

Jharkhand State Electricity Regulatory Commission



Order on

True-up for FY 2020-21 & FY 2021-22

APR for FY 2022-23

&

ARR and Tariff Petition for FY 2023-24

for

Jharkhand Urja Sancharan Nigam Limited

July 03rd, 2024



Table of Contents

Chapter1: Introduction	7
<i>Jharkhand State Electricity Regulatory Commission</i>	7
<i>The Petitioner -Jharkhand Urja Sancharan Nigam Ltd. (JUSNL)</i>	9
<i>The Petitioner’s Prayers</i>	10
Chapter:2 Procedural History	11
<i>Background</i>	11
<i>Information Gaps in the Petition</i>	12
<i>Inviting Public Comments/ Suggestions</i>	13
<i>Submission of Comments/ Suggestions and Conduct of Public Hearing</i>	13
Chapter:3 Brief Facts of the Petition	15
<i>True-up for FY 2020-21</i>	15
<i>True-up for FY 2021-22</i>	15
<i>APR for FY 2022-23</i>	16
<i>ARR for FY 2023-24</i>	16
<i>Transmission Tariff for FY 2023-24</i>	16
Chapter:4 Public Consultation Process	18
Chapter 5: True Up for FY 2020-21	19
<i>Capital Expenditure, Capitalization & GFA</i>	19
<i>Operation and Maintenance Expenses</i>	21
<i>Depreciation</i>	27
<i>Interest on Loan</i>	28
<i>Return on Equity</i>	29
<i>Interest on Working Capital</i>	31
<i>Non-tariff Income</i>	32
<i>Tax on Income</i>	33
<i>Incentive for Transmission Availability</i>	33
<i>Revenue from Operations</i>	35
<i>Summary of ARR Components and Revenue Gap/ (Surplus)</i>	35
Chapter 6: True Up for FY 2021-22	37
<i>Capital Expenditure, Capitalization & GFA</i>	37
<i>Operation and Maintenance Expenses</i>	39
<i>Depreciation</i>	46



<i>Interest on Loan</i>	47
<i>Return on Equity</i>	49
<i>Interest on Working Capital</i>	50
<i>Non-tariff Income</i>	52
<i>Tax on Income</i>	52
<i>Incentive for Transmission Availability</i>	53
<i>Revenue from Operations</i>	55
<i>Summary of ARR Components and Revenue Gap/ (Surplus)</i>	55
Chapter 7: Annual Performance Review for FY 2022-23	57
Chapter 8: ARR and Transmission Tariff for FY 2023-24	58
Chapter 9 Directives	59
<i>Submission of Fixed Asset Register</i>	59
<i>Data adequacy in the next Petition</i>	59
<i>Timeliness and Data Adequacy in the Next Tariff Petition</i>	59
ANNEXURE - I	61



List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
COD	Commercial Operation Date
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
GoI	Government of India
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
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupees
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Centre
SLM	Straight Line Method



