 and the Commission on June 12, 2023 passed the order on the aforesaid Petition.
- 2.7 The Petitioner on August 24, 2021 filed petition for approval of True-up for FY 2018-19, APR for FY 2019-20 & ARR for FY 2020-21 and the Commission on June 23, 2023 passed the order on the aforesaid petition.
- 2.8 The Petitioner on October 17, 2022 filed petition for approval of True-up for FY 2019-20, APR for FY 2020-21 and Business plan and Annual Revenue Requirement for the control period FY 2021-22 to FY 2025-26 and the Commission passed the order on June 23, 2023 on the aforesaid petition.
- 2.9 The Petitioner filed petition for True-up for FY 2020-21 & FY 2021-22, Annual Performance Review of FY 2022-23, and Annual Revenue Requirement and Tariff for FY 2023-24 on December 21, 2023 and the Commission passed the order on July 03, 2024 on the aforesaid petition.
- 2.10 The Petitioner filed petition for True-up for FY 2022-23, Annual Performance Review of FY 2023-24, Business Plan for FY 2021-22 to FY 2025-26 and Annual Revenue Requirement and Tariff for FY 2024-25 on February 29, 2024 and the Commission passed the order on July 03, 2024 on the aforesaid petition.



- 2.11 The instant Petition filed by the Petitioner for Provisional True up of FY 2023-24 based on Unaudited Accounts and has filed petition for APR for FY 2024-25 and ARR and Tariff for FY 2025-26 for review and approval of the Commission.

Information Gaps in the Petition

- 2.12 As part of tariff determination exercise, several deficiencies/information gaps were found and noted in the petition submitted by the Petitioner, which were pointed out and communicated to the Petitioner vide letter no. JSERC/Case (tariff) No. 08 of 2024/444 dated December 10, 2024 with respect to the petition for Provisional True-up for FY 2023-24, Annual Performance Review of FY 2024-25, and Annual Revenue Requirement and Tariff for FY 2025-26.
- 2.13 The Petitioner furnished the additional data/ information as directed vide File No. GM/C&RA/421/2024-25 and Letter No.165/JUSNL dated December 20, 2024 for on the petition for Provisional True-up for FY 2023-24, Annual Performance Review of FY 2024-25, and Annual Revenue Requirement and Tariff for FY 2025-26.
- 2.14 The Commission further sought data from the Petitioner in second data gap vide Letter No. JSERC/Case (tariff) No. 08 of 2024/580 dated February 21, 2025.
- 2.15 The Petitioner has replied to the aforementioned data gap vide File No. GM/C&RA/421/2024-25 and Letter No.20/JUSNL dated February 28, 2025.
- 2.16 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 to it on material already on record in the petitions filed by the Petitioner.
- 2.17 In order to provide adequate opportunity to all stakeholders and general public as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulation(s) framed by the Commission and further in order to ensure transparency in the process of tariff determination, the Commission decided to conduct public hearing on March 12, 2025 in the Utsav hall at Chanakya BNR hotel, Ranchi for inviting comments/ suggestion/ objections.

Inviting Public Comments/Suggestions

- 2.18 The Commission directed the Petitioner to make available copies of the petition to the members of general public on request, and also issued a public notice inviting comments/ suggestions on the above said petition.
- 2.19 The aforesaid public notice was issued by the Petitioner in various newspapers and a period of twenty-one (21) days was given to the members of the general public for submitting their



comments/suggestions.

Table 1: List of Newspapers and dates of publication of Public Notice by the Petitioner

True-up for FY 2023-24, APR for FY 2024-25 & ARR and Tariff For FY 2025-26				
Sl. No.	Newspaper	Edition Name	Version	Date of Publication
1	Dainik Bhaskar	Ranchi	Hindi	02.01.2025
2	Dainik Bhaskar	Jamshedpur	Hindi	02.01.2025
3	Dainik Bhaskar	Dhanbad	Hindi	02.01.2025
4	Hindustan	Ranchi	Hindi	02.01.2025 & 03.01.2025
5	Hindustan	Dhanbad	Hindi	02.01.2025
6	Hindustan	Jamshedpur	Hindi	02.01.2025
7	Hindustan Times	Ranchi	English	02.01.2025 & 03.01.2025
8	Times of India	Patna	English	02.01.2025
9	Reporter Post	Ranchi	English	03.01.2025
10	Rashtriya Naveen Mail	Ranchi	Hindi	03.01.2025
11	Prabhat Khabar	Ranchi	Hindi	03.01.2025

2.20 Subsequently, the Commission also issued a notice on its website www.jserc.org and in various newspapers for conducting a public hearing on the petition filed by the Petitioner. The newspapers wherein the notice for public hearing was issued by the Commission are detailed hereunder:

Table 2: List of Newspapers and dates of Publication of Public Notice by the Commission

Sl. No.	Newspaper	Version	Date of Publication
1	Hindustan Times	English	28.02.2025 & 11.03.2025
2	Hindustan	Hindi	28.02.2025
3	The Times of India	English	28.02.2025 & 11.03.2025
4	Dainik Bhaskar	Hindi	28.02.2025 & 11.03.2025
5	Dainik Jagran	Hindi	11.03.2025

Submission of Comments/ Suggestions and Conduct of Public Hearing

2.21 The public hearing was held on March 12, 2025 in the Utsav hall at Chanakya BNR hotel, Ranchi. The Comments/Suggestions of the Public, Petitioner's responses and Commission's views are detailed in **Chapter 4** of this order.



Chapter 3: Brief Facts of the Petition

True-up for FY 2023-24

3.1 The details of Aggregate Revenue Requirement as submitted by the Petitioner is provided in table below:

Table 3: ARR for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 03.07.2024	Petition
1	Operation and Maintenance Expense	152.07	175.76
<i>i</i>	<i>Employee Expense</i>	50.12	90.31
<i>ii</i>	<i>A&G Expense</i>	10.26	24.04
<i>iii</i>	<i>R&M Expense</i>	91.69	61.41
2	Depreciation	167.6	167.82
3	Interest on Loan	107.32	482.62
4	Return on Equity	136.73	248.04
5	Interest on Working Capital	12.56	21.00
6	Incentive for Target Availability	0.00	11.53
7	Less: Non-tariff Income	(18.90)	(19.67)
8	Net Aggregate Revenue Requirement	557.38	1087.11
9	Revenue from Operations	557.38	401.71
10	Revenue Gap / (Surplus)	0.00	685.39

APR for FY 2024-25

3.2 The details of Aggregate Revenue Requirement as submitted by the Petitioner is provided in table below:

Table 4: ARR for FY 2024-25 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 03.07.2024	Petition
1	Operation and Maintenance Expense	161.61	214.95
2	Depreciation	172.22	179.27
3	Interest on Loan	101.70	540.08
4	Interest on Working Capital	12.96	24.47
5	Return on Equity	136.73	248.04
6	Less: Non-tariff Income	(18.90)	(19.67)
7	Net Aggregate Revenue Requirement	566.32	1,187.13



ARR for FY 2025-26

3.3 The details of Aggregate Revenue Requirement as submitted by the Petitioner is provided in table below:

Table 5: ARR for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 23.06.2023	Petition
1	Operation and Maintenance Expense	131.31	241.95
2	Depreciation	158.34	249.37
3	Interest on Loan	130.56	670.39
4	Interest on Working Capital	9.37	28.81
5	Return on Equity	58.61	248.04
6	Less: Non-tariff Income	(12.79)	(19.67)
7	Net Aggregate Revenue Requirement	475.40	1418.88

Transmission Tariff for FY 2025-26

3.4 The details of Transmission Tariff as submitted by the Petitioner is provided in table below:

Table 6: Transmission Tariff for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Petition
1	Annual Transmission Charges (Rs. Cr.)	4048.39
2	Total Transmission Capacity (MW)	2822.39
3	Total Transmission Capacity allocated to JBVNL (MW)	2742.39
4	Annual Transmission Charges to be levied to JBVNL (Rs. Cr.)	3933.64
5	Monthly Transmission Charges to be levied to JBVNL (Rs. Cr.)	327.80
6	Total Transmission Capacity allocated to Railways (MW)	80.00
7	Annual Transmission Charges to be levied to Railways (Rs. Cr.)	114.75
8	Monthly Transmission Charges to be levied to Railways (Rs. Cr.)	9.56

Table 7: STOA Charges for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	UoM	Petition
1	AFC (FY 2024-25)	Rs. Cr.	1,187.13
2	Av_CAP (FY 2024-25)	MW	2114.57
3	ST Rate	Rs./MW/Day	7690.48
4	ST Rate	Rs./MWHr	320.44



Chapter 4: Public Consultation Process

- 4.1 The Public Hearing was held on March 12, 2025 to ensure maximum Public participation and transparency wherein Stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner.
- 4.2 The Commission has observed that the public notice of the petition was published by the Petitioner to invite comments and suggestions. The Petitioner has submitted that it has not received any comments from the stakeholders. Moreover, during public hearing the Commission had directed the respective beneficiaries and the Petitioner to provide written submission/comment to the Commission within a week. Thereafter, the stakeholders had submitted their queries and the responses of the Petitioner and views of the Commission are summarized in this chapter

Stakeholder's Objection

- 4.3 The Capital expenditure claimed by JUSNL is Rs. 746.43 Cr. which is more than the approved capital expenditure of Rs. 415.90 Cr., however, the asset capitalized is only Rs. 7.51 Cr. against the approved capitalization of Rs. 215.07 Cr. The variation between the approved and the claimed figures should be justified.

Petitioner's Submission

- 4.4 The Petitioner submitted that the capital expenditure incurred by JUSNL during FY 2023-24 is based on the progress of the capital expenditure schemes being implemented by the Utility. The Commission has approved the capital expenditure and capitalization based on the timelines envisaged at the inception of the various schemes under implementation. However, there are various factors like forest clearance, ROW and land issues etc which play a vital role in the implementation of any capital expenditure scheme and the Petitioner is putting in all effort to capitalize the schemes as per the envisaged timelines.

Stakeholder's Objection

- 4.5 The employee cost claimed by JUSNL is Rs. 90.31 Cr. against the approved cost of Rs. 50.12 Cr. The reasons in the increase in cost should be explained.

Petitioner's Submission

- 4.6 The Petitioner submitted that the employee cost claimed by it is based on the actual employee cost incurred by the Utility in FY 2023-24. The major reason for such exceptional increase in due to the following:

Revision of pay structure of the employees of JUSNL with effect from 01.01.2016:

- 4.7 Govt. of Jharkhand vide its resolution No. 11/07 (Ve, Aa) – 01/2016-217/F dated 18.01.2017 of Additional Chief Secretary, Planning-cum-



Finance Department (Finance Division), Govt. of Jharkhand has issued Order regarding the revision of pay structure for the State Govt. employees with effect from 01.01.2016. Accordingly, same was also adopted for the employees of JUSNL vide notification no 1848/Nigam HQ, Ranchi dated 10.07.2017 and by way of this the salaries and terminal benefits of the employees of JUSNL was revised w.e.f. 01.01.2016 retrospectively. The arrear for the period from 01.01.2016 to 31.03.2017 was paid during FY 2017-18.

Recruitment drives conducted by JUSNL:

- 4.8 JUSNL conducted recruitment drives for filling of the vacant positions at various levels vide JUVNL Employment Notification No. 03/2016 and 04/2016. The new recruits are also entitled to the revised pay structure as per the notification of JUVNL vide notification no. 1848/Nigam HQ, Ranchi dated 10.07.2017. The addition of new employees has also contributed for the increase in employee expenses during FY 2020-21 which may further increase after all the vacant positions are fulfilled as per sanctioned strength.

Stakeholder's Objection

- 4.9 The A&G expenses claimed by the Petitioner comprise of miscellaneous expenses of Rs. 16.27 Cr. Detail of the same should be provided by JUSNL

Petitioner's Submission

- 4.10 The Petitioner submitted that the breakup of 'Miscellaneous Expenses' as a part of A&G Expenses for FY 2023-24 is provided below:

Table 8: Itemized Miscellaneous expenses submitted by the Petitioner

S. No.	Particulars	FY 2023-24
1.	Miscellaneous Expenses	7,66,29,066.70
2.	Bank Charges	21,317.50
3.	Training	12,146.81
4.	Home Guard	7,46,66,203.64
5.	Uniform and Livery Expenses	22,135.70
6.	PF Inspection and Audit Charges	23,400.00
7.	Computer Charges	1,12,92,538.00
8.	Total	16,26,66,808.35

Stakeholder's Objection

- 4.11 The R&M expenses claimed by JUSNL is Rs. 61.41 Crores whereas the approved expenses were Rs. 91.69 Crore. The reasons for the decrease in cost should be explained.

Petitioner's Submission

- 4.12 The Petitioner submitted that the Commission had approved the R&M expenses as per the normative parameters provided in the MYT



Regulations. However, the R&M expenses claimed by JUSNL are based on the actual cost incurred by the utility in carrying out the maintenance of the transmission system. Hence, there is a variation in the approved and the actual cost of the R&M expenses.

Stakeholder's Objection

- 4.13 The depreciation has been claimed by JUSNL based on the GFA of the utility.
- 4.14 However, the Fixed Asset register has not been provided by JUSNL. The Fixed Asset register should be provided to compute asset wise depreciation.

Petitioner's Submission

- 4.15 The Petitioner submitted that the Fixed Asset register is under preparation and the same will be submitted to the Commission shortly.

Stakeholder's Objection

- 4.16 The detailed computation of the inflation factor should be provided.

Petitioner's Submission

- 4.17 The Petitioner submitted that the inflation factor, 6.09% considered for projection of the O&M expenses for FY 2024-25 was approved by the Commission in the MYT Order for JUSNL issued for the 3rd Control Period dated 23.06.2023.

Stakeholder's Objection

- 4.18 The Stakeholder objected that there is a huge difference between the approved and the claimed interest charges. Reason for the same should be provided

Petitioner's Submission

- 4.19 The Petitioner submitted that the Commission approves the interest charges only on the assets capitalized by the utility. However, the JUSNL claims the interest charges on the basis of the actual loan portfolio of the utility.
- 4.20 Hence, there is a difference in the approved and the claimed interest charges.

Stakeholder's Objection

- 4.21 The stakeholder pointed out that there is a huge difference between the claimed and approved O&M expenses for FY 2025-26 and sought reason for the same to be provided.

Petitioner's Submission

- 4.22 The Petitioner submitted that the Commission while approving the O&M expenses for the FY 2020-21, has not considered the actual value of O&M expenses but has approved the O&M expenses based on the normative parameters which are lower than the actual O&M expenses



for the FY 2020-21.

- 4.23 As the approved O&M expense of the FY 2020-21 has been escalated with the escalation factor of 6.09% to determine the O&M expenses for each year of the Control period, hence, the approved O&M expense is on a lower side in comparison to the employee expense proposed by the JUSNL. Due to this factor the O&M expenses approved by the Hon'ble Commission for the MYT Control Period FY 2021-22 to FY 2025-26 has been underestimated by a huge margin for each year of the Control Period. Therefore, there is a huge difference between the approved and the claimed O&M expenses for the FY 2025-26.

Stakeholder's Objection

- 4.24 The JUSNL has claimed Rs. 2793.43 Cr. as capitalization against Rs. 1163.60 Cr. approved. The reason for this difference should be explained.

Petitioner's Submission

- 4.25 The Petitioner submitted that the capitalization claimed for the FY 2025-26 is based on the progress of the work of the various capital expenditure schemes currently under implementation by the utility. Some of the schemes envisaged for capitalization at an earlier period are expected to be capitalized during the FY 2025-26, hence, there is a difference between the approved and the claimed capitalization during the FY 2025-26.

Stakeholder's Objection

- 4.26 On the basis of ABT meters installed at outgoing 33 KV feeders of JUSNL GSS's for FY 2023-24 as petition filed by JBVNL on True up for FY 2023-24, APR for FY 2024-25 and ARR & Tariff for FY 2025-26. Only 10800.37 MU net energy has been received by JBVNL against JUSNL claim of 11812.29 (JBVNL + other consumers).
- 4.27 JUSNL is required to give the source of the meter readings considered for computation of energy sold to consumer. Stakeholder requested the Commission to consider only 10800.37 MU as share of JBVNL while approving the petition of JUSNL.

Petitioner's Submission

- 4.28 The Petitioner submitted that the meter readings have been obtained from the meters installed at the outgoing 33 KV feeders of the various JUSNL GSS.

Commission's Views

- 4.29 The Commission has noted the Stakeholder's Objection and Petitioner's response on the above mention issue.



Chapter 5: True Up for FY 2023-24

- 5.1 The Petitioner has submitted that the provisional true-up petition for FY 2023-24 which has been prepared based on values from unaudited accounts taking into consideration the provisions of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, and the methodology adopted by the Commission in the earlier orders.
- 5.2 The Commission based on the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 has carried out true-up taking into consideration: -
- Actual values (Unaudited) for FY 2023-24 and additional details submitted by the Petitioner;
 - JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020; and;
 - Methodology adopted by the Commission in the earlier orders.

Capital Expenditure, Capitalization & CWIP

Petitioner Submission

- 5.3 The Petitioner submits that it has considered the actual capital expenditure and capitalization that has incurred in the books of accounts (unaudited) for truing up of expenses for FY 2023-24. In accordance with the same, the Petitioner submits that it has incurred actual capital expenditure of Rs.746.43 Cr. and actual capitalization of Rs.7.51 Cr. in FY 2023-24.
- 5.4 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the tables below:

Table 9: Capex, CWIP and Capitalization for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Particulars	Opening	Addition	Closing
Capital Expenditure during the Year	7,334.69	746.43	8,081.12
Capitalization	3,987.92	7.51	3,995.42
Capital Works in Progress	3,346.78	738.92	4,085.70
<i>Asset Capital Work in Progress</i>	<i>2,683.93</i>	<i>712.96</i>	<i>3,396.89</i>
<i>Capital Advances</i>	<i>635.84</i>	<i>25.98</i>	<i>661.82</i>
<i>Advance to Suppliers</i>	<i>0.00</i>	<i>0.00</i>	<i>0.00</i>
<i>Stock of Materials at Site</i>	<i>27.00</i>	<i>-0.01</i>	<i>26.99</i>

Table 10: Capex and Capitalization for FY 2023-24 as submitted by the



Petitioner (Rs. Cr.)

Particulars	Approved in T.O. dated 03.07.2024	Petition
Capital Expenditure during the Year	570.08	746.43
Asset Capitalized during the year	215.07	7.51

- 5.5 The Petitioner has submitted that the opening and closing balances of the capital expenditure, capitalization, CWIP are considered as per the unaudited annual accounts for FY 2023-24 and Assets amounting to Rs.2.03 Cr. pertaining to SLDC have been deducted from the total assets of JUSNL valuing Rs. 3997.46 Cr. Hence, the net assets of JUSNL after segregation of SLDC assets are Rs. 3995.42 Cr.
- 5.6 The Petitioner has claimed opening GFA as per the unaudited annual accounts for FY 2023-24. The following table shows the opening and closing balance of GFA as per unaudited annual accounts against that approved by JSERC in the last tariff order dated 03.07.2024. The Petitioner has requested the Commission to approve GFA for FY 2023-24 as provided in the table below.

Table 11: Gross Fixed Assets for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Particulars	Approved in T.O. dated 03.07.2024	Petition
Opening Gross Fixed Asset	3875.75	3987.92
Asset Capitalized during the year	215.07	7.51
Closing Gross Fixed Asset	4090.82	3995.42

- 5.7 The Petitioner has stated that during the FY 2023-24, the petitioner performed a reconciliation of assets under use and found that certain assets were in use from earlier period but were not capitalized in books of accounts. Accordingly, assets were capitalized based on the date of capitalization which were of earlier periods and hence the opening balances were reinstated having an impact on Property Plant and Equipment, depreciation, and CWIP and carried forward to the opening balance as on 01.04.2022. The CWIP was credited by Rs. 112.05 Cr. which pertains to schemes capitalized during prior period.

Commission Analysis

- 5.8 The Commission observed that the opening balance of GFA for FY 2023-24 (Rs. 3987.80) proposed by the Petitioner is not in line with the closing balance of True up for FY 2022-23 (Rs. 3875.75). In this regards, the Commission sought explanation for the difference of Rs. 112.05 Cr. from the Petitioner. The Petitioner submitted that on account of delay in receiving of Final Acceptance Certificate/Provisional Acceptance Certificate, the capitalization of assets has not been done in timely manner in the book of accounts.



- 5.9 The Commission after scrutiny and prudence check of the data/information submitted by the Petitioner along with unaudited accounts for FY 2023-24 approves the earlier capitalization done in the year 2022-23 and disallows the capitalization of Rs. 112.05 Cr. Furthermore, in order to reinstate the GFA and include additional Rs.112.05 Cr., the Petitioner has to file a separate Petition with Audited Accounts after completion of Fixed Asset Register for proper consideration.
- 5.10 Accordingly, the commission approves the capitalization of Rs.7.51 Cr. as submitted by the Petitioner for FY 2023-24.
- 5.11 It is pertinent to mention that the Commission while approving the GFA for FY 2023-24 has considered the unaudited accounts for FY 2023-24 and directs the petitioner to file a definitive true-up petition once the audited accounts are available. It is directed that the Petitioner present separate financial statements for SLDC business and transmission business along with the final true-up.
- 5.12 The Commission has verified the documents submitted by the Petitioner along with a prudence check of the unaudited annual accounts and approved the GFA for FY 2023-24 accordingly.
- 5.13 The Commission has scrutinized the information submitted by the Petitioner and approves the capitalization for FY 2023-24 as shown in the table below:

Table 12: Gross Fixed Assets for FY 2023-24 as approved by the Commission (Rs. Cr.)

Particulars	Approved in T.O. dated 03.07.2024	Petition	Approved
Opening Gross Fixed Asset	3875.75	3987.92	3875.75
Capitalization	215.07	7.51	7.51
Closing Gross Fixed Asset	4090.82	3995.43	3883.26

Operation and Maintenance Expenses

Petitioner Submission

- 5.14 The Petitioner has submitted that the Operation and Maintenance (O&M) cost is mainly driven by the length of transmission line and number of substations. Employee Expenses constitute a major portion of the O&M expenses and the expenses include salaries of the staff, payments related to surrendered leave, various medical allowances, leave travel allowances and other allowances.

Employee Expenses: The Petitioner has submitted that the employee expenses primarily include costs towards salaries, Dearness Allowances, Bonus, Staff Welfare and Medical Benefits, Leave Travel and Earned Leave Encashment, and Terminal Benefits in the form of pension, gratuity etc. The details of employee expense as submitted by



the Petitioner is shown in the table below:

**Table 13 Employee Expenses as submitted by the Petitioner for FY 2023-24
(Rs. Cr.)**

S.No	Particulars	Approved in T.O. dtd. 03.07.2024	Petition
1	Employee Expense	50.12	70.56
2	Terminal Benefits	-	19.75
	Total	50.12	90.31

5.15 The Petitioner has claimed the employee expenses as per the unaudited accounts for FY 2023-24. The actual employee expense for FY 2023-24 is Rs.90.31 Cr. (including the terminal benefits) which is very high in comparison to Rs. 50.12 Cr. as approved by the Commission in its Tariff Order dated 03.07.2024. It is also submitted that the employee expenses of SLDC amounting to Rs. 5.16 Cr. have been deducted from the total employee expenses of Rs.95.38 Cr. to arrive at the net employee expenses of Rs. 90.31 Cr. The major reason for such exceptional increase is due to the following:

Revision of Pay structure of the employees of JUSNL with effect from 01.01.2016: Govt. of Jharkhand vide its Resolution No. 11/07 (Ve, Aa)- 01/2016-217/F dated 18.01.2017 of Additional Chief Secretary, Planning-cum-Finance Department (Finance Division), Govt. of Jharkhand has issued an order regarding the revision of pay structure for the State Govt. employees with effect from 01.01.2016. Accordingly, same was also adopted for the employees of JUSNL vide notification no 1848/Nigam HQ, Ranchi dated 10.07.2017 and by way of this the salaries and terminal benefits of the employees of JUSNL was revised w.e.f. 01.01.2016 retrospectively. The arrear for the period from 01.01.2016 to 31.03.2017 was paid during FY 2017-18. Also, the cost on account of terminal benefits was increased due to mass retirement during FY 2017-18.

Recruitment drives conducted by JUSNL: JUSNL conducted recruitment drives for filling of the vacant positions at various levels vide JUVNL Employment Notification No. 03/2016 and 04/2016. The new recruits are also entitled to the revised pay structure as per the notification of JUVNL vide notification no. 1848/Nigam HQ, Ranchi dated 10.07.2017. The addition of new employees has also contributed to the increase in employee expenses during FY 2020-21 which may further increase after all the vacant positions are fulfilled as per the sanctioned strength.

5.16 The Petitioner submits that, it may be inferred that the increase in employee expense was due to change in pay structure and addition of new employees which was not under the control of JUSNL. The Petitioner has thus requested the Commission to allow employee expense as per actual thereby invoking Clause 10.21 which provides



that the Commission shall consider any variation in Employee Expense due to changes recommended by the Pay Commission and Clause No. 20.1 which provides that the Commission may adopt a procedure, which may vary with any of the provisions of the notified Regulations.

R&M Expenditure: The Petitioner has submitted that the repairs and maintenance expenses include procurement expenses for various spares used for maintenance purposes as well as labour charges for repairs. The Commission, in its Business Plan order, has approved R&M expenses based on k-Factor of 2.23% which was applied on opening GFA (Rs. 2330.41 Cr.) assumed at that time of FY 2023-24.

- 5.17 The Petitioner has further submitted that the actual opening GFA as per the unaudited accounts of FY 2023-24 is Rs. 3987.92 Cr. which is much higher than that assumed in Business Plan order dated June 23, 2023 and that approved in the Tariff Order dated 3rd July, 2024. The R&M expenses primarily include costs related to repair of different class of fixed assets etc. Accordingly, R&M expense has been claimed as per actual in line with the actual unaudited accounts for FY 2023-24.
- 5.18 The R&M expense as submitted by the Petitioner is shown in the table below:

Table 14 R&M expenses as submitted by the Petitioner for FY 2023-24 (Rs. Cr.)

S.No	Particulars	Approved in T.O. dtd. 23.06.2023	Approved in T.O. dtd. 03.07.2024	Petition
1	Opening GFA	2330.41	3875.75	3987.92
2	K Factor	2.23%	2.23%	
	R&M Expense	55.13	91.69	61.41

A&G Expenses: The Petitioner has submitted that A&G expenses mainly comprise of costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits. The Petitioner has claimed the A&G expenses as per the unaudited accounts for FY 2023-24. The major contribution to the A&G expense is from miscellaneous expense of Rs.16.27 Cr.. The Petitioner has also claimed Legal expenses as a part of A&G expenses amounting to Rs. 0.80 Cr. It is also submitted that the A&G expenses of SLDC amounting to Rs. 1.45 Cr. have been deducted from the total A&G expenses of Rs. 25.48 Cr. to arrive at the net A&G expenses of Rs. 24.04 Cr. The A&G expense as submitted by the Petitioner for FY 2023-24 is shown in the table below:

**Table 15 A&G Expenses as submitted by the Petitioner for FY 2023-24(Rs. Cr.)**

S.No	Particular	Approved in T.O. dtd. 03.07.2024	Petition
1	A&G Expenses	10.26	23.24
2	Legal Expenses	-	0.80
	A&G Expense	10.26	24.04

5.19 The summary of the O&M Expenses for FY 2023-24 as approved by the Commission in its tariff order dated 03.07.2024 vis-à-vis actually incurred, is as shown in the table below:

Table 16: O&M expense for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Emp. Expenses	50.12	70.56
Terminal Benefits	-	19.75
R&M Expenses	91.69	61.41
A&G Expenses	10.26	24.04
O&M Expenses	152.07	175.76

Commission's Analysis

5.20 The Commission has referred to provisions mentioned in JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for determination of O&M expenses as cited below:

“Operation and Maintenance (O&M) expenses

10.18 Operation and Maintenance (O&M) expenses shall comprise the following:

- (a) Salaries, wages, pension contribution and other employee costs;
- (b) Administrative and General costs;
- (c) Repairs and maintenance expenses;

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

10.20 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

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

Where,

R&M_n – Repair and Maintenance Costs of the Transmission Licensee for the nth year; A&G_n – Administrative and General Costs of the Transmission Licensee for



the *n*th year;

EMP_n – Employee Costs of the Transmission Licensee for the *n*th year excluding terminal liabilities.