List of Tables

Table 1: List Of Newspapers and dates of Publication of Public Notice by the Petitioner	13
Table 2: List of Newspapers and dates of Publication of Public Notice by the Commission.....	13
Table 3:Summary of ARR Components for FY 2020-21 as submitted by the Petitioner (Rs.Cr.)	15
Table 4: Summary of ARR Components for FY 2021-22 as submitted by the Petitioner(Rs. Cr.)	15
Table 5:Summary of ARR components for FY 2022-23 as submitted by the Petitioner (Rs.Cr.)	16
Table 6:Summary of ARR Components for FY 2023-24 as submitted by the Petitioner(Rs.Cr)	16
Table 7:Transmission Tariff for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)	16
Table 8:STOA Charges for FY 2022-23 as submitted by the Petitioner (Rs. Cr.).....	17
Table 9:STOA Charges for FY 2023-24 as submitted by the Petitioner (Rs. Cr.).....	17
Table 10:Capex, CWIP and Capitalization for FY2020-21 as Submitted by the Petitioner(Rs. Cr.).....	19
Table 11: Capex and Capitalization for FY 2020-21 as Submitted by the Petitioner (Rs.Cr.)	20
Table 12: Gross Fixed Asset for FY 2020-21 as submitted by the Petitioner (Rs.Cr.).....	20
Table 13: Gross Fixed Assets for FY 2020-21 as approved by the Commission (Rs.Cr.)	21
Table 14 Employee Expense as submitted by the Petitioner for FY 2020-21 (Rs.Cr)	21
Table 15 R&M Expense as submitted by the Petitioner for FY 2020-21(Rs.Cr)	23
Table 16 A&G Expenses as submitted by the Petitioner for FY 2020-21 9 (Rs.Cr)	23
Table 17: O&M Expense for FY 2020-21 as submitted by the Petitioner (Rs.Cr.).....	24
Table 18: O&M Expense as approved by the Commission for FY 2020-21 (Rs.Cr.)	27
Table 19: Depreciation as submitted by the Petitioner for FY 2020-21(Rs.Cr.)	27
Table 20: Depreciation as approved by the Commission for FY 2020-21(Rs.Cr.).....	28
Table 21: Interest on Loan as submitted by the Petitioner for FY 2020-21(Rs.Cr).....	28
Table 22: Interest on Loan as approved by the Commission for FY 2020-21 (Rs.Cr.)	29
Table 23: Return on Equity as submitted by the Petitioner for FY 2020-21(Rs.Cr)	30
Table 24: Return on Equity as approved by the Commission for FY2020-21 (Rs.Cr.).....	31
Table 25: Interest on Working Capital as submitted by the Petitioner for FY 2020-21(Rs.Cr).....	31
Table 26: Interest on Working Capital as approved by the Commission for FY 2020-21(Rs.Cr).....	32
Table 27: Non-Tariff Income as submitted by the Petitioner for FY 2020-21(Rs.Cr)	32
Table 28: Non-Tariff Income as approved by the Commission for FY 2020-21(Rs.Cr).....	32
Table 29: Incentive for Transmission Availability submitted by the Petitioner for FY 2020-21(Rs.Cr). 33	
Table 30: Annual Fixed Cost as approved by the Commission for FY 2020-21(Rs.Cr).....	34
Table 31: Incentive for FY 2020-21 as approved by the Commission(Rs.Cr)	34
Table 32: Revenue For FY 2020-21 as submitted By The Petitioner (Rs. Cr.).....	35
Table 33: Revenue as approved by the Commission for FY 2020-21(Rs.Cr)	35
Table 34: Summary of ARR components as submitted by the Petitioner for FY 2020-21(Rs.Cr)	35
Table 35: Summary of ARR Components as approved by the Commission for FY 2020-21(Rs.Cr).....	36
Table 36: Capex,CWIP and Capitalization for FY 2021-22 as Submitted by the Petitioner (Rs. Cr.)....	37
Table 37: Capex and Capitalization as submitted by the Petitioner for FY 2021-22(Rs.Cr)	38
Table 38: Gross Fixed Assets for FY 2021-22 as submitted by the Petitioner (Rs.Cr.).....	38
Table 39: Gross Fixed Assets for FY 2021-22 as approved by the Commission (Rs.Cr.)	39
Table 40 Employee Expense as submitted by the Petitioner for FY 2021-22(Rs.Cr)	40
Table 41 R&M Expense as submitted by the Petitioner for FY 2021-22(Rs.Cr)	41
Table 42 A&G Expenses as submitted by the Petitioner for FY 2021-22(Rs.Cr)	42
Table 43: O&M Expense for FY 2021-22 as submitted by the Petitioner (Rs.Cr.)	42
Table 44: O&M expense as approved by the Commission for FY 2021-22(Rs.Cr).....	46
Table 45 Calculation of Depreciation expenses as submitted by the Petitioner for FY 2021-22(Rs.Cr) 46	
Table 46: Depreciation as submitted by the Petitioner for FY 2021-22(Rs.Cr)	46
Table 47: Depreciation as approved by the Commission for FY 2021-22(Rs.Cr).....	47
Table 48: Interest on loan as submitted by the Petitioner for FY 2021-22(Rs.Cr).....	47
Table 49: Interest on Loan as approved by the Commission for FY 2021-22(Rs.Cr)	49
Table 50: Return on Equity as submitted by the Petitioner for FY 2021-22(Rs.Cr)	49
TABLE 51: Return on equity as approved by the Commission for FY 2021-22(Rs.Cr)	50
Table 52: Interest on Working Capital as submitted by the Petitioner for FY 2021-22(Rs.Cr).....	50
Table 53: Interest on Working Capital as approved by the Commission for FY 2021-22(Rs.Cr)	51
Table 54: Non-Tariff Income as submitted by the Petitioner for FY 2021-22(Rs.Cr)	52
Table 55: Non-Tariff Income as approved by the Commission for FY 2021-22(Rs.Cr).....	52
Table 56: Incentive for Transmission Availability submitted by the Petitioner for FY 2021-22(Rs.Cr). 53	
Table 57: Annual Fixed Cost for FY 2021-22 as approved by the Commission(Rs.Cr).....	54
Table 58: Incentive for FY 2021-22 as approved by the Commission(Rs.Cr)	54
Table 59 Net Incentive as approved by the Commission for FY 2021-22(Rs.Cr)	55
Table 60: Revenue for FY 2021-22 as submitted by the Petitioner(Rs.Cr)	55
Table 61: Revenue as approved by the Commission for FY 2021-22(Rs.Cr)	55
Table 62: Summary of ARR components as submitted by the Petitioner for FY 2021-22(Rs.Cr).....	56
Table 63: Summary of ARR Components for FY 2021-22 as approved by the Commission (Rs.Cr).....	56



Before

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 14 of 2023

In the matter of:

Petition for

True-up for FY 2020-21, FY 2021-22, APR for FY 2022-23

&

ARR & Tariff Petition for FY 2023-24

In the matter:

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

PRESENT

Shri Mahendra Prasad

Member (Law)

Shri Atul Kumar

Member (Technical)

Order dated July 03rd, 2024

Jharkhand Urja Sancharan Nigam Limited (hereinafter referred to as 'JUSNL' or the 'Petitioner') filed a petition dated December 21st, 2023, for True-up for FY 2020-21, FY 2021-22, APR for FY 2022-23 & ARR and Tariff Petition for FY 2023-24 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 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 the provisions of the said Act, the JSERC discharges the following functions: -
- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:
Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
 - b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;



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 or erstwhile JSEB-Transmission function) 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.

- 1.11 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.
- 1.12 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.
- 1.13 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

- 1.14 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 True up for FY 2020-21 & FY 2021-22, APR for 2022-23 and ARR & Tariff proposal for 2023-24 under Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 and the amendments/orders issued, time to time by the Hon'ble Commission;
 - d) Pass a separate order for the present petition;
 - e) JUSNL may also be permitted to propose suitable changes to the respective ARR, prior to the final approval by the Hon'ble Commission, as the Petitioner believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and will eliminate the need for a review or clarification;
 - f) Condone any inadvertent omissions / errors / shortcomings and permit JUSNL to add / change / modify / alter this petition and make further submissions as may be required in future;
 - g) Pass such order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;



Chapter:2 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 In the meantime, the Commission vide order dated February 24, 2018 had directed the Petitioner to file true-up petition for FY 2015-16 & FY 2016-17 and ARR for FY 2017-18 & FY 2018-19 within two months from the date of issuance of the order. However, the Petitioner vide letter no. 255 dated August 02, 2018 had prayed for extension of time of three months for filing the aforesaid petition.
- 2.6 The Commission vide letter no. JSERC/Case(T) no. 17 of 2016 & 03 of 2017/299 allowed extension of time till October 2018 for filing the True-up petition for FY 2015-16 & FY 2016-17 and APR for FY 2017-18 & FY 2018-19 and to submit the compliance request as per directives of the Commission.
- 2.7 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.
- 2.8 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.



- 2.9 The Petitioner on August 24,2021 filed petition for approval of True-up for FY 2018-19, APR for FY2019-20 & ARR for FY 2020-21 and the Commission on June 23,2023 passed the order on the aforesaid petition.
- 2.10 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.
- 2.11 The instant petition has been filed by the Petitioner 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 21.12.2023.

Information Gaps in the Petition

- 2.12 Upon reviewing the petition, the Commission found that the petitioner had not deducted the SLDC expenses and had included them in the petition. Since the Commission had already issued a separate order for SLDC's ARR expenses, the Commission directed the petitioner to file a revised petition after deducting the SLDC expenses. The petitioner then submitted the revised petition with the necessary changes on 31.01.2024.
- 2.13 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 vide Letter No. JSERC/Case(T) No.14 of 2023/312 dt. 17.01.2024 with respect to the petition for True-up for FY 2020-21 and FY 2021-22, Annual Performance Review of FY 2022-23, and Annual Revenue Requirement and Tariff for FY 2023-23.
- 2.14 The Petitioner vide letter no.17 dtd. 31.01.2024 furnished the additional data/information as directed for on the petition for True-up for FY 2020-21 and FY 2021-22, Annual Performance Review of FY 2022-23, and Annual Revenue Requirement and Tariff for FY 2023-23.
- 2.15 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.
- 2.16 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 conducted a public hearing on June 11, 2024 in the Conference room of Hotel Raso at Ranchi for inviting comments/ suggestion/ objections.

Inviting Public Comments/Suggestions

- 2.17 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.
- 2.18 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 2020-21 & FY 2021-22, APR for FY 2022-23 & ARR and Tariff For FY 2023-24				
Sl. No.	Newspaper	Edition Name	Version	Date of Publication
1	Prabhat Khabar	Ranchi	Hindi	24.02.2024 & 27.02.2024
2	Prabhat Khabar	Jamshedpur	Hindi	24.02.2024 & 27.02.2024
3	Prabhat Khabar	Deoghar	Hindi	24.02.2024 & 27.02.2024
4	Prabhat Khabar	Dhanbad	Hindi	24.02.2024 & 27.02.2024
5	Hindustan	Ranchi	Hindi	24.02.2024 & 27.02.2024
6	Hindustan	Dhanbad	Hindi	24.02.2024 & 27.02.2024
7	Hindustan	Bhagalpur	Hindi	24.02.2024 & 27.02.2024
8	Hindustan	Jamshedpur	Hindi	24.02.2024 & 27.02.2024
9	Times of India	Patna	English	24.02.2024 & 27.02.2024
10	Hindustan Times	Ranchi	English	27.02.2024

- 2.19 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	Prabhat Khabar	Hindi	05.06.2024 & 10.06.2024
2	Hindustan Dainik	Hindi	05.06.2024 & 10.06.2024
3	Hindustan Times	English	05.06.2024 & 10.06.2024
4	The Times of India	English	05.06.2024 & 10.06.2024

Submission of Comments/ Suggestions and Conduct of Public Hearing

- 2.20 The public hearing was held on June 11, 2024 in the Conference room of Hotel



Raso at Ranchi. Comments/Suggestions on the petition were received. The Comments/Suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in **Chapter A 4** of this order.



Chapter:3 Brief Facts of the Petition

True-up for FY 2020-21

a) Aggregate Revenue Requirement (ARR)

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

Table 3: Summary of ARR Components for FY 2020-21 as submitted by the Petitioner (Rs.Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 23.06.2023	Claimed for FY 2020-21
1	Operation and Maintenance Expense	97.89	103.37
I	<i>Employee Expense</i>	46.67	64.61
Ii	<i>A&G Expense</i>	8.47	9.24
Iii	<i>R&M Expense</i>	42.75	29.52
2	Depreciation	0.86	137.95
3	Interest and Finance Charge	46.54	503.21
4	Return on Equity	54.34	150.96
5	Interest on Working Capital	6.67	20.42
6	Incentive for Target Availability	0.00	3.76
7	Less: Non-tariff Income	12.79	12.79
8	Net Aggregate Revenue Requirement	193.51	906.91
9	Revenue from Operations	229.58	229.58
10	Revenue Gap / (Surplus)	-36.07	677.33

True-up for FY 2021-22

b) Aggregate Revenue Requirement (ARR)

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

Table 4: Summary of ARR Components for FY 2021-22 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 23.06.2023	Claimed for FY 2021-22
1	Operation and Maintenance Expense	103.59	120.84
I	<i>Employee Expense</i>	49.19	85.24
Ii	<i>A&G Expense</i>	8.98	11.33
Iii	<i>R&M Expense</i>	45.42	24.27
2	Depreciation	111.67	193.35
3	Interest and Finance Charge	83.48	439.00
4	Return on Equity	49.09	180.17
5	Interest on Working Capital	6.97	15.20
6	Incentive for Target Availability	0	4.24
7	Less: Non-tariff Income	12.79	7.59
8	Net Aggregate Revenue Requirement	342.01	945.21
9	Revenue from Operations	342.01	249.65
10	Revenue Gap / (Surplus)	0.00	695.55



APR for FY 2022-23

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

Table 5: Summary of ARR components for FY 2022-23 as submitted by the Petitioner (Rs.Cr.)

Sl. No.	Particulars	Approved in T.O. dtd. 23.06.2023	Claimed for FY 2022-23
1	Operation and Maintenance Expense	109.26	169.03
I	<i>Employee Expense</i>	51.86	112.46
Ii	<i>A&G Expense</i>	9.53	12.18
Iii	<i>R&M Expense</i>	47.87	44.39
2	Depreciation	120.33	203.79
3	Interest and Finance Charge	91.48	466.29
4	Return on Equity	49.09	224.13
5	Interest on Working Capital	7.40	20.57
6	Less: Non-tariff Income	12.79	18.90
7	Net Aggregate Revenue Requirement	364.77	1064.92
8	Revenue from Operations	364.77	299.25
9	Revenue Gap / (Surplus)	0.00	765.68

ARR for FY 2023-24

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

Table 6: Summary of ARR Components for FY 2023-24 as submitted by the Petitioner (Rs.Cr)