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

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

Where

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

‘*GFA*’ is opening value of the gross fixed asset of the *n*th year;

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

Where,

EMP_{n-1} – Employee Costs of the Transmission Licensee for the (*n-1*)th year excluding terminal liabilities;

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

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

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

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

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

Note 2: Any variation due to changes recommended by the Pay Commission or wage revision agreement, etc., will be considered separately by the Commission;

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

Employee Expenses

5.21 The Commission has observed that the Petitioner has claimed employee expense as per actuals and in line with unaudited accounts for FY 2023-24.



- 5.22 The Commission while analyzing the employee expense for FY 2023-24 has referred to tariff order dated July 3, 2024 and has found that there is steep increase in employee expense wherein the Petitioner has stated reasons for the increase in employee expense owing to pay revision, various recruitment drives etc as undertaken by the Petitioner referred above. In reply to the first data gap, the Petitioner has also submitted that there were no arrears paid in FY 2023-24 on account of pay revision applicable from 01.01.2016.
- 5.23 Therefore, on account of non-submission of expenses incurred for the payment of arrears, the Commission has considered normative methodology for the computation of employee expense for FY 2023-24 by escalating the previous year tried up value i.e. FY 2022-23 by an inflation factor of 3.72% and has determined and approved the employee expense accordingly for FY 2023-24. The terminal benefit has been allowed as per Unaudited Financial Statement. The Commission has therefore approved the Employee expense in line with normative value in the Regulations which has attained finality.

A&G Expenses

- 5.24 The Commission after scrutinizing and prudence check of the unaudited accounts of the Petitioner for FY 2023-24 has found that the Petitioner has also incurred high A&G cost w.r.t to the approved cost in tariff order dated July 3, 2024. The A&G cost as approved in tariff order was Rs.10.26 Cr. with respect to which the Petitioner has claimed an amount of Rs. 24.04 Cr. (including legal expense). The Commission after due diligence has approved the A&G expense for FY 2023-24 by escalating the previous year tried up approved value with a factor of 3.72% and has approved the A&G expense for the year accordingly. Maintaining similar approach as in Employee Expense, the Commission has approved normative A&G expense as per Regulations which has attained finality.

R&M Expenses

- 5.25 The Commission in its MYT order dated June 23, 2023 had approved the R&M expense for the entire period of the third control period with respect to opening GFA of the respective financial year along with K factor of 2.23%.
- 5.26 The Commission has observed that the Petitioner has claimed an R&M expense of Rs. 61.41 Cr as in regard to tariff order approved value of Rs.91.69 Cr. The Commission has also referred to unaudited accounts of FY 2023-24 and has found it to be in line with the submission of the Petitioner.
- 5.27 The Commission has adopted similar methodology with that of employee expense and A&G expense and methodology considered in previous years and has approved the R&M expense for FY 2023-24 by considering the unaudited GFA of FY 2023-24, K factor (2.23%) as approved in MYT order dated 23rd June 2023 along with inflation factor of 3.72%.



5.28 The O&M expenses as approved by the Commission in tariff order dated July 3, 2024 and submitted by the Petitioner vis-à-vis as approved by the Commission for FY 2023-24 is shown in the table below:

Table 17 O&M expenses as approved by the Commission for FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Employee Expenses	50.12	70.56	49.00
Terminal Benefits	0.00	19.75	19.75
Administrative & General Expenses	10.26	23.24	10.00
Legal Expenses	0.00	0.80	0.80
Repairs & Maintenance Expenses	91.69	61.41	89.64
O&M Expenses	152.08	175.76	169.19

Depreciation

Petitioner's Submission

5.29 The Petitioner has submitted that it has calculated the depreciation as per the rates prescribed in the schedule attached to the Regulation as Appendix-I of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

5.30 The Petitioner has submitted detailed calculation for the depreciation claimed as shown in the table below:

Table 18 Calculation of Depreciation expenses as submitted by the Petitioner for FY 2023-24(Rs. Cr.)

Particulars	Gross Fixed Assets			Depreciation
	At Beginning of Year	Additions/ Disposals during the year	At End of Year	Depreciation during the year
Land and land rights	7.93	0.00	7.93	0.00
Building	14.21	0.40	14.61	0.39
Plant and Machinery	2230.81	5.92	2236.72	94.24
Lines and Cable Network	1723.83	0.00	1723.83	72.74
Vehicles	0.91	0.00	0.91	0.03
Furniture and Fixture	1.59	0.25	1.84	0.11
Office Equipment	2.17	0.32	2.50	0.15
Spare Units/Service Units	0.21	0.00	0.21	0.00
Others Civil Works	6.27	0.62	6.88	0.17



Particulars	Gross Fixed Assets			Depreciation
	At Beginning of Year	Additions/ Disposals during the year	At End of Year	Depreciation during the year
Total	3987.92	7.51	3995.42	167.82

5.31 The Petitioner has submitted that depreciation expenses claimed is within the limit approved by the Commission in the Tariff Order dated 03.07.2024 and is also in line with the unaudited accounts for FY 2023-24. It is also submitted that the depreciation of SLDC amounting to Rs. 0.09 Cr. have been deducted from the total depreciation of Rs. 167.91 Cr. to arrive at the net depreciation of Rs. 167.82 Cr., as shown in the table:

Table 19: Depreciation for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Depreciation	167.60	167.82

Commission's Analysis

5.32 The Commission, in its tariff order dated July 3, 2024 had determined asset-wise depreciation with additions in asset during the year considered as per the approved capitalization for the year. The Commission has considered the depreciation rates for the various asset classes as per the Transmission Tariff Regulations, 2020. Accordingly, the depreciation cost was approved by the Commission for the control period FY 2021-22 to FY 2025-26.

5.33 The Commission after scrutinizing the submission made by the Petitioner approves the depreciation based on the depreciation schedule attached to as Appendix-I to the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 and the capitalization as approved earlier in this order.

5.34 The Commission after scrutiny and verification of the documents submitted along with unaudited accounts has adopted similar methodology as in previous tariff orders for computing the depreciation for FY 2023-24 and has approved depreciation for FY 2023-24 as shown in the table below:

Table 20: Depreciation for FY 2023-24 as approved by the Commission (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Depreciation	167.60	167.82	167.82



Interest on Loan

Petitioner's Submission

5.35 The Petitioner has submitted that interest on loans include loans against schemes, central and state government loans, Bank Overdrafts, public bonds etc. The Petitioner has further submitted that it has been funding its capital expenditure mostly from State Government loan. In this regard, loan balance has substantially increased with increase in capital expenditure and capitalization for each year. JUSNL has claimed interest on loan of Rs. 482.62 Cr. against that approved amount of Rs. 107.32 Cr. The following table shows the interest on loan claimed by JUSNL against that approved in the tariff Order:

Table 21: Interest on loan as submitted by the Petitioner for FY 2023-24(Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Interest on Loan	107.32	482.62

5.36 As part of the Petition, the Petitioner has submitted a calculation of for arriving at the rate of interest calculated on the basis of the actual loan portfolio of the JUSNL for the FY 2023-24 as shown below:

Table 22 Weighted average rate of interest for FY 2023-24 (Rs. Cr.)

Rate of Interest	FY 2023-24
Opening Loan	4895.43
Loan for additional Capex	926.33
Loan Surrendered	0.00
Closing Loan	5821.76
Average Loan	5358.59
Interest during the Year	482.62
Interest Rate	9.01%

5.37 Furthermore, the Petitioner has considered the same rate of interest for calculation of loan amount for the claim of APR and ARR in the later chapters.

Commission's Analysis

5.38 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the Debt : Equity ratio of transmission project will be considered as per the following:-

“For a project declared under commercial operation on or after 1.04.2016, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:”



Provided that where equity deployed is less than 30% of capital cost, the actual equity shall be considered for determination of tariff.”

- 5.39 As the Petitioner has submitted that all capitalization is carried out by taking loans from State Government, hence, the Commission has considered the entire capitalization during the year funded through loan (i.e Debt : Equity is 100:0).
- 5.40 The repayment for the year of the tariff period has been considered to be equal to the depreciation allowed for that particular financial year. The closing loan values for the FY 2022-23 has been considered as opening loan value without the capitalization of Rs. 112.05 Cr adjusted for FY 2023-24.
- 5.41 The Commission has referred to clause 10.33 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 and has considered an interest rate of SBI MCLR as on 1st April 2023 plus 200 basis points i.e. (8.5% plus 200 basis points =10.5%) The Interest on Loan as approved by the Commission is tabulated hereunder:

Table 23: Interest on loan as approved by the Commission for FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Opening Debt Balance	1168.68		1168.68
Additions due to New Capitalization added in books	-		0.00
Reinstated Opening Debt Balance	1168.68		1168.68
Net Additions	215.07		7.51
Repayment	167.60		167.82
Closing Debt Balance	1216.15		1008.37
Average Loan	1192.41		1088.52
Interest on Loan (%)	9.00%		10.50%
Interest on Loan	107.32	482.62	114.30

Return on Equity

Petitioner’s Submission

- 5.42 The Petitioner has submitted that it has considered equity base of Rs. 1771.70 Cr. (Rs. 1769.70 Cr. towards equity share capital + Rs.2.00 Cr. towards restructuring account pending adjustment) for FY 2023-24 as reflected in the annual unaudited accounts. The applicable return on equity has been calculated considering 14% rate of return as per Regulation 10.26 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. The detailed calculation of return on equity is provided below:

**Table 24: Return on Equity as submitted by the Petitioner for FY 2023-24 (Rs. Cr.)**

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Opening Equity	976.61	1771.70
Additions	0.00	0.00
Closing Equity	976.61	1771.70
Average Equity	976.61	1771.70
Rate of Return	14.00%	14.00%
Return on Equity	136.73	248.04

Commission's Analysis

- 5.43 The Commission has observed that the Petitioner has computed the equity component more than the normative equity of 30% of the GFA. The Commission vide data gap had directed the Petitioner for providing detailed information on the same.
- 5.44 In reply dated February 28, 2025, the Petitioner had submitted that it has considered the equity portion amounting to Rs. 1771.70 Cr. (inclusive of reinstated accounts) as reflected in the unaudited accounts for FY 2023-24. The Commission has observed that the Petitioner failed to submit proper justification, audited accounts or FAR to substantiate the claim. Hence, the Commission, in the instant petition, has considered the closing equity of FY 2022-23 as the opening equity for FY 2023-24. with no addition in equity component as submitted by the Petitioner.
- 5.45 As per Regulation 10.26 to 10.27 of the JSERC Transmission Tariff Regulations, 2020 Return on Equity shall be calculated as follows: -

“Return on Equity

10.26 The rate of return on equity shall be 14.00% (post-tax) for the Control Period.

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

a) Equity employed in accordance with Clause 10.23 of these Regulations on assets (in use) capitalized as on the beginning of the year; and

b) 50% of the equity projected to be employed in accordance with Clause 10.24 of these Regulations on assets (in use) commissioned during the year.”

- 5.46 The Commission has accordingly approved the Return on Equity for FY 2023-24 as shown in the table below:

Table 25: Return on Equity as approved by the Commission for FY 2023-24



(Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Opening Equity	976.61	1771.70	976.61
Additions due to New Capitalization added in books	-	-	-
Reinstated Opening Equity	-	-	-
Additions	0.00	0.00	0.00
Closing Equity	976.61	1771.70	976.61
Average Equity	976.61	1771.70	976.61
Rate of Return	14.00%	14.00%	14.00%
Return on Equity	136.73	248.04	136.73

Interest on Working Capital

Petitioner's Submission

5.47 The Petitioner has submitted that the working capital requirement has been computed according to the applicable norms for Transmission function as provided in the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the calculation for which has been detailed in the table below. In line with the above Regulations actual SBI base rate prevailing on 1st April 2023 has been taken into account for calculation of interest on working capital for FY 2023-24.

Table 26: Interest on Working Capital as submitted by the Petitioner for FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
O&M expenses for 1 month	18.52	14.65
Maintenance spares 15% of O&M expenses	25.36	26.36
45 days Receivables of Annual Fixed Charges	132.08	134.03
Total Working Capital	171.52	175.04
Interest Rate	12.05%	12.00%
Interest on Working Capital	12.56	21.00

Commission's Analysis

5.48 The Commission has considered Interest on Working Capital (IoWC) as per norms specified in clause 10.43 to clause 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 referred as below:



“Interest on Working Capital

10.44 Working Capital for the Transmission Licensee shall comprise:

- (a) Maintenance spares @ 15% of the O&M expenses specified in Clauses 10.19-10.21 of these Regulations;
- (b) Receivables equivalent to 45 days of annual fixed cost;
- (c) Operation and Maintenance expenses for one month;
- (d) Less: Interest on amount, if any, held as security deposits from Transmission system users.

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

10.46 The interest on working capital shall be payable on normative basis notwithstanding that the Transmission Licensee has not taken working capital loan from any outside agency.”