Sl. No.	Particulars	Approved in T.O. dtd. 23.06.2023	Claimed for FY 2023-24
1	Operation and Maintenance Expense	120.55	222.21
2	Depreciation	127.44	167.60
3	Interest and Finance Charge	95.43	482.93
4	Return on Equity	7.95	22.60
5	Interest on Working Capital	49.16	224.13
6	Less: Non-tariff Income	400.53	1,119.47
7	Net Aggregate Revenue Requirement		
8	Revenue from Operations	12.79	18.90
9	Revenue Gap / (Surplus)	387.74	1,100.57

Transmission Tariff for FY 2023-24

3.5. The details of Transmission Tariff for FY 2023-24 as submitted by the Petitioner is provided in table below:

Table 7: Transmission Tariff for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	Claimed for FY 2023-24
1	Annual Transmission Charges for FY 2023-24 (Rs.Crore)	3375.00
2	Total Transmission Capacity (MW)	2649.10
3	Total Transmission Capacity allocated to JBVNL (MW)	2579.10
4	Annual Transmission Charges to be levied to JBVNL (Rs. Crore)	3285.82



Sl. No.	Particulars	Claimed for FY 2023-24
5	Monthly Transmission Charges to be levied to JBVNL (Rs. Crore)	273.82
6	Total Transmission Capacity allocated to Railways (MW)	70.00
7	Annual Transmission Charges to be levied to Railways (Rs. Crore)	89.18
8	Monthly Transmission Charges to be levied to Railways (Rs. Crore)	7.43

Table 8:STOA Charges for FY 2022-23 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	UoM	FY 2022-23
1	AFC (FY 2021-22)	Rs. Crore	945.21
2	Av_CAP (FY 2021-22)	MW	1210.95
3	ST Rate	Rs./MW/Day	10692.48
4	ST Rate	Rs./MWHr	445.52

Table 9:STOA Charges for FY 2023-24 as submitted by the Petitioner (Rs. Cr.)

Sl. No.	Particulars	UoM	FY 2023-24
1	AFC (FY 2022-23)	Rs. Crore	1,064.92
2	Av_CAP (FY 2022-23)	MW	1301.21
3	ST Rate	Rs./MW/Day	11211.13
4	ST Rate	Rs./MWHr	467.13



Chapter:4 Public Consultation Process

- 4.1 The Petition filed by the Petitioner evoked responses from several Stakeholders. The Public Hearing was held on June 11, 2024 to ensure maximum Public participation and transparency wherein Stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as **Annexure-I** to this order.
- 4.2 The Commission has observed that the public notice of the petition was published by the Petitioner to invite comments and suggestions in the month of February 2024 wherein the Petitioner has submitted that it has not received any comments. 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 however till date the Commission has not received any comments/suggestions from the beneficiaries. Accordingly, the Commission has not incorporated any comments/suggestion raised by beneficiaries during public hearing.



Chapter 5: True Up for FY 2020-21

- 5.1 The Petitioner has submitted, that the true-up petition for FY 2020-21 has been prepared based on the audited accounts which has been audited by Comptroller and Auditor General of India(CAG), taking into consideration the provisions of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, 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, 2015 has carried out true-up taking into consideration: -
- Audited (Statutory) Accounts as certified by CAG for FY 2020-21 and additional details submitted by the Petitioner;
 - JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015; and
 - Methodology adopted by the Commission in the earlier orders.

Capital Expenditure, Capitalization & GFA

Petitioner Submission

- 5.3 The Petitioner has submitted that it has considered the actual capital expenditure and capitalization that has incurred in the books of accounts for truing up of expenses for FY 2020-21. The opening and closing balances of the capital expenditure, capitalization, CWIP are considered as per the audited annual accounts for FY 2020-21. In accordance with the same, the Petitioner has submitted that it has incurred actual capital expenditure of Rs.642.32 Crore and actual capitalization of Rs.682.58 Crore in FY 2020-21.
- 5.4 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the tables below:

Table 10:Capex, CWIP and Capitalization for FY2020-21 as Submitted by the Petitioner(Rs. Cr.)

Particulars	Opening	Addition	Closing
Capital Expenditure during the Year	5175.17	642.32	5817.49
Capitalization	1927.82	682.58	2610.39
Capital Works in Progress	3247.35	-40.25	3207.10
<i>Asset Capital Work in Progress</i>	2339.94	-41.69	2298.25
<i>Capital Advances</i>	374.97	0.00	374.97
<i>Advance to Suppliers</i>	501.95	5.47	507.43
<i>Stock of Materials at Site</i>	30.49	-4.04	26.45



Table 11: Capex and Capitalization for FY 2020-21 as Submitted by the Petitioner (Rs.Cr.)

Particulars	MYT	Petition
Capital Expenditure during the Year	274.20	642.32
Asset Capitalized during the year	2187.40	682.58

5.5 The Commission in its Business Plan order dated 24th February 2018, had determined the opening balance of GFA for FY 2020-21 based on the closing balance approved for FY 2019-20 in the same order.

5.6 The Petitioner has claimed opening GFA as per the audited annual accounts for FY 2020-21, after consideration of final transfer scheme. The following table shows the opening and closing balance of GFA as per audited annual accounts against that approved by JSERC in the last tariff order. The Petitioner has requested the Commission to approve GFA for FY 2020-21 as provided in the table below:

Table 12: Gross Fixed Asset for FY 2020-21 as submitted by the Petitioner (Rs.Cr.)

Particulars	MYT	Petition
Opening Gross Fixed Asset	4190.27	1927.82
Asset Capitalized during the year	2187.4	682.578
Closing Gross Fixed Asset	6377.67	2610.39

Commission Analysis

5.7 The Commission has observed that in the MYT and Business plan order for FY 2020-21 dated 24th February 2018 the Commission had initially approved an capital expenditure of Rs.274.20 Cr against which the Petitioner has infused an amount of Rs.642.32 Cr.

5.8 The Commission vide the data gap had directed the Petitioner to provide details of such capital expense however the Petitioner had not submitted proper justification regarding the same.

5.9 The Commission vide the data gap had directed the petitioner to provide details of capitalization along with DPRs for all projects capitalized during FY 2020-21 along with detailed cost benefit analysis. In compliance to Commissions query, the Petitioner vide its reply submitted the requisite details of asset capitalization for FY 2020-21.

5.10 The Commission after scrutiny and prudence check of the data/information submitted by the Petitioner along with audited accounts for FY 2020-21 approves the capitalization of Rs.682.57 Cr as submitted by the Petitioner.

5.11 The Commission after further scrutiny of the GFA has found that the opening GFA for FY 2020-21 does not match with the closing GFA of FY 2019-20 as



per True Up order of FY 2019-20 dated 23rd June 2023. However the Commission after prudence check of the audited accounts have found it to be in line with the petition submitted by the Petitioner.

- 5.12 Hence the Commission while approving the GFA for FY 2020-21 has considered the audited accounts for FY 2020-21. Moreover, an amount of Rs.2.03 Cr pertaining to SLDC have been deducted from the total assets of JUSNL amounting to Rs.1929.85 Cr.
- 5.13 The Commission has scrutinized the additional information submitted by the Petitioner and approves the capitalization for FY 2020-21 as shown below.

Table 13: Gross Fixed Assets for FY 2020-21 as approved by the Commission (Rs.Cr.)

Particulars	MYT	Petition	Approved
Opening Gross Fixed Asset	4190.27	1927.82	1927.82
Asset Capitalized during the year	2187.40	682.578	682.58
Closing Gross Fixed Asset	6377.67	2610.39	2610.40

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 surrender leave, various medical allowances, leave travel allowances and other allowances.
- 5.15 **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 the 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 14 Employee Expense as submitted by the Petitioner for FY 2020-21 (Rs.Cr)

S.No	Particulars	MYT	Petition
1	Employee Expense	38.52	59.41
2	Terminal Benefits	3.85	5.20
	Total	42.37	64.61

- 5.16 The Petitioner has claimed the employee expenses as per the annual audited accounts for FY 2020-21. The Petitioner has claimed the employee expenses as per the audited accounts for FY 2020-21. The actual employee expense for



FY 2020-21 is Rs. 64.61 Crore including the terminal benefits which is high in comparison to Rs. 42.37 Crore as approved by the Hon'ble Commission in its MYT Tariff Order dated 24.02.2018. It is also submitted that the employee expenses of SLDC amounting to Rs. 3.19 crores have been deducted from the total employee expenses of Rs. 67.80 Crore to arrive at the net employee expenses of Rs. 64.61 Crores. The major reason for such exceptional increase is due to the following:

- a) **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.
- b) **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.

5.17 The Petitioner has submitted that from the above fact, 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 No. 7.36 which provides that the Hon'ble Commission shall consider any variation in Employee Expense due to changes recommended by the Pay Commission and Clause No. 14.6 which provides that the Commission may adopt a procedure, which is at variance with any of



the provisions of the notified Regulations.

5.18 **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.4190.27 Crore) assumed at that time of FY 2020-21.

5.19 The Petitioner has further submitted that the actual opening GFA as per the actual audited accounts of FY 2020-21 is Rs.1927.82 Crore which is much lower than that assumed in Business Plan order dated 24th February 2018. 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 annual audited accounts for FY 2020-21. It is also submitted that the R&M expenses of SLDC amounting to Rs.0.33 Crores have been deducted from the total R&M expenses of Rs.29.85 Crore to arrive at the net R&M expenses of Rs.29.52 Crores.

5.20 The R&M expense as submitted by the Petitioner is shown in the table below:

Table 15 R&M Expense as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Opening GFA	4190.27	1927.82
2	K Factor	2.23%	
	R&M Expense	93.30	29.52

5.21 **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 annual audited accounts for FY 2020-21. The major contribution to the A&G expense is from miscellaneous expense of Rs.5.82 Crore. It is also submitted that the A&G expenses of SLDC amounting to Rs.1.01 crores have been deducted from the total A&G expenses of Rs.10.25 Crore to arrive at the net A&G expenses of Rs.9.24 Crores. The A&G expenses as submitted by the Petitioner for FY 2020-21 is shown in the table below:

Table 16 A&G Expenses as submitted by the Petitioner for FY 2020-21 9 (Rs.Cr)

S.No	Particular	MYT	Petition
1	A&G Expenses	9.66	9.24



5.22 The summary of the O&M Expenses for FY 2020-21 as approved by the Commission in its MYT order vis-à-vis actually incurred, is as shown in the table below:

Table 17: O&M Expense for FY 2020-21 as submitted by the Petitioner (Rs.Cr.)

S.No	Particulars	MYT	Petition
1	Emp. Expenses	38.52	59.41
(i)	Terminal Benefits	3.85	5.20
2	R&M Expenses	93.30	29.52
3	A&G Expenses	9.66	9.24
	O&M Expenses	145.33	103.37

Commission's Analysis

5.23 The Commission has referred to clause 7.34 to clause 7.36 under section A7 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 as highlighted below:

“Operation and Maintenance (O&M) expenses

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

- (a) Salaries, wages, pension contribution and other employee costs;
- (b) Administrative and General costs;
- (c) Repairs and maintenance expenses; and
- (d) Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

7.35 The Applicant shall submit details on O&M expenses as required by the Commission. The O&M expenses for the Base Year shall be approved by the Commission taking into account the audited accounts, business plan filed by the Licensees, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.

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

$$(a) O\&M_n = (R\&M_n + EMP_n + A\&G_n) * (1 - X_n) + \text{Terminal liabilities}$$

Where, $R\&M_n = K * GFA$;

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}); \text{ and}$$

$$INDX = 0.55 * CPI + 0.45 * WPI$$

Where

- (b) $R\&M_n$ – Repair and Maintenance Costs of the Licensee for the nth year;
- (c) $A\&G_n$ – Administrative and General Costs of the Licensee for the nth year;
- (d) EMP_n – Employee Costs of the Licensee excluding terminal liabilities for the nth year;
- (e) X_n is an efficiency factor for nth year. Value of X_n shall be determined by the



Commission in the MYT Tariff order based on Licensee's filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate.