5.49 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 10.44s to Clause 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

5.50 The rate of IoWC has been considered to be equal to the Bank rate of SBI as applicable on April 01, of the relevant financial year plus 350 basis points as per Clause 10.44 to 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

Table 27: Interest On Working Capital as approved by the Commission for FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
O&M expenses for 1 month	18.52	14.65	14.10
Maintenance spares 15% of O&M expenses	25.36	26.36	25.38
45 days Receivables of Annual Fixed Charges	132.08	134.03	73.97
Total Working Capital	171.52	175.04	113.45
Interest Rate	12.05%	12.00%	12.00%
Interest on Working Capital in (Rs. Cr.)	12.56	21.00	13.61

Non-tariff Income

Petitioner’s Submission

5.51 The Petitioner has submitted that Regulation 10.50 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 states non-tariff income as follows:



- “10.50 The Non-Tariff Income shall include:
- a) Income from rent of land or buildings;
 - b) Income from sale of scrap;
 - c) Income from investments;
 - d) Interest accrued on advances to suppliers/contractors;
 - e) Interest income on loans / advances to employees;
 - f) Income from rental of staff quarters;
 - g) Income by rental from contractors;
 - h) Income by hire charges from contactors and others;
 - i) Income by supervision charges, etc.;
 - j) Supervision charges for capital works;
 - k) Income from advertisements;
 - l) Income from sale of tender documents;
 - m) Profit from sale of assets (i.e. difference in Sale Value and Book Value)
 - n) Any other Non-Tariff Income.”

Table 28: Non-Tariff Income as submitted by the Petitioner for FY 2023-24(Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Non-tariff Income	18.90	19.67

Commission’s Analysis

5.52 The Commission, on evaluation and prudence check has approved the Non-Tariff Income based on actuals from the unaudited accounts subject to changes as and when Audited accounts are submitted. Non-Tariff income provisionally approved is as summarized in the table below.

Table 29: Non-Tariff Income as approved by the Commission for FY 2023-24(Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Non-tariff Income	18.90	19.67	19.67

Tax on Income

5.53 The Petitioner has submitted that as per the Transmission Tariff regulations 2020 notified by the Commission, the following has been stated:

“10.47 Tax on income, if any, on the Licensed business of the Transmission Licensee shall be limited to tax on the allowed return on equity.

10.48 The income tax actually payable or paid limited to the tax on allowed



return on equity shall be included in the ARR while truing up. The actual assessment of income tax should take into account benefits of tax holiday, and the credit for carry forward losses applicable as per the provisions of the Income Tax Act, 1961 and its amendments thereof shall be passed on to the consumers. Tax on the other income streams of the Transmission Licensee shall not be recovered from the Beneficiaries.”

- 5.54 Hence the Petitioner has not paid any income tax during the FY 2023-24. Therefore, same has not been considered as part of ARR in this Petition.

Commission’s Analysis

- 5.55 The Commission has noted the submission made by the Petitioner and has considered the same accordingly.

Incentive for Transmission Availability

Petitioner’s Submission

- 5.56 The Petitioner has claimed an incentive for achieving 99.26% availability of transmission network against the normative value of 98.50%, detailed below.

Table 30: Incentive for Transmission Availability as submitted by the Petitioner for FY 2023-24 (Rs. Cr.)

Particulars	Petition
Annual Transmission System Availability Factor	99.27%
Annual Transmission System Target Availability Factor for Incentive consideration as per JSERC Regulations	98.50%
Max availability factor that can be claimed for incentive	99.75%
Annual Transmission Charges	1095.21
Incentive/(Penalty) to be claimed	11.53

Commission’s Analysis

- 5.57 The relevant clauses of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 related to the incentive calculation and recovery of fixed charges are extracted hereunder:

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

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

a. For TAFM < 98% AFC x (NDM/NDY) x (TAFM/98%)

b. For TAFM: 98% < TAFM < 98.5% AFC x (NDM/NDY) x (1)



c. For TAFM: $98.5% < TAFM < 99.75\% AFC \times (NDM/NDY) \times (TAFM/98.5\%)$

d. For TAFM $> 99.75\% AFC \times (NDM/NDY) \times (99.75\%/98.5\%)$

Where,

AFC = Annual Fixed Cost specified for the year, in Rupees;

NDM = Number of days in the month;

NDY = Number of days in the year; and

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

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

5.58 Accordingly, the Commission on prudent check has approved the Incentive as summarized in the table below.

Table 31: Annual Fixed Cost as approved by the Commission for FY 2023-24 (Rs. Cr.)

Particulars	UoM	Petition	Approved
O&M Expenses	Rs.Cr.	175.76	169.19
Interest on Loan	Rs.Cr.	482.62	114.30
Interest on Working Capital	Rs.Cr.	21.00	13.61
Depreciation	Rs.Cr.	167.82	167.82
Return on Equity	Rs.Cr.	248.04	136.73
Annual Fixed Cost	Rs.Cr.	1095.24	601.65
Non-Tariff Income	Rs.Cr.	(19.67)	(19.67)
Net ARR	Rs.Cr.	1075.58	581.98

Table 32: Incentive for FY 2023-24 as approved by the Commission (Rs. Cr.)

Month	No. of Days	TAFM as Certified by the SLDC	ARR Incl. Incentive claimed in Petition	ARR incl. Incentive Approved
April	30.00	98.71%	90.21	49.42
May	31.00	99.19%	93.67	51.32
June	30.00	99.28%	90.73	49.71
July	31.00	99.48%	93.94	51.47
August	31.00	99.52%	93.98	51.49
September	30.00	99.51%	90.94	49.82
October	31.00	99.19%	93.67	51.32
November	30.00	99.25%	90.7	49.69
December	31.00	98.70%	93.21	51.06



Month	No. of Days	TAFM as Certified by the SLDC	ARR Incl. Incentive claimed in Petition	ARR incl. Incentive Approved
January	31.00	99.52%	93.98	51.49
February	29.00	99.51%	87.91	48.16
March	31.00	99.33%	93.8	51.39
Total	366.00	99.27%	1106.74	606.32

Table 33: Incentive Approved by the Commission for FY 2023-24 (Rs. Cr.)

Particulars	Petition	Approved
Annual Fixed Cost	1,095.21	601.65
ARR inclusive of Incentive	1,106.74	606.32
Net Incentive	11.53	4.67

Revenue from Operations

Petitioner's Submission

5.59 The Petitioner submits that it has recovered transmission charge as approved by the Commission in its order dated 24th February 2018 and its Order dated June 23, 2023. The relevant extract of the order is quoted below:

“ 6.64 The Commission approves transmission tariff of Rs 0.25 per kWh for FY 2016-17, which shall remain applicable till amended or modified or extended by an Order of this Commission.”

“8.37 The Commission approves transmission tariff of Rs 0.31/kWh, which shall be applicable from July 1, 2023 and shall remain applicable till amended or modified or extended by an order of this Commission.”

5.60 In line with the direction of the Commission the Petitioner has recovered transmission charge at a tariff of Rs. 0.25 per kWh wheeled through its transmission network for period April, 2023 to June, 2023 and has charged a tariff of Rs. 0.31 per kWh for the period July, 2023 to March, 2024. The actual units wheeled in transmission network for FY 2023-24 is 12338.76MUs. The Petitioner has claimed that the data claimed is provisional and based on input of SLDC and meter reading received from field offices.

5.61 The Petitioner has claimed the revenue from existing tariff as per actual from the unaudited Accounts for FY 2023-24 is given below. The Petitioner has claimed that out of the total Rs. 417.97 Cr. received from revenue from operations, Rs. 65.04 Cr. pertains to STOA/STU charges. Also, as per Clause 5.6 of the JSERC (Framework for sharing of charges for Intra-State Transmission System) Regulations, 2019 the following is stated:

“The State Transmission Utility shall retain 25% of the charges collected from the Short-Term Transmission Customer and the balance 75% shall be adjusted towards reduction in the transmission service charges payable by the Long-Term



Transmission Customers and Medium-Term Transmission Customers.”

5.62 Hence, the Petitioner has deducted 25% of Rs. 65.04 Cr. from the total revenue to get the net revenue for the FY 2023-24 of Rs. 401.71 Cr.

Table 34: Revenue for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Revenue from Existing Tariff	557.38	401.71

Commission's Analysis

5.63 The Commission, after scrutinizing and on analysis of the audited accounts approves the revenue from transmission business for FY 2023-24 as tabulated below.

Table 35: Revenue for FY 2023-24 as approved by the Commission (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Revenue from Existing Tariff	557.38	401.71	401.31

Summary of ARR Components and Revenue Gap/(Surplus)

Petitioner's Submission

5.64 The summary of ARR components as submitted by the Petitioner is mentioned in the table below.

Table 36: Summary of ARR Components as submitted by the Petitioner for FY 2023-24 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Operation and Maintenance Expense	152.07	175.76
<i>Employee Expense</i>	50.12	90.31
<i>A&G Expense</i>	10.26	24.04
<i>R&M Expense</i>	91.69	61.41
Depreciation	167.6	167.82
Interest on Loan	107.32	482.62
Return on Equity	136.73	248.04
Interest on Working Capital	12.56	21.00
Less: Non-tariff Income	(18.90)	(19.67)
Incentive	0.00	11.53
Net Aggregate Revenue Requirement	557.38	1087.11



Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Revenue from Operations	557.38	401.71
Revenue Gap / (Surplus)	0.00	685.39

Commission's Analysis

5.65 The summary of ARR components as approved by the Commission is summarized in the table below:

Table 37: Summary of ARR Components for FY 2023-24 as approved by the Commission (Rs. Cr.)

Particulars	Units	Approved in T.O. dtd. 03.07.2024	Petition	Approved
O&M Expenses	Rs. Cr.	152.07	175.76	169.19
Interest on Loan	Rs. Cr.	107.32	482.62	114.30
Interest on Working Capital	Rs. Cr.	12.56	21.00	13.61
Depreciation	Rs. Cr.	167.60	167.82	167.82
Return on Equity	Rs. Cr.	136.73	248.04	136.73
Annual Fixed Cost	Rs. Cr.	576.28	1095.24	601.65
Non-Tariff Income	Rs. Cr.	(18.90)	(19.67)	(19.67)
Aggregate Revenue Requirement	Rs. Cr.	557.38	1075.58	581.98
Incentive for Transmission Availability	Rs. Cr.		11.53	4.67
Net Aggregate Revenue Requirement	Rs. Cr.		1087.11	586.66
Sharing of Gains on account of O&M expenses	Rs. Cr.		0.00	0.00
Revenue	Rs. Cr.		401.71	401.31
Gap/(Surplus)	Rs. Cr.		685.40	185.34

5.66 The Commission has provisionally computed the Revenue Gap/(Surplus) in absence of Audited Accounts and Fixed Asset Register (FAR). As such in the current Tariff Order, the Commission is not approving any carrying cost and the same may be taken up post submission of Audited Accounts and Fixed Asset Register based on its merits.

5.67 The Petitioner is once again directed to submit a separate petition for reinstatement of accounts with audited annual accounts and FAR.



Chapter 6: Annual Performance Review for FY 2024-25

- 6.1 The Petitioner has submitted the APR petition for FY 2024-25 taking into consideration the provisions of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, and the methodology adopted by the Commission in the previous orders.
- 6.2 The Commission, based on the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 has carried out APR taking into consideration: -
- Data and information's submitted for FY 2023-24 and FY 2024-25 and additional details submitted by the Petitioner,
 - JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020; and;
 - Methodology adopted by the Commission in the earlier orders.

Capital Expenditure, Capitalization & CWIP

Petitioner Submission

- 6.3 The Petitioner has projected capital expenditure and capitalization for FY 2024-25. JUSNL has considered the closing CWIP of FY 2023-24 estimated in provisional true up of FY 2023-24 as the opening CWIP for FY 2024-25. Accordingly, the closing balance of CWIP has been computed.
- 6.4 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the tables below:

Table 38: Capex, CWIP and Capitalization for FY 2024-25 submitted by the Petitioner (Rs. Cr.)

Particulars	Projected
Capital Expenditure during the Year	4085.70
Addition in Capital Expenditure	1263.61
Capitalization	528.95
Closing CWIP	4820.36

- 6.5 The Petitioner has considered closing GFA for FY 2023-24 as opening GFA of FY 2024-25. Based on the capital expenditure and capitalization proposed for the FY 2024-25, Rs. 528.95 Cr. is proposed to be capitalized during the FY 2024-25. Assets amounting to Rs. 2.03 Cr. pertaining to SLDC have been deducted, so the total opening assets of JUSNL for FY 2024-25 are Rs. 4,524.38 Cr.
- 6.6 The Petitioner has requested the Commission to approve GFA for FY 2024-25 as provided in the table below:

Table 39: Gross Fixed Assets for FY 2024-25 as submitted by the Petitioner



(Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Opening Gross Fixed Asset	4090.82	3995.42
Asset Capitalized during the year	0.00	528.95
Closing Gross Fixed Asset	4090.82	4524.38

Commission Analysis

- 6.7 The Commission has considered opening GFA for FY 2024-25 equal to closing GFA for FY 2023-24, as approved while truing-up in previous chapters. The Commission has also observed that the capitalization as submitted by the Petitioner is 528.95 Cr while the same in Tariff Order dated July 3, 2024 is nil. The Commission has scrutinized the documents submitted by the Petitioner as enclosed in Annexure E and the Commission has come to the view that the earlier proposed capitalization has been under-capitalized while truing up exercise and there has been a significant gap between the values approved in MYT order/Tariff order and the True up orders.
- 6.8 Hence, the Commission has considered the average of last 5 years for the purpose of deriving the normative capitalization from the claimed capitalization.

Table 40: Comparison of MYT/Tariff Order approved Capitalization and actual as per True up Orders from FY 2019-20 to FY 2023-24

Financial Year	MYT/Tariff order	Actuals in True Up	% Capitalization
2019-20	980.78	385.96	39%
2020-21	2187.4	682.57	31%
2021-22	103.26	87.62	85%
2022-23	307.06	3.87	1%
2023-24	215.07	7.51	3%
Average			32%

- 6.9 The Commission has scrutinized the information submitted by the Petitioner and approves the capitalization at 32% of the claimed capitalization for FY 2024-25 as shown below.

Table 41: Gross Fixed Assets as approved by the Commission for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Opening Gross Fixed Asset	4090.82	3995.42	3,883.26



Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Asset Capitalized during the year	0.00	528.95	169.44
Closing Gross Fixed Asset	4090.82	4524.38	4,052.70

Operation and Maintenance Expenses

Petitioner Submission

6.10 The Petitioner has submitted that the O&M expenses of JUSNL for the FY 2024-25 have been projected considering the historical expenses and the projections in terms of capitalization etc. The O&M expenses of FY 2023-24 are being used as base figures, which are escalated to arrive at the future projections for FY 2024-25.