(f) 'K' is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;

(g) 'GFA' is the opening value of the gross fixed asset of the nth year;

(h) 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;

Note 1: For the purpose of estimation, the same INDX n value shall be used for all years of the control period. However, the Commission will consider the actual values in the INDX n 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 etc will be considered separately by the Commission. “

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

A. Employee Expenses

5.24 The Commission while analyzing the employee expense for FY 2020-21 has referred to MYT order dated 24th February 2018 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 para 5.16 (a) and (b) respectively. The Commission in this regard had sought necessary documents validating the same to which the Petitioner did not provide any validation justifying the increase in cost and has submitted that it has considered Employee expense based on audited accounts.

5.25 Moreover, the Commission vide letter no JSERC/Case(T) No.14 of 2024 dated 05.06.2024 had directed the Petitioner for discussion on technical validation session on the petitions in the Commissions office on 07.06.2024. During the course of discussion the steep increase in employee expense was discussed wherein the Petitioner was directed to submit bifurcation of employee expense with arrears due to pay revision. However, the Petitioner till date has not



provided any details on the same.

- 5.26 The Commission has also observed that during the entire second control period the employee cost was always higher than the MYT approved value. However, the Commission has also taken into account the fact that the Petitioner has claimed the employee expense as per actual audited figures as reflected in audited accounts.
- 5.27 Furthermore, the Commission has also taken into consideration the fact that the Petitioner has not approached the Commission any time during the second control period seeking for any review/modification of the employee expense for the MYT control period.
- 5.28 Therefore, the Commission has considered normative methodology for the employee expense for FY 2020-21 by escalating the previous years trued up value i.e. FY 2019-20 by an inflation rate of 4.14% and has determined and approved the employee expense accordingly for FY 2020-21. The terminal benefit is approved on actuals based on audited accounts.

B. A&G Expenses

- 5.29 The Commission after scrutinizing and prudence check of the audited accounts of the Petitioner for FY 2020-21 observes that the Petitioner has incurred an A&G expense of Rs.9.24Cr against MYT approved value of Rs.9.66Cr. However, the Commission has considered normative methodology for calculation of the A&G expenses for FY 2020-21 by escalating the previous years trued up value with an inflation factor of 4.14% and has approved the A&G expenses for FY 2020-21 accordingly.

C. R&M Expenses

- 5.30 The Commission in its MYT order dated 24th February 2018 had approved R&M expense for the entire period of the second control period with respect to opening GFA of the respective financial year along with K factor of 2.23%.
- 5.31 The Commission has adopted similar methodology and has approved the R&M expense for FY 2020-21 by considering the audited GFA, K factor (2.23%) as approved in MYT order dated 24th February 2018 along with inflation factor of 4.14%.
- 5.32 The O&M expenses as approved by the Commission in MYT order dated February 24, 2018 and submitted by the Petitioner vis-à-vis as approved by



the Commission for FY 2020-21 is shown in the table below:

Table 18: O&M Expense as approved by the Commission for FY 2020-21 (Rs.Cr.)

S.No	Particulars	MYT	Petition	Approved
1	Emp. Expenses	38.52	59.41	41.34
(i)	Terminal Benefits	3.85	5.20	5.20
2	R&M Expenses	93.30	29.52	44.77
3	A&G Expenses	9.66	9.24	8.47
	O&M Expenses	145.33	103.37	99.77

Depreciation

Petitioner's Submission

- 5.33 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, 2015.
- 5.34 The Petitioner has submitted that the depreciation expenses claimed is within the limit approved by the Hon'ble Commission in the tariff order dated 24.02.2018 and is also in line with the annual audited accounts for FY 2020-21. The Petitioner has also submitted that the depreciation of SLDC amounting to Rs. 0.11 Crores has been deducted from the total depreciation of Rs. 138.06 Cr to arrive at the net depreciation of Rs. 137.95Cr. The depreciation as submitted by the Petitioner is shown in the table below:

Table 19: Depreciation as submitted by the Petitioner for FY 2020-21(Rs.Cr.)

S.No	Particulars	MYT	Petition
1	Depreciation	265.98	137.95

Commission's Analysis

- 5.35 The Commission, in its MYT order dated February 24, 2018 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, 2015. Accordingly, the depreciation cost was approved by the Commission for the control period FY 2016-17 to FY 2020-21.
- 5.36 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, 2015 and the capitalization as approved earlier in this order.



5.37 The Commission after scrutiny and verification of the documents submitted along with audited accounts has adopted similar methodology for computing the depreciation for FY 2020-21 and has approved depreciation for FY 2020-21 as shown in the table below:

Table 20: Depreciation as approved by the Commission for FY 2020-21(Rs.Cr.)

S.No	Particulars	MYT	Petition	Approved
1	Depreciation	265.98	137.95	137.95

Interest on Loan

Petitioner's Submission

5.38 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.

Table 21: Interest on Loan as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Net Loan-Opening	3076.57	-
2	Additions during the year	1718.58	-
3	Repayment during the Year	265.98	-
4	Net Loan- closing	4529.16	-
5	Average Loan	3802.87	-
6	Interest on Loan (%)	5.00%	-
	Interest on Loan	190.14	503.21

Commission's Analysis

5.39 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, 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:”

5.40 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).

- 5.41 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 2019-20 has been considered as opening loan value for FY 2020-21.
- 5.42 The Commission has observed that most of the projects of the Petitioner is being funded by loan from State Govt of Jharkhand at an interest rate of 13% and world bank at an rate of 2.5%.The Commission in MYT tariff order for the second control period dated 24th February 2018 had also directed the Petitioner to make efforts to re-finance the loans for such schemes from the cheapest source available and had also advised the Petitioner to approach the State Government to convert the loans into grant or equity however even after direction from the Commission the Petitioner did not make any efforts for conversion of loans into cheapest sources. Hence, the Commission has considered the rate of interest as 5.00% as approved in MYT order dated February 24, 2018 for computing the interest on loan for FY 2020-21. The Interest on Loan as approved by the Commission is tabulated hereunder:

Table 22: Interest on Loan as approved by the Commission for FY 2020-21 (Rs.Cr.)