Employee Expenses: The Petitioner submits that the employee expenses primarily include the salaries, dearness allowances, dearness pay, other allowances, incentives and retirement and other benefits paid to the employees;

Repair and Maintenance (R&M) Expenses: The Petitioner has submitted that the R&M expense basically include all expenditure incurred on the maintenance and upkeep of all assets and regulatory purposes.

Administrative and General Expenses: The Petitioner has submitted that the A&G expenses basically include all expenditure incurred in operating a business such as telephone charges, vehicle and other hiring charges, legal expenses, consultancy fees, audit fees, conveyance and travel expenses, water charges and other expenses.

6.11 The Petitioner has projected the employee cost for the FY 2024-25 by escalating the employee cost (excluding the terminal benefits) for FY 2023-24 by the inflation factor of 6.09%. The same has been approved by the Commission in the MYT Order for the 3rd Control Period.

6.12 Thus, the employee cost projected by the Petitioner for the FY 2024-25 considering the inflation factor of 6.09% is summarized in the following table:

Table 42 Employee Cost as projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Projected
Employee Expenses	53.43	74.85
Terminal Benefits	0.00	19.75
Total	53.43	94.60

6.13 The Petitioner has projected the A&G expenses for the FY 2024-25 by escalating the A&G expenses (excluding the legal expenses) of FY 2023-24 by the inflation factor of 6.09%.



6.14 Thus, the A&G expenses projected by the Petitioner for the FY 2024-25 is summarized in the following table:

Table 43 A&G expenses as projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Projected
A&G Expenses	10.94	25.45
Total	10.94	25.45

6.15 The Petitioner has referred to regulation 10.21 of the Transmission regulations 2020 for the calculation of Repair of Maintenance expenses:

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

Where “K” is constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and shall be calculated based on the % of R&M to GFA of the preceding years of the Base Year in the MYT Order after normalising any abnormal expenses; ‘GFA’ is opening value of the gross fixed asset of the nth year;”

6.16 As given above, the Regulations stipulate to compute the “K” factor governing the relationship between R&M costs and Gross Fixed Assets (GFA). The JUSNL has considered the “K” factor as approved by the Commission in the MYT Order issued for the 3rd Control Period.

6.17 The R&M cost for the FY 2024-25 is computed by considering the opening GFA as determined for FY 2024-25, the “K” factor as determined here and the inflation factor of 6.09%. The R&M expenses proposed for the FY 2024-25 are given in the following table:

Table 44 R&M expenses projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Projected
R&M Expenses	97.24	94.89

6.18 The Petitioner has requested the Commission to approve the O&M expenses for FY 2024-25 as given in the table below:

Table 45: O&M Expense as projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Emp. Expenses	53.43	94.60
R&M Expenses	97.24	94.89
A&G Expenses	10.94	25.45
O&M Expenses	161.61	214.95

Commission’s Analysis

6.19 The Commission has referred to provisions mentioned in JSERC



(Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for determination of O&M expenses as cited below:

“Operation and Maintenance (O&M) expenses

10.18 Operation and Maintenance (O&M) expenses shall comprise the following:

- (a) Salaries, wages, pension contribution and other employee costs;
- (b) Administrative and General costs;
- (c) Repairs and maintenance expenses;

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

10.20 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

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

Where,

$R\&M_n$ – Repair and Maintenance Costs of the Transmission Licensee for the n th year; $A\&G_n$ – Administrative and General Costs of the Transmission Licensee for the n th year;

EMP_n – Employee Costs of the Transmission Licensee for the n th year excluding terminal liabilities.

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

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

Where

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

‘GFA’ is opening value of the gross fixed asset of the n th year;

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

Where,

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

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

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

G_n – is a growth factor for the n th year and it can be greater than or lesser than zero based on the actual performance. Value of G_n shall be determined by the



Commission in the MYT Order for meeting the additional manpower requirement based on the Transmission Licensee's Filing, benchmarking and any other factor that the Commission feels appropriate;

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

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

Note 2: Any variation due to changes recommended by the Pay Commission or wage revision agreement, etc., will be considered separately by the Commission;

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

Employee Expenses

- 6.20 The Commission in its tariff order dated 03.07.2024 has approved the employee cost for FY2024-25 as per provisions laid down JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.
- 6.21 The Commission upon reviewing the submission made by the Petitioner observes that the employee cost projected by the Petitioner is quite high as compared to that being approved by the Commission in its tariff order.
- 6.22 Hence the Commission has adopted the methodology as outlined in the previous section of this order for determination of employee expense for True up of FY 2023-24.
- 6.23 The Commission for calculation of employee expense for FY 2024-25 has considered the approved true up value for FY 2023-24 and has escalated the same with an escalation factor of 3.37%. The escalation factor is based on average CPI inflation for FY 2024-25 considering values till September as declared and for rest of the month at same level. Furthermore, the WPI inflation is considered on the same line with values upto January of FY 2024-25 as declared. The Commission has disallowed the expense w.r.t to terminal benefits in APR for FY 2024-25 and same shall be considered during true up for the respective year based on audited accounts.

A&G Expenses

- 6.24 The Commission after analyzing the submission made by the Petitioner for computation of A&G expenses for FY 2024-25 finds that the projected value of A&G for FY 2024-25 is higher than that being approved by the Commission in tariff order. Hence the Commission after due diligence has approved the A&G expense for FY 2024-25 by escalating the previous year true up approved value with a inflation factor of 3.37% and has approved accordingly.



R&M Expenses

- 6.25 The Commission in its MYT order dated 23rd June 2023 had approved the R&M expense for the entire period of the third control period with respect to opening GFA of the respective financial year along with K factor of 2.23%.
- 6.26 The Commission has observed that the Petitioner has projected an R&M expense of Rs.94.89 Cr as in regard to tariff order approved value of Rs. 97.24 Cr.
- 6.27 In line with the above provisions the Commission has adopted similar methodology and has approved the R&M expense for FY 2024-25 by considering the approved GFA of FY 2024-25, K factor (2.23%) as approved above along with inflation factor of 3.37%.
- 6.28 Hence, considering the same methodology as adopted in the earlier orders, the O&M expenses as approved by the Commission in tariff order and submitted by the Petitioner vis-à-vis as approved by the Commission for FY 2024-25 is shown below:

Table 46: O&M expense as approved by the Commission for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Emp. Expenses(excluding terminal benefits)	53.43	94.60*	50.66
R&M Expenses	97.24	94.89	89.52
A&G Expenses	10.94	25.45	10.34
O&M Expenses	161.61	214.95	150.51

*The Employee expense claimed is inclusive of terminal benefit. Employee Expense claimed without terminal Benefits is Rs.74.85 Cr.

Depreciation

Petitioner's Submission

- 6.29 The Petitioner has submitted that the rates notified for asset-wise depreciation in the JSERC (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2020 has been considered for calculation of depreciation for the FY 2024-25.
- 6.30 The Petitioner has calculated depreciation on the projected GFA as per the above-mentioned provisions and has projected depreciation which are in line with the MYT Regulations, 2020 provided in the table below:

Table 47: Depreciation rate as submitted by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Depreciation Rates
Land and land rights	0.00%



Particulars	Depreciation Rates
Building	2.67%
Plant and Machinery	4.22%
Lines and Cable Network	4.22%
Vehicles	12.77%
Furniture and Fixture	6.33%
Office Equipment	6.33%
Spare Units/Service Units	4.22%
Others Civil Works	2.67%

6.31 The following table shows the depreciation claimed by the Petitioner for the FY 2024-25:

Table 48: Depreciation as submitted by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Opening GFA	4,090.82	3,995.42
Addition during the year	-	528.95
Closing GFA	4,090.82	4524.38
Average GFA	4,090.82	4259.90
Depreciation	172.22	179.27

Commission's Analysis

6.32 The Commission, in its MYT order dated 23.06.2023 has determined asset-wise depreciation with additions in asset during the year considered as per the approved capitalization for the year. The Commission has considered the depreciation rates for the various asset classes as per the Transmission Tariff Regulations, 2020. Accordingly, the depreciation cost was approved by the Commission for the control period FY 2021-22 to FY 2025-26.

6.33 The Commission after scrutinizing the submission made by the Petitioner approves the depreciation based on the depreciation schedule attached to as Appendix-I to the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 and the capitalization as approved earlier in this order.

6.34 The Commission has adopted similar methodology for computing the depreciation for FY 2024-25.

Table 49: Depreciation as approved by the Commission for FY 2024-25 (Rs.)

Cr.)			
Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Depreciation	172.22	179.27	167.05

Interest on Loan

Petitioner's Submission

- 6.35 The Petitioner has projected the interest charges based on the clauses 10.28 to 10.36 of the MYT Regulations, 2020. The Petitioner has stated that assets proposed to be capitalized during the FY 2024-25 have been funded by the State Government Funds and the World Bank Funds. The State Government Funds are being provided to JUSNL in the form of Loan at an interest rate of 13%. The World Bank Funds are being provided in the form of loan and equity divided in the ratio of 70:30. The rate of interest of the World Bank Loan is 2.5%.
- 6.36 The Petitioner has stated that the rate of interest has been considered as 9.01% which is the weighted average rate of interest calculated on the basis of the actual loan portfolio of the JUSNL for the FY 2023-24.
- 6.37 The Petitioner has projected the interest charges for FY 2024-25 as shown in the table below:

Table 50: Interest on loan as projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Opening Loan	1216.15	5821.76
Loan for additional Capex	0.00	528.95
Loan Repayment	172.22	179.27
Closing Loan	1043.93	6171.44
Interest Cost on Avg. Loan	101.70	540.08

Commission's Analysis

- 6.38 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the Debt: Equity ratio of transmission project will be considered as per the following: -

“For a project declared under commercial operation on or after 1.04.2016, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity deployed is less than 30% of capital cost, the actual equity shall be considered for determination of tariff:”

- 6.39 The repayment for the year of the tariff period has been considered to



be equal to the depreciation allowed for that particular financial year. The closing loan values for the FY 2023-24 has been considered as opening loan value for FY 2024-25.

- 6.40 In the absence of the actual loan portfolio, the Commission has considered the rate of interest as per the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. The Rate thus considered is the MCLR rate on 01.04.2024 plus 200 basis points (8.65%+2%=10.65%). The Interest on Loan as approved by the Commission is tabulated hereunder:

Table 51: Interest on Loan as approved by the Commission for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Opening Loan	1216.15	5821.76	1008.37
Additions during the year	0.00	528.95	169.44
Repayment during the Year	172.22	179.27	167.05
Closing Loan	1043.93	6171.44	1010.75
Average Loan	1130.04	5996.60	1009.56
Interest on Loan (%)	9.00%	9.01%	10.65%
Interest on Loan	101.70	540.29	107.52

Return on Equity

Petitioner's Submission

- 6.41 The Petitioner has submitted that it has considered equity base of Rs.1771.70 Cr. (Rs 1769.70 Cr. towards equity share capital + Rs. 2.00 Cr. towards restructuring account pending adjustment) for FY 2024-25 as reflected in the annual unaudited accounts of FY2023-24. This equity pertains to the equity amount of the World Bank funded schemes being implemented by JUSNL. The applicable return on equity has been calculated considering 14.00% rate of return as per Regulation 10.26 of JSERC Transmission Tariff Regulations, 2020. The detailed calculation of return on equity is provided below:

Table 52: Return on Equity as submitted by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Opening Equity	976.61	1771.70
Additions	0.00	0.00
Closing Equity	976.61	1771.70



Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Average Equity	976.61	1771.70
Rate of Return	14%	14%
Return on Equity	136.73	248.04

Commission's Analysis

6.42 The Commission has referred to Clause 10.26 to 10.27 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for return on equity. The Debt: Equity ratio of transmission project as per clause 10.23 and 10.24 will be considered as per the following: -

“Debt-Equity Ratio

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

10.24 New Scheme – For capital expenditure scheme capitalized on or after April 01,2021;

a) A normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;

b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;

c) In case the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;”

6.43 As per Regulation 10.26 to 10.27 of the JSERC Transmission Tariff Regulations, 2020 Return on Equity shall be calculated as follows: -

“Return on Equity

10.26 The rate of return on equity shall be 14.00% (post-tax) for the Control Period.

10.27 Return on equity for each year shall be allowed on equity employed in assets in use considering the following: a) Equity employed in accordance with Clause 10.23 of these Regulations on assets (in use) capitalized as on the beginning of the year; and b) 50% of the equity projected to be employed in accordance with Clause 10.24 of these Regulations on assets (in use) commissioned during the year.”

6.44 The Commission has also observed the addition in equity component considered by the Petitioner as nil, accordingly the Commission has approved equity addition as nil.

6.45 The closing equity as approved for the FY 2023-24 has been considered as opening equity for FY 2024-25. The Commission has accordingly approved the Return on Equity for FY 2024-25 as given in the table below:

Table 53: Return on Equity as approved by the Commission for FY 2024-25



(Rs. Cr.)			
Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Opening Equity	976.61	1771.70	976.61
Additions	0.00	0.00	0.00
Closing Equity	976.61	1771.70	976.61
Average Equity	976.61	1771.70	976.61
Rate of Return	14%	14%	14.00%
Return on Equity	136.73	248.04	136.73

Interest on Working Capital

Petitioner's Submission

6.46 The Petitioner has submitted that the working capital requirement has been computed according to the applicable norms for Transmission function as provided in the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the calculation for which has been detailed in the table below. In line with the above Regulations actual MCLR rate prevailing on 30th September 2024 i.e. 8.95% plus 350 basis points has been taken into account for calculation of interest on working capital for FY 2024-25.

Table 54: Interest on Working Capital as submitted by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
O&M expenses for 1 month	13.47	17.91
Maintenance spares 15% of O&M expenses	24.24	32.24
45 days Receivables of Annual Fixed Charges	69.82	146.36
Total Working Capital	107.53	196.51
Interest Rate	12.05%	12.45%
Interest on Working Capital	12.96	24.47

Commission's Analysis

6.47 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 10.44 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

6.48 The rate of IoWC has been considered to be equal to the MCLR rate as applicable on September 30th, of the relevant financial year plus 350



basis points as per Clause 10.45 to 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

Table 55: Interest on Working Capital as approved by the Commission for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
O&M expenses for 1 month	13.47	17.91	12.54
Maintenance spares 15% of O&M expenses	24.24	32.24	22.58
45 days Receivables of Annual Fixed Charges	69.82	146.36	70.89
Total Working Capital	107.53	196.51	106.01
Interest Rate	12.05%	12.45%	12.45%
Interest on Working Capital	12.96	24.47	13.20

Non-tariff Income

Petitioner's Submission

6.49 The Petitioner has submitted that Regulation 10.50 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 states non-tariff income as follows:

“10.50 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap;*
- c) Income from investments;*
- d) Interest accrued on advances to suppliers/contractors;*
- e) Interest income on loans / advances to employees;*
- f) Income from rental of staff quarters;*
- g) Income by rental from contractors;*
- h) Income by hire charges from contractors and others;*
- i) Income by supervision charges, etc.;*
- j) Supervision charges for capital works;*
- k) Income from advertisements;*
- l) Income from sale of tender documents;*
- m) Profit from sale of assets (i.e. difference in Sale Value and Book Value)*
- n) Any other Non-Tariff Income:”*

6.50 The Petitioner for projection of the non-tariff income for FY 2024-25 has considered the non-tariff income of FY 2023-24 for FY 2024-25. Accordingly, the non-tariff income projected by the Petitioner for FY



2024-25 is summarized in the following table:

Table 56: Non-Tariff Income as projected by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Non-tariff Income	18.90	19.67

Commission's Analysis

6.51 The Commission, on evaluation of the submission made by the Petitioner approves NTI for FY 2024-25 as shown in the table below:

Table 57: Non-Tariff Income as approved by the Commission for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Non-tariff Income	18.90	19.67	19.67

Summary of ARR Components and Revenue Gap/(Surplus)

Petitioner's Submission

6.52 The summary of ARR components as submitted by the Petitioner is mentioned in the table below.

Table 58: Summary of ARR Components as submitted by the Petitioner for FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition
Operation and Maintenance Expense	161.61	214.95
Depreciation	172.22	179.27
Interest on Loan	101.70	540.08
Return on Equity	136.73	248.04
Interest on Working Capital	12.96	24.47
Less: Non-tariff Income	(18.90)	(19.67)
Net Aggregate Revenue Requirement	566.32	1,187.13

Commission's Analysis

6.53 The summary of ARR components as approved by the Commission is summarized in the table below:

Table 59: Summary of ARR Components as approved by the Commission for



FY 2024-25 (Rs. Cr.)

Particulars	Approved in T.O. dtd. 03.07.2024	Petition	Approved
Operation and Maintenance Expense (excluding terminal benefits)	161.61	214.95	150.51
Depreciation	172.22	179.27	167.05
Interest on Loan	101.70	540.29	107.52
Return on Equity	136.73	248.04	136.73
Interest on Working Capital	12.96	24.47	13.20
Less: Non-tariff Income	(18.90)	(19.67)	(19.67)
Net Aggregate Revenue Requirement	566.32	1187.13	555.34

6.54 The Commission has conducted the Annual Performance Review (APR) based on the un-audited annual accounts for FY 2023-24 and the additional data presented by the Petitioner. However, the same shall be reviewed while proceeding of True-up for FY 2024-25 based on audited accounts, in accordance with the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.



Chapter 7: Aggregate Revenue Requirement for FY 2025-26

7.1 The Petitioner in line with the provisions of the JSERC (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2020, has submitted the Petition for determination of Annual Revenue Requirement (ARR) for the FY 2025-26.

Capital Expenditure and Capitalization

Petitioner's Submission

7.2 The Petitioner has projected capital expenditure and capitalization for FY 2025-26 and has considered the closing CWIP of FY 2024-25 estimated in APR of FY 2024-25 as the opening CWIP for FY 2025-26. Accordingly, the closing balance of CWIP has been computed.

7.3 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the tables below:

Table 60: Capex, CWIP and Capitalization for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Particulars	Projected
Opening CWIP	4820.36
Addition in Capital Expenditure	1482.99
Capitalization	2793.43
Closing CWIP	3509.91

7.4 The Petitioner has considered closing GFA for FY 2024-25 as opening GFA of FY 2025-26. Based on the capital expenditure and capitalization proposed for the FY 2025-26, Rs. 2793.43 Cr. is proposed to be capitalized during the FY 2025-26.

7.5 The capital expenditure for the FY 2025-26 is proposed to be funded majorly through debt. The capital expenditure schemes are divided into two broad categories i.e. capital expenditure schemes funded through State Government Funds and schemes funded through World Bank Funds. The State Government Funds are being provided to the JUSNL in the form of Loan at an interest rate of 13%. The World Bank Funds are being provided in the form of loan and equity divided in the ratio of 70:30. The rate of interest of the World Bank Loan is 2.5%. The year wise requirement of debt and equity is shown in the table given below:

Table 61 Debt Equity Ratio as projected by Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT	Projected
Debt	1107.49	2793.43
Equity	56.10	0.00



Particulars	Approved in MYT	Projected
Total Capitalization	1163.59	2793.43

- 7.6 The Petitioner has submitted that during the FY 2025-26, the proposed addition in the GFA shall be done through the state funded schemes which are funded through the loan provided by the State Government. Hence, the equity addition portion has been shown as nil during the FY 2025-26.
- 7.7 The Petitioner has requested the Commission to approve GFA for FY 2025-26 as provided in the table below.

Table 62: Gross Fixed Asset for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Particulars	Opening GFA	Additions	Closing GFA
FY 2023-24	3987.92	7.51	3995.42
FY 2024-25	3995.42	528.95	4524.38
FY 2025-26	4524.38	2793.43	7317.81

- 7.8 Assets amounting to Rs. 2.03 Cr. pertaining to SLDC as have been deducted from opening value Rs. 4526.41 Cr. so the total opening assets of JUSNL for FY 2025-26 are Rs. 4524.38 Cr.

Commission Analysis

- 7.9 The Commission has considered opening GFA for FY 2025-26 equal to closing GFA for FY 2024-25, as approved in APR for FY 2024-25. Since the instant petition for ARR of FY 2025-26 has been filed based on projections made by the Petitioner hence, the Commission as of now has not considered the Capitalization projected by the Petitioner for FY 2025-26, however the Commission shall review the same during true up based on audited accounts. It is to state, that the Commission has sought audited accounts and FAR report as part of directives of this order. Once the documents are submitted, the Commission shall be better equipped to approve the GFA.
- 7.10 The Commission has scrutinized the information submitted by the Petitioner and approves the GFA for FY 2025-26 based on the same methodology used for approving the capitalization for FY2024-25 in the earlier chapter (Average of last Five years of the claimed capitalization vis-à-vis actual capitalization as per true up). The GFA as approved by the Commission is given in the table below.

Table 63: Gross Fixed Assets as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Petition	Approved
Opening Gross Fixed Asset	4524.38	4,052.70
Asset Capitalized during the year	2793.43	894.81



Particulars	Petition	Approved
Closing Gross Fixed Asset	7317.81	4,947.51

Operation and Maintenance Expenses

Petitioner Submission

7.11 The Petitioner has submitted that the O&M expenses of JUSNL for the FY 2025-26 has been projected considering the historical expenses and the projections in terms of capitalization etc. The O&M expenses of FY 2024-25 are being used as base figures, which are escalated to arrive at the future projections for FY 2025-26.

Employee Expenses: The Petitioner submits that the employee expenses primarily include the salaries, dearness allowances, dearness pay, other allowances, incentives and retirement and other benefits paid to the employees;

Repair and Maintenance (R&M) Expenses: The Petitioner has submitted that the R&M expense basically include all expenditure incurred on the maintenance and upkeep of all assets and regulatory purposes.

Administrative and General Expenses: The Petitioner has submitted that the A&G expenses basically include all expenditure incurred in operating a business such as telephone charges, vehicle and other hiring charges, legal expenses, consultancy fees, audit fees, conveyance and travel expenses, water charges and other expenses.

7.12 The Petitioner has projected the employee cost for the FY 2025-26 by escalating the employee cost (excluding the terminal benefits) for FY 2024-25 by the inflation factor of 6.09%.

7.13 The Petitioner has also submitted that JUSNL proposes to induct 96 junior managers and 10 managers during the FY 2025-26. The estimated salary of the proposed new employees is projected at Rs. 8.38 Cr. The advertisement published in this regards is enclosed along with this petition as Annexure F. The computation of the salary of the proposed new employees is provided in the table below:

Table 64 Salary Computation of proposed New Employees

S.No	Particulars	FY 2025-26
1	No. of Manager proposed to be recruited	10
2	Per month Salary including Basic/DA/HRA/other allowances (Manager) (Rs.)	76320
3	Total Salary per month (Rs.)	763200
4	No. of Jr. Manager proposed to be recruited	96
5	Per month Salary including Basic/DA/HRA/other allowances (Jr. Manager) (Rs.)	64800
6	Total Salary per month (Rs.)	6220800



S.No	Particulars	FY 2025-26
7	Total salary per year (Rs. Cr.)	8.38

7.14 Thus, the employee cost projected by the Petitioner for the FY 2025-26 considering the inflation factor of 6.09% is summarized in the following table:

Table 65 Employee Cost as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Projected
Employee Expenses	55.56	87.79
Terminal Benefits	5.33	19.75
Total	60.89	107.54

7.15 The Petitioner has projected the A&G expenses for the FY 2025-26 by escalating the A&G expenses (excluding the legal expenses) of FY 2024-25 by the inflation factor of 6.09%.

7.16 Thus, the A&G expenses projected by the Petitioner for the FY 2025-26 is summarized in the following table:

Table 66 A&G Cost as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Projected
A&G Expenses	11.38	26.95
Total	11.38	26.95

7.17 The Petitioner has referred to Clause 10.21 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for the calculation of Repair of Maintenance expenses:

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

Where “K” is constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and shall be calculated based on the % of R&M to GFA of the preceding years of the Base Year in the MYT Order after normalising any abnormal expenses; ‘GFA’ is opening value of the gross fixed asset of the nth year;”

7.18 As given above, the Regulations stipulate to compute the “K” factor governing the relationship between R&M costs and Gross Fixed Assets (GFA). JUSNL has thus considered the “K” factor as approved by the Commission in the MYT Order issued for the 3rd Control Period.

7.19 The R&M cost for the FY 2025-26 is computed by considering the opening GFA as determined for FY 2025-26, the “K” factor as determined here and the inflation factor of 6.09%. The R&M expenses proposed for the FY 2025-26 are given in the following table:

**Table 67 R&M expenses projected for FY 2025-26 by the Petitioner (Rs. Cr.)**

Particulars	Approved in MYT Order dated 23.06.2023	Projected
R&M Expenses	59.04	107.46

7.20 The Petitioner has requested the Commission to approve the O&M expenses for FY 2025-26 as given in the table below:

Table 68: O&M Expense as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Projected
Emp. Expenses	60.89	107.54
R&M Expenses	59.04	107.46
A&G Expenses	11.38	26.95
O&M Expenses	131.31	241.95

Commission's Analysis

7.21 The Commission has referred to provisions mentioned in JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for determination of O&M expenses as cited below:

“Operation and Maintenance (O&M) expenses

10.18 Operation and Maintenance (O&M) expenses shall comprise the following:

- (a) Salaries, wages, pension contribution and other employee costs;
- (b) Administrative and General costs;
- (c) Repairs and maintenance expenses;

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

10.20 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

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

Where,

$R\&M_n$ – Repair and Maintenance Costs of the Transmission Licensee for the n th year; $A\&G_n$ – Administrative and General Costs of the Transmission Licensee for the n th year;



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

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

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

Where

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

‘GFA’ is opening value of the gross fixed asset of the nth year;

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

Where,

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

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

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

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

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

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

Note 2: Any variation due to changes recommended by the Pay Commission or wage revision agreement, etc., will be considered separately by the Commission;

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

Employee Expenses

7.22 The Commission has observed that the Petitioner has projected the employee expenses for FY 2025-26 by escalating projected employee cost (excluding terminal benefits) estimated for FY 2024-25 by the inflation factor of 6.09%.



- 7.23 The Commission has observed that the employee cost projected by the Petitioner for FY 2025-26 is much higher than the value approved in MYT order dated June 23, 2023.
- 7.24 In order to arrive at the employee expense for FY 2025-26 the Commission has adopted the same methodology as carried during True Up and APR of previous years in the earlier section of this order.
- 7.25 The Commission has considered the employee expense as approved in APR for FY 2024-25 and have escalated it with an inflation factor of 3.37% (inflation factor considered for FY2023-24 and FY2024-25) to arrive at the employee cost for FY 2025-26. The Commission has not considered terminal benefits as of now as same shall be considered during submission of True up proceeding for the respective year supported by audited accounts.

A&G Expenses

- 7.26 The Commission has also observed that for A&G expenses as projected by the Petitioner the values considered exceeds that being approved in MYT order dated 23rd June 2023. In line with the approval for A&G expensed for FY 2025-26 the Commission had adapted the same methodology and has escalated the APR value for FY2024-25 with an inflation factor of 3.37% to arrive at the A&G expense for FY 2025-26.

R&M Expenses

- 7.27 The Commission in the MYT order dated 23rd June 2023 had approved the R&M expenses for the respective years of the 3rd control period by considering the opening GFA as approved for the respective years along with K factor of 2.23% as determined by the Commission and had escalated it with escalation factor. In a similar manner the Commission has considered the opening GFA for FY 2025-26 as approved in previous chapter as closing GFA of FY 2024-25 and have multiplied with the K factor (i.e. 2.23%) along with inflation factor of 3.37% to arrive at the expense for R&M.
- 7.28 The O&M expenses as approved by the Commission in MYT order dated 23rd June 2023 and submitted by the Petitioner vis-à-vis as approved by the Commission for FY 2025-26 is shown below:

Table 69: O&M expense as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Emp. Expenses(excluding terminal benefits)	60.89	107.54*	52.37
R&M Expenses	59.04	107.46	93.42
A&G Expenses	11.38	26.95	10.68
O&M Expenses	131.31	241.95	156.47

**The Employee expense are inclusive of Terminal Benefits. The claimed employee expense*



without terminal benefits is Rs. 87.79 Cr.