S.No	Particulars	MYT	Petition	Approved
1	Net Loan-Opening	1,487.65	-	929.72
2	Additions during the year	922.57	-	682.58
3	Repayment during the Year	132.09	-	137.95
4	Net Loan- closing	2,278.13	-	1474.35
5	Average Loan	1,882.89	-	1202.03
6	Interest on Loan (%)	5.00%	-	5.00%
	Interest on Loan	94.14	503.21	60.10

Return on Equity

Petitioner's Submission

- 5.43 The Petitioner has submitted that it has considered equity base of Rs. 974.96 Crore (Rs. 972.96 Crore towards equity share capital + Rs. 2.00 Crore towards restructuring account pending adjustment) for FY 2020-21 as reflected in the annual audited accounts. The applicable return on equity has been calculated considering 15.50% rate of return as per Regulation 7.12 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015. The detailed calculation of return on equity is provided below:



Table 23: Return on Equity as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Opening Equity	357.23	972.96
2	Additions	468.83	2.00
3	Closing Equity	826.05	974.96
4	Average Equity	591.64	973.96
5	Rate of Return	15.50%	15.50%
	Return on Equity	91.70	150.96

Commission's Analysis

- 5.44 The Commission is of the view that the Petitioner has computed the equity component more than the normative equity of 30% of the GFA. The Petitioner was required to justify its claim of equity amount of Rs. 972.96 Crore out of the total gross fixed asset of Rs.1927.82 Crore.
- 5.45 In its reply, the Petitioner has submitted the amount of Rs 972.96 Crore as per the equity amount, reflected in the audited account for the FY 2020-21.
- 5.46 The Commission had directed the Petitioner to submit the justification of claiming equity addition of Rs.2Cr in FY 2020-21 towards the Restructuring Account Pending Adjustment, and in this regard the Petitioner has failed to submit proper justification. Hence, the Commission, in the instant petition, disallows the equity addition of Rs 2 Crore in FY 2020-21 towards the Restructuring Account Pending Adjustment.
- 5.47 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, 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:”

- 5.48 The Commission has also observed the equity component considered by the Petitioner as nil in the capitalization schedule of various projects, as most of the projects are being executed by 100% funding via loan, accordingly the Commission has considered equity as nil.
- 5.49 The closing equity for the FY 2019-20 has been considered as opening equity for FY 2020-21. The Commission has accordingly approved the Return on Equity for FY 2020-21 as shown in the table below:



Table 24: Return on Equity as approved by the Commission for FY2020-21 (Rs.Cr.)

S.No	Particulars	MYT	Petition	Approved
1	Opening Equity	357.23	972.96	350.61
2	Additions	468.83	2.00	0.00
3	Closing Equity	826.05	974.96	350.61
4	Average Equity	591.64	973.96	350.61
5	Rate of Return	15.50%	15.50%	15.50%
	Return on Equity	91.70	150.96	54.34

Interest on Working Capital

Petitioner's Submission

5.50 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, 2015, 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 2020 has been taken into account for calculation of interest on working capital for FY 2020-21.

Table 25: Interest on Working Capital as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	O&M expenses for 1 month	12.11	8.61
2	Maintenance spares 15% of O&M expenses	21.8	15.51
3	2 Months Receivables of Annual Fixed Charges	118.78	151.15
4	Total Working Capital	152.69	175.27
5	Interest Rate	12.80%	11.65%
	Interest on Working Capital in Rs.Core	19.54	20.42

Commission's Analysis

5.51 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 7.31 to Clause 7.33 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 referred as below:

“Working Capital

7.31 The Commission shall determine the Working Capital requirement containing the following components:

- (a) Maintenance spares @ 15% of the O&M expenses specified in clauses 7.34- 7.36 of these Regulations;*
- (b) Receivables equivalent to two months of annual fixed cost; and*
- (c) Operation and Maintenance expenses for one month*
- (d) Less: Interest on amount, if any, held as security deposits from Transmission system users.*



Interest on Working Capital

7.32 Rate of interest on working capital shall be on normative basis and shall be considered equal to the base rate of State Bank of India as on 30th September of the financial year in which the 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 1st April of the financial year for which truing up exercise has been undertaken.

7.33 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.”

- 5.52 The rate of IoWC has been considered to be equal to the Base rate of SBI as applicable on April 01, of the relevant financial year plus 350 basis points as per Clause 7.32 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.

Table 26: Interest on Working Capital as approved by the Commission for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition	Approved
1	O&M expenses for 1 month	12.11	8.61	8.31
2	Maintenance spares 15% of O&M expenses	21.8	15.51	14.97
3	2 Months Receivables of Annual Fixed Charges	118.78	151.15	58.14
4	Total Working Capital	152.69	175.27	81.42
5	Interest Rate	12.80%	11.65%	11.65%
	Interest on Working Capital in Rs.Core	19.54	20.42	9.49

Non-tariff Income

Petitioner’s Submission

- 5.53 The Petitioner has submitted that Regulation 7.38 & 7.39 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 provides that non-tariff income derived from disposal of assets, rent, DPS, miscellaneous receipts from the beneficiaries are to be deducted from the ARR. In line with the above Regulations, the Petitioner has claimed the Non-Tariff Income as per the audited annual accounts as follows.

Table 27: Non-Tariff Income as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Non-tariff Income	7.17	12.79

Commission’s Analysis

- 5.54 The Commission, on evaluation and prudent check has approved the Non-Tariff Income based on actuals as summarized in the table below:

Table 28: Non-Tariff Income as approved by the Commission for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition	Approved
1	Non-tariff Income	7.17	12.79	12.79



Tax on Income

5.55 The Petitioner has submitted that as per the Transmission Tariff regulations 2015 notified by the Hon'ble Commission, Tax on the income streams of the Transmission Licensee shall not be recovered from the Beneficiaries. Therefore, same has not been considered as part of ARR in this Petition.

Commission's Analysis

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

Incentive for Transmission Availability

Petitioner's Submission

5.57 The Petitioner has claimed an incentive for achieving 98.91% availability of transmission network against the normative value of 98.50%, detailed below.