Depreciation

Petitioner's Submission

- 7.29 The Petitioner has submitted that it has calculated the depreciation as per the rates prescribed in the schedule attached to the Regulation as Appendix-I of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.
- 7.30 The Petitioner has calculated depreciation on the projected GFA as per the mentioned provisions and has projected depreciation which are in line with the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 provided in the table below:

Table 70 Depreciation rates considered by the Petitioner for FY 2025-26

Particulars	Depreciation Rates
Land and land rights	0.00%
Building	2.67%
Plant and Machinery	4.22%
Lines and Cable Network	4.22%
Vehicles	12.77%
Furniture and Fixture	6.33%
Office Equipment	6.33%
Spare Units/Service Units	4.22%
Others Civil Works	2.67%

- 7.31 The following table shows the depreciation projected by the Petitioner for FY 2025-26

Table 71: Depreciation as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition
Opening GFA	2495.78	4524.38
Addition during the year	1163.60	2793.43
Closing GFA	3659.38	7317.81
Average GFA	3077.58	5921.09
Depreciation	158.34	249.37

Commission's Analysis

- 7.32 The Commission, in its MYT order dated 23.06.2023 has determined asset-wise depreciation with additions in asset during the year considered as per the approved capitalization for the year. The



Commission has considered the depreciation rates for the various asset classes as per the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. Accordingly, the depreciation cost was approved by the Commission for the control period FY 2021-22 to FY 2025-26.

- 7.33 The Commission after scrutinizing the submission made by the Petitioner approves the depreciation based on the depreciation schedule attached to as Appendix-I to the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 and the capitalization as approved earlier in this order.
- 7.34 The Commission has adopted similar methodology for computing the depreciation for FY 2025-26 and approves the depreciation as shown in the table below:

Table 72: Depreciation as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in T.O dated 23.06.2023	Petition	Approved
Depreciation	158.34	249.37	189.52

Interest on Loan

Petitioner's Submission

- 7.35 The Petitioner has projected the interest charges based on the clauses 10.28 to 10.36 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. The Petitioner has stated that assets proposed to be capitalized during the FY 2025-26 have been funded by the State Government Funds and the World Bank Funds. The State Government Funds are being provided to the JUSNL in the form of Loan at an interest rate of 13%. The World Bank Funds are being provided in the form of loan and equity divided in the ratio of 70:30. The rate of interest of the World Bank Loan is 2.5%.
- 7.36 The Petitioner has stated that the rate of interest has been considered as 9.01% which is the weighted average rate of interest calculated on the basis of the actual loan portfolio of the JUSNL for the FY 2023-24. The Petitioner has projected the interest charges for FY 2025-26 as shown in the table below:

Table 73: Interest on loan as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition
Opening Loan	976.24	6171.44
Loan for additional Capex	1107.49	2793.43
Loan Repaid	158.58	249.37



Particulars	Approved in MYT Order dated 23.06.2023	Petition
Closing Loan	1925.15	8715.50
Interest Cost on Avg. Loan	130.56	670.39

Commission's Analysis

7.37 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the Debt: Equity ratio of transmission project will be considered as per the following: -

“For a project declared under commercial operation on or after 1.04.2016, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity deployed is less than 30% of capital cost, the actual equity shall be considered for determination of tariff:”

7.38 As the Petitioner has submitted that all capitalization is carried out by taking loans from State Government funds and World Bank funds hence, the Commission has considered the entire capitalization during the year funded through loan (i.e. Debt: Equity is 100:0).

7.39 The repayment for the year of the tariff period has been considered to be equal to the depreciation allowed for that particular financial year. The closing loan values for the FY 2024-25 has been considered as opening loan value for FY 2025-26.

7.40 The Commission the Commission has considered the rate of interest as per the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. The Rate thus considered is the MCLR rate on April 2024 plus 200 basis points (8.65+2=10.65%). The Interest on loan as approved by the Commission for FY 2025-26 is given in the table below:

Table 74: Interest on loan as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Opening Loan	976.24	6171.44	1010.75
Additions during the year	1107.49	2793.43	894.81
Repayment during the Year	158.58	249.37	189.52
Closing Loan	1925.15	8715.50	1716.04
Average Loan	1450.70	7,443.47	1363.40
Interest on Loan (%)	9.00%	9.01%	10.65%



Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Interest on Loan	130.56	670.39	145.20

Return on Equity

Petitioner's Submission

7.41 The Petitioner has submitted that it has considered equity base of Rs.1771.70 Cr. (Rs. 1769.70 Cr. towards equity share capital + Rs. 2.00 Cr. towards restructuring account pending adjustment) for FY 2025-26 as reflected in the annual unaudited accounts. The applicable return on equity has been calculated considering 14.00% rate of return as per Regulation 10.26 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. The detailed calculation of return on equity is provided below:

Table 75: Return on Equity as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition
Opening Equity	390.61	1771.70
Additions	56.10	0.00
Closing Equity	446.72	1771.70
Average Equity	418.67	1771.70
Rate of Return	14.00%	14.00%
Return on Equity	58.61	248.04

Commission's Analysis

6.55 The Commission has referred to Clause 10.26 to 10.27 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for approval of return on equity. The Debt: Equity ratio of transmission project as per clause 10.23 and 10.24 will be considered as per the following: -

"Debt-Equity Ratio

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

10.24 New Scheme – For capital expenditure scheme capitalized on or after April 01,2021;

a) A normative debt-equity ratio of 70:30 shall be considered for the purpose of determination of Tariff;



b) In case the actual equity employed is in excess of 30%, the amount of equity for the purpose of tariff determination shall be limited to 30%, and the balance amount shall be considered as normative loan;

c) In case the actual equity employed is less than 30%, the actual debt-equity ratio shall be considered;”

7.42 As per Regulation 10.26 to 10.27 of the JSERC Transmission Tariff Regulations, 2020 Return on Equity shall be calculated as follows: -

“Return on Equity

10.26 The rate of return on equity shall be 14.00% (post-tax) for the Control Period.

10.27 Return on equity for each year shall be allowed on equity employed in assets in use considering the following: a) Equity employed in accordance with Clause 10.23 of these Regulations on assets (in use) capitalized as on the beginning of the year; and b) 50% of the equity projected to be employed in accordance with Clause 10.24 of these Regulations on assets (in use) commissioned during the year.”

7.43 The Commission has also observed the addition in equity component considered by the Petitioner as nil, accordingly the Commission has approved equity addition for FY 2025-26 as nil.

7.44 The closing equity as approved for the FY 2024-25 has been considered as opening equity for FY 2025-26. The Commission has accordingly approved the Return on Equity for FY 2025-26 as given in the table below:

Table 76: Return on Equity as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Opening Equity	390.61	1771.70	976.61
Additions	56.10	0.00	0.00
Closing Equity	446.72	1771.70	976.61
Average Equity	418.67	1771.70	976.61
Rate of Return	14.00%	14.00%	14.00%
Return on Equity	58.61	248.04	136.73

Interest on Working Capital

Petitioner’s Submission

7.45 The Petitioner has submitted that the working capital requirement has been computed according to the applicable norms for Transmission function as provided in the JSERC (Terms and Conditions for



Determination of Transmission Tariff) Regulations, 2020, the calculation for which has been detailed in the table below. In line with the above Regulations actual MCLR rate prevailing on 30th September 2024 i.e. 8.95% plus 350 basis points has been taken into account for calculation of interest on working capital for FY 2025-26.

Table 77: Interest On Working Capital as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition
O&M expenses for 1 month	10.94	20.16
Maintenance spares 15% of O&M expenses	19.70	36.29
45 days Receivables of Annual Fixed Charges	58.61	174.93
Total Working Capital	89.25	231.38
Interest Rate	10.50%	12.45%
Interest on Working Capital in Rs. Cr.	9.37	28.81

Commission's Analysis

- 7.46 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 10.44 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.
- 7.47 The rate of IoWC has been considered to be equal to the MCLR rate as applicable on September 30th, of the relevant financial year plus 350 basis points as per Clause 10.45 to 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

Table 78: Interest on Working Capital as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
O&M expenses for 1 month	10.94	20.16	13.04
Maintenance spares 15% of O&M expenses	19.70	36.29	23.47
45 days Receivables of Annual Fixed Charges	58.61	174.93	79.19
Total Working Capital	89.25	231.38	115.70
Interest Rate	10.50%	12.45%	12.45%



Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Interest on Working Capital	9.37	28.81	14.40

Non-tariff Income

Petitioner's Submission

7.48 The Petitioner has referred to clause 10.32 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for Non-Tariff Income which states as follows:

“10.50 The Non-Tariff Income shall include:

- a) Income from rent of land or buildings;*
- b) Income from sale of scrap;*
- c) Income from investments;*
- d) Interest accrued on advances to suppliers/ contractors;*
- e) Interest income on loans / advances to employees;*
- f) Income from rental of staff quarters;*
- g) Income by rental from contractors;*
- h) Income by hire charges from contractors and others;*
- i) Income by supervision charges, etc.;*
- j) Supervision charges for capital works;*
- k) Income from advertisements;*
- l) Income from sale of tender documents;*
- m) Profit from sale of assets (i.e. difference in Sale Value and Book Value)*
- n) Any other Non-Tariff Income.”*

7.49 The Petitioner for projection of the non-tariff income has considered the non-tariff income as projected for FY 2024-25 similar to FY 2025-26. Accordingly, the non-tariff income projected by the Petitioner for FY 2025-26 is summarized in the following table:

Table 79: Non-Tariff Income as projected by the Petitioner for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition
Non-tariff Income	12.79	19.67

Commission's Analysis



7.50 The Commission has considered the submission made by the Petitioner for consideration of Non-Tariff for FY 2025-26 and the same is summarized in the table below:

Table 80: Non-Tariff Income as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in MYT Order dated 23.06.2023	Petition	Approved
Non-tariff Income	12.79	19.67	19.67

Summary of ARR Components

Petitioner's Submission

7.51 The summary of ARR components as submitted by the Petitioner is mentioned in the table below.

TABLE 81: Summary of ARR components for FY 2025-26 as submitted by the Petitioner (Rs. Cr.)

Particulars	Approved in T.O dated 23.06.2023	Petition
Operation and Maintenance Expense	131.31	241.95
Depreciation	158.34	249.37
Interest on Loan	130.56	670.39
Return on Equity	58.61	248.04
Interest on Working Capital	9.37	28.81
Less: Non-tariff Income	(12.79)	(19.67)
Net Aggregate Revenue Requirement	475.40	1418.88
Revenue from Operations	-	-
Revenue Gap / (Surplus)	-	-

Commission's Analysis

7.52 The summary of ARR components as approved by the Commission is summarized in the table below:

Table 82: Summary of ARR Components as approved by the Commission for FY 2025-26 (Rs. Cr.)

Particulars	Approved in T.O dated 23.06.2023	Petition	Approved
Operation and Maintenance Expense	131.31	241.95	156.47*



True Up FY 2023-24, APR FY 2024-25, ARR and Tariff for FY 2025-26 of JUSNL

Particulars	Approved in T.O dated 23.06.2023	Petition	Approved
Depreciation	158.34	249.37	189.52
Interest on Loan	130.56	670.39	145.20
Return on Equity	58.61	248.04	136.73
Interest on Working Capital	9.37	28.81	14.40
Less: Non-tariff Income	(12.79)	(19.67)	(19.67)
Net Aggregate Revenue Requirement	475.40	1418.88	622.67

**O&M expenses: excluding terminal liability*



Chapter 8: Determination of Transmission Tariff for FY 2025-26

- 8.1 The Petitioner has stated that it considers power tariff as a sensitive subject having substantial impact on social, economic and financial well-being of the State as well as the viability and growth of power sector. The transmission tariff has been determined based upon the aggregate revenue requirement and transmission capacity of transmission system.
- 8.2 The Petitioner has referred to the Clause 10.58 to Clause 10.60 of the JSERC (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2020:

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

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

a. For TAFM < 98% AFC x (NDM/NDY) x (TAFM/98%)

b. For TAFM: 98% < TAFM < 98.5% AFC x (NDM/NDY) x (1)

c. For TAFM: 98.5% < TAFM < 99.75% AFC x (NDM/NDY) x (TAFM/98.5%)

d. For TAFM > 99.75% AFC x (NDM/NDY) x (99.75%/98.5%)

Where, AFC = Annual Fixed Cost specified for the year, in Rupees;

NDM = Number of days in the month;

NDY = Number of days in the year; and

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

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

The Petitioner has referred to JSERC (Framework for sharing of charges for Intra-State Transmission System) Regulations, 2019:

“5.2 The Annual Transmission Charges shall be divided between Transmission System Users of the Transmission System on monthly basis based on the Allotted Transmission Capacity.

5.3 If a Transmission System has been created for a particular Long-Term Transmission Customer including dedicated transmission line(s) for a generating station, transmission charges for such Transmission System shall be payable by that Long-Term Transmission Customer based on the Transmission Service



Agreement.

5.4 For the Long-Term Transmission Customers and Medium-Term Transmission Customers, the transmission charges shall be shared in accordance to the share of capacity allotted:

Monthly Transmission Charges for Intra-State system payable by a Long Term Transmission Customer and Medium Term Transmission Customer of that Transmission System

$$= [ATC \times Allotted \text{ Transmission capacity}] / [Total \text{ Transmission Capacity} \times 12]''$$

8.3 The Petitioner has submitted that the ARR for the FY 2025-26 has been determined as Rs. 1418.88 Cr. The same is considered as the Annual Transmission Charges for the FY 2025-26. Further, the JUSNL has also considered the total revenue gap of Rs. 2629.51 Cr. till FY 2023-24 for computation of the transmission charges for FY 2025-26. Thus JUSNL requests the Commission to approve Rs. 4048.39 Cr. as the Annual Transmission Charges for the FY 2025-26.

Determination of Transmission Capacity of the system

8.4 The Petitioner has stated that the Transmission Capacity of the system has been determined by considering the total power purchase capacity allocated to the JBVNL and Railway in the state of Jharkhand. The total power purchase capacity allocated to JBVNL presently is 2742.39 MW (excluding DVC) and the total power purchase capacity allocated to Railway is 80 MW. The total power purchase capacity of JBVNL has been considered from the ARR and Tariff Petition filed by JBVNL for the FY 2024-25. Hence, the total transmission capacity of the system is 2822.39 MW.

Determination of Transmission Charges

8.5 The Petitioner has submitted monthly transmission charges to be recovered from JBVNL and Railway during the FY 2025-26 are as follows:

Table 83 Monthly Transmission Charges for JBVNL

S.No	Particulars	FY 2025-26
1	Annual Transmission Charges for FY 2025-26 (Rs. Cr.)	4048.39
2	Total Transmission Capacity (MW)	2822.39
3	Total Transmission Capacity allocated to JBVNL (MW)	2742.39
4	Annual Transmission Charges to be levied to JBVNL (Rs. Cr.)	3933.64
5	Monthly Transmission Charges to be levied to JBVNL (Rs. Cr.)	327.80

**Table 84 Monthly Transmission Charges for Railways**

S.No	Particulars	FY 2025-26
1	Annual Transmission Charges for FY 2025-26 (Rs. Cr.)	4048.39
2	Total Transmission Capacity (MW)	2822.39
3	Total Transmission Capacity allocated to Railways (MW)	80.00
4	Annual Transmission Charges to be levied to Railways (Rs. Cr.)	114.75
5	Monthly Transmission Charges to be levied to Railways (Rs. Cr.)	9.56

- 8.6 The Petitioner has submitted that while computing the transmission charges it has also included the cumulative revenue gap till FY 2023-24 of Rs. 2629.48 Cr. The Petitioner requests the Commission to approve the transmission charges including the total revenue gap incurred till FY 2023-24 as the same has to be recovered from the beneficiaries of the JUSNL.
- 8.7 The Petitioner has also requested the Commission to approve the Transmission Charges for JBVNL and Railways subject to target availability.
- 8.8 The Petitioner has also submitted to the Commission to approve the transmission tariff as per the JSERC (Framework for sharing of charges for Intra State Transmission System) Regulations, 2019. In the tariff Order dated 03.07.2024, the Commission has approved the transmission tariff on a per unit basis. However, the Regulations stipulate the licensee to levy the charges as per the allocated transmission capacity of the users. Hence, it is requested to approve the transmission charges on the basis of the allocated transmission capacity of the users of JUSNL.

Determination of Charges for Short Term Open Access Consumers

- 8.9 JUSNL has determined the short term open access charges as per the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2016. As per Regulation 19.1 (b) of the Regulations:

“(b) The charges payable by a short-term Consumer shall be calculated in accordance with the following methodology:

$$ST_RATE = 0.5 \times [AFC / Av_CAP] / 365$$

Where:

“ST_RATE” is the rate for short-term access Consumer in Rs per MW per day.

“AFC” means the Annual Fixed Transmission/Distribution Charges of the S.T.U transmission or distribution licensee for the previous financial year determined by the Commission. “Av_CAP” means the average electrical power in MW served by the system during the previous financial year.



The charges payable by a short-term Consumer shall be for one day for availing access for each day or part thereof.

Non-availability of AFC for the system shall not be reason for delay in providing transmission access and where AFC for any transmission licensee are not available, the per MW per day charge applicable for the system owned by the State Transmission Utility of the region in which the system of transmission licensee is situate, shall be used.”

Table 85 Short Term Open Access Charges for FY 2025-26

Particulars	Unit of Measurement	FY 2025-26
AFC (FY 2024-25)	Rs. Cr.	1187.13
Av_CAP (FY 2024-25)	MW	2114.57
ST Rate	Rs./MW/Day	7690.48
ST Rate	Rs./MWhr	320.44

8.10 The Petitioner has requested the Commission to approve the short term open access charges for the FY 2025-26.

Commission’s Analysis

8.11 The Commission, in this order, has approved the Tariff for FY 2025-26, based on the projected demand of JUSNL as submitted in form S4 of the tariff formats and on the Approved ARR for the year as shown in the table below,

Table 86 : Determination Of Transmission Charges As Approved By The Commission for FY 2025-26

Particulars	UoM	FY 2025-26
Operation and Maintenance Expense	Rs.Cr	156.47
Depreciation	Rs.Cr	189.52
Interest on Loan	Rs.Cr	145.20
Interest on Working Capital	Rs.Cr	14.40
Return on Equity	Rs.Cr	136.73
Less: Non-tariff Income	Rs.Cr	(19.67)
Aggregate Revenue Requirement	Rs.Cr	622.67
Energy Input into the System	MU	16,182.65
Tariff for Transmission for the year	Rs./kWh	0.38

8.12 The Commission approves transmission tariff of Rs 0.38/kWh, which shall be applicable from May 1st, 2025 and shall remain applicable till amended or modified or extended by an order of this Commission.

Transmission Charges for Short Term Open Access



Consumers

8.13 The Commission has referred to Section A19 of the JSERC (Intra State Open Access) Regulations, 2016 which is referred below:

“A19: TRANSMISSION/ DISTRIBUTION CHARGES

19.1 The charges for use of the system of the licensee for intra-State transmission or distribution shall be regulated as under, namely: -

(a) The charges for use of the intra-state transmission system/ distribution system shall be determined by the Commission in accordance with the terms and conditions of tariff notified by the Commission from time to time and after deducting the adjustable revenue from the short-term Consumers, these charges shall be shared by the long-term open access Consumers and medium-term open access Consumers as per allotted capacity proportionately;

(b) The charges payable by a short-term Consumer shall be calculated in accordance with the following methodology:

$$ST_RATE = 0.5 \times [AFC / Av_CAP] / 365$$

Where: “ST_RATE” is the rate for short-term access Consumer in Rs per MW per day.

“AFC” means the Annual Fixed Transmission/ Distribution Charges of the S.T.U transmission or distribution licensee for the previous financial year determined by the Commission.

“Av_CAP” means the average electrical power in MW served by the system during the previous financial year.

The charges payable by a short-term Consumer shall be for one day for availing access for each day or part thereof.

Non-availability of AFC for the system shall not be reason for delay in providing transmission access and where AFC for any transmission licensee are not available, the per MW per day charge applicable for the system owned by the State Transmission Utility of the region in which the system of transmission licensee is situate, shall be used.

(c) Every licensee shall declare and exhibit short-term Open Access rate worked out as per these regulations in Rs per MW per day. Rates shall remain fixed for a period of one year.

(d) 50% of the charges collected from the short-term Consumer shall be retained by the licensee and the balance 50% shall be adjusted towards reduction in the charges payable by the long-term and medium term consumers.”

8.14 The Commission in line with the above provisions of the JSERC (Terms and Conditions for Intra-State Open Access) Regulations, 2016 has computed the short term open access charges for consumers as given



in the table below:

Table 87 STOA charges as approved by the Commission for FY 2025-26

STOA Charges FY 2024-25	UOM	Petition	Approved
AFC(FY 2024-25)	Rs.Cr	1,187.13	555.34
Av_CAP(FY 2024-25)	MW	2114.57	2114.57
ST Rate	Rs/MW/Day	7690.48	3597.61
ST Rate	Rs/MWHr	320.44	149.90



Chapter 9: Status of Earlier Directives

Directive	Petitioner's Submission	Commission's Views
<p>Data adequacy in the next Petition</p> <p>The Commission has observed that the Petitioner has not submitted the required data/supporting documents in proper format with the petition. In spite of sufficient time and several reminders, the Petitioner couldn't provide justifiable reasons regarding the discrepancy pointed out by the Commission specially in connection with addition of capex expenditure and capitalization during the year. The Commission directs the Petitioner to submit the petition along with relevant formats, failure to do so may lead to non-acceptance of the petition. The Petitioner is also directed to submit its claim with justifiable reasons and documentary proof.</p>	No specific Submission	<p>The current Petition and the subsequent replies to data gap were not in line with requirements of the Commission. Hence, the Petitioner is directed to submit a comprehensive Petition in the upcoming years.</p> <p>Thus the Commission considers the Directive Non - Complied</p>
<p>Timeliness and Data Adequacy in the Next Tariff Petition</p> <p>The Commission directs the licensee to file the next tariff petition, after removing the deficiencies highlighted in this tariff order. The Petitioner should ensure that the data submitted to the Commission is accurate with proper certification. The Commission also directs the licensee to ensure submission of the next tariff petition within the time frame as stipulated in Section A 24 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. Failure to comply with the directions will make the Petitioner liable for appropriate action under the provisions of the Electricity Act, 2003.</p>	No specific Submission	<p>The Petitioner has filed the Petition on 26th November, 2024 which is within the timelines. However, in future too, the Petitioner is directed to adhere to the timelines.</p> <p>The current Petition and the subsequent replies to data gap were not in line with requirements of the Commission. Hence, the Petitioner is directed to submit a comprehensive Petition in the upcoming years.</p> <p>Thus the Commission considers the Directive Partially Complied</p>
<p>Re-financing of State Government Loans</p> <p>The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the rates currently</p>	No Submission	<p>The Petitioner is directed to approach the relevant Authorities to mitigate the burden of financing cost though refinancing.</p> <p>Thus the Commission</p>



Directive	Petitioner's Submission	Commission's Views
<p>prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding for schemes which may be developed for social cause. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes and efforts made with the State Government to convert the loans from them to a viability gap funding/ soft loan/grant/ equity</p>		<p>considers the Directive Non - Complied</p>



Chapter 10: Directives

Re-financing of State Government Loans

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

Submission of Fixed Asset Register

- 10.2 The Commission had repeatedly directed the Petitioner vide Orders dated June 12, 2023, June 23, 2023 and July 3, 2024, to submit the Fixed Asset Register (FAR). However, despite several directions, the FAR has not yet been submitted in the current or previous Petitions. It is also imperative to note that the current Order is prepared on Unaudited Annual Accounts which might need reconciliation in the future.
- 10.3 Therefore, in the Current Order, the Commission is not considering any carrying cost on account of non-submission of FAR and Audited Accounts. Once the Petitioner submits the same, the Commission may consider carrying cost based on merit of the matter. Further, the Petitioner is directed to submit the FAR and Audited Accounts by September 30, 2025 as a separate Petition for reinstatement of accounts.
- 10.4 In case of failure to adhere to the above directions by the Petitioner, the Commission may initiate appropriate action in terms of the provisions of Electricity Act, 2003.

Submission of Energy Audit Report

- 10.5 The Petitioner is directed to submit an Energy Audit Report of the Transmission Network generated through an IT based platform without any human intervention. The report should include input and output energy at all the voltage levels operated by the Petitioner.
- 10.6 Furthermore, the report should be comprehensive in nature clearly specifying the level wise capacity and loading on the network based on geographical areas, voltage level, grid, etc.



- 10.7 The Commission directs JUSNL to prepare and maintain the energy account on monthly basis depicting the following details;
- Energy input in to the state transmission system/network of JUSNL
 - Energy input in to the transmission network of JUSNL at each and every voltage level (source-wise)
 - Energy output from JUSNL network i.e. input of the DISCOMS at interface metering point
 - Transmission losses in the JUSNL transmission network
 - Joint meter readings of all interface points relating to input of JUSNL network and output at JUSNL and input interface points of DISCOMS network shall be furnished duly authenticated by JUSNL and DISCOMS as the case may be.
 - The metering arrangements and readings shall be made as per the CEA installation and operation of meters' regulations 2006 and its amendments thereof.

Feeder Metering and Transmission Loss Reporting

- 10.8 The Petitioner is directed to complete the installation of Feeder Meters under the SAMAST scheme and to ensure system driven energy accounting.
- 10.9 The SAMAST project has to be concluded within the stipulated timelines. Furthermore, the Petitioner is directed to submit completion report to the Commission at the earliest.

Status of sale of scrap

- 10.10 The Petitioner is directed to submit the details of material in its inventory recognized for sale as scrap. Furthermore, the Petitioner is directed to submit the action taken for disposal of scrap and the timeline to complete the disposal of recognized scrap. The status should be submitted to the Commission latest by October 31, 2025.

This order is signed and issued by the Jharkhand State Electricity Regulatory Commission on April 17, 2025.

Date: 17.04.2025

Place: Ranchi

Sd/-

Mr. Atul Kumar
MEMBER (Technical)

Sd/-

Mr. Mahendra Prasad
MEMBER (Law)



Chapter 10: ANNEXURE - I

List of Participants in the Public Hearing

Sr. No.	Participant	Address
1.	Bijoy Kumar	JBVNL, Ranchi
2.	Rimil Topno	SLDC, Ranchi
3.	Raju Kachhap	SLDC, Ranchi
4.	Shailesh Prakash	SLDC, Ranchi
5.	Praveen Kumar	ED Project JUSNL
6.	Ravishankar Kr.	JBVNL
7.	Sudhir Kumar	DGM (F&A), JUSNL
8.	Sanjeev Lakra	Sr. Manager (F&A), JUSNL
9.	Arun Kumar	GM
10.	Tuneshwar Kumar	SM
11.	Mayur Mohan	Sr. Manager
12.	Sami Ahamad	JUSNL
13.	Awanish Kumar	JUSNL
14.	Basudeo Mahato	SLDC, JUSNL
15.	Gaurav Kumar	JUSNL
16.	Ashish Kumar	ED, JUSNL
17.	Avinash Alda	JUSNL
18.	Jay Prakash Tirkey	JUSNL
19.	Akhilesh Mishra	MTCPL
20.	Gaurav	MTCPL
21.	Anita Prasad	JBVNL
22.	MK Karmal	JUSNL
23.	Rajeev Ranjan	JUSNL
24.	Anita Banerjee	JUSNL
25.	Ujjwala Kalyani Guria	JBVNL
26.	Anurag Bodra	JBVNL