Table 29: Incentive for Transmission Availability as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	Petition
1	Annual Transmission System Availability Factor	98.91%
2	Annual Transmission System Target Availability Factor for Incentive consideration as per JSERC Regulations	98.50%
3	Max availability factor that can be claimed for incentive	99.75%
4	Annual Transmission Charges	903.05
5	Incentive/(Penalty) to be claimed	3.76

Commission's Analysis

5.58 The relevant clauses of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 related to the incentive calculation and recovery of fixed charges are extracted hereunder,

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

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

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.”

5.59 The Commission on prudent check and based on the facts and reasons as mentioned in the above sections has approved the Annual Fixed Cost for FY 2020-21 as summarized in the table below.

Table 30: Annual Fixed Cost as approved by the Commission for FY 2020-21(Rs.Cr)

Particulars	UoM	Petition	Approved
O&M Expenses	Rs. Cr.	103.37	99.77
Interest & Finance Charges	Rs. Cr.	503.21	60.10
Interest on Working Capital	Rs. Cr.	20.42	9.49
Depreciation	Rs. Cr.	137.95	137.95
Return on Equity	Rs. Cr.	150.96	54.34
Annual Fixed Cost	Rs. Cr.	915.91	361.65
Non-Tariff Income	Rs.Cr	12.79	12.79
Net ARR	Rs.Cr	906.91	348.87

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

Table 31: Incentive for FY 2020-21 as approved by the Commission(Rs.Cr)

Month	No. of Days	TAFM as Certified by the SLDC	ARR including Incentive
April	30.00	98.61%	28.71
May	31.00	99.33%	29.88
June	30.00	99.60%	28.99
July	31.00	99.38%	29.89
August	31.00	99.42%	29.91
September	30.00	99.25%	28.89
October	31.00	99.10%	29.81
November	30.00	99.54%	28.98
December	31.00	99.69%	29.99
January	31.00	99.37%	29.89
February	28.00	99.69%	27.09
March	31.00	98.91%	29.75
Total	365.00		351.78

Particulars	Approved
Annual Fixed Cost	348.87
ARR inclusive of Incentive	351.78
Net Incentive	2.91



Revenue from Operations

Petitioner's Submission

5.61 The Petitioner has submitted that it has recovered transmission charge as approved by the Hon'ble Commission in its order dated 24th February 2018. 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."

5.62 In line with the direction of the Hon'ble Commission the Petitioner has recovered transmission charge at a tariff of Rs. 0.25 per kWh wheeled through its transmission network for FY 2020-21. The Petitioner has claimed the revenue from the existing tariff as per actual for FY 2020-21.

Table 32: Revenue For FY 2020-21 as submitted By The Petitioner (Rs. Cr.)

S.No	Particulars	Petition
1	Revenue from Existing Tariff	229.58

Commission's Analysis

5.63 The Commission, after scrutinizing and on analysis of the audited accounts approves the revenue from transmission business for FY 2020-21 as tabulated below.

Table 33: Revenue as approved by the Commission for FY 2020-21(Rs.Cr)

S.No	Particulars	Petition	Approved
1	Revenue from Existing Tariff	229.58	229.58

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 34: Summary of ARR components as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Operation and Maintenance Expense	145.33	103.37
i	Employee Expense(including terminal benefits)	42.37	64.61
ii	A&G Expense	9.66	9.24
iii	R&M Expense	93.30	29.52
2	Depreciation	265.98	137.95
3	Interest and Finance Charge	190.14	503.21
4	Return on Equity	91.70	150.96
5	Interest on Working Capital	19.54	20.42



6	Less: Non-tariff Income	7.17	12.79
7	Incentive	0.00	3.76
8	Net Aggregate Revenue Requirement	705.52	906.89
9	Revenue from Operations	705.53	229.58
10	Revenue Gap / (Surplus)	-0.01	677.30

Commission's Analysis

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

Table 35: Summary of ARR Components approved by the Commission for FY 2020-21(Rs.Cr)

S.No	Particulars	MYT	Petition	Approved
1	Operation and Maintenance Expense	145.33	103.37	99.77
i	Employee Expense(including terminal benefits)	42.37	64.61	46.54
ii	A&G Expense	9.66	9.24	8.47
iii	R&M Expense	93.30	29.52	44.77
2	Depreciation	265.98	137.95	137.95
3	Interest and Finance Charge	190.14	503.21	60.10
4	Return on Equity	91.70	150.96	54.34
5	Interest on Working Capital	19.54	20.42	9.49
6	Less: Non-tariff Income	7.17	12.79	12.79
7	Incentive	0.00	3.76	2.91
8	Net Aggregate Revenue Requirement	705.52	906.89	351.78
9	Revenue from Operations	705.53	229.58	229.58
10	Revenue Gap / (Surplus)	(0.01)	677.30	122.19

5.66 The Commission observes that the petition was required to be filed in accordance with Clause A 15 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015. However, the instant petition was filed on 21st December, 2023, as such, the Commission disallows the carrying on the net Gap/(Surplus) cost for the period of delay.



Chapter 6: True Up for FY 2021-22

- 6.1 The Petitioner has submitted that the true-up petition for FY 2021-22 has been prepared based on the audited accounts which has been audited by Comptroller and Auditor General of India(CAG), 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.
- 6.2 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: -
- Audited (Statutory) Accounts as certified by CAG for FY 2021-22 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 & GFA

Petitioner Submission

- 6.3 The Petitioner has submitted that it has considered the actual capital expenditure and capitalization that has incurred in the books of accounts for truing up of expenses for FY 2021-22. The opening and closing balances of the capital expenditure, capitalization, CWIP are considered as per the audited annual accounts for FY 2021-22. In accordance with the same, the Petitioner has submitted that it has incurred actual capital expenditure of Rs.755.40 Crore and actual capitalization of Rs.87.62 Crore in FY 2021-22.
- 6.4 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the table below:

Table 36: Capex, CWIP and Capitalization for FY 2021-22 as Submitted by the Petitioner (Rs. Cr.)

Particulars	Opening	Addition	Closing
Capital Expenditure during the Year	5848.71	755.40	6604.11
Capitalization	3644.61	87.62	3732.23
Capital Works in Progress	2204.10	667.79	2871.88
<i>Asset Capital Work in Progress</i>	1767.33	556.56	2323.89
<i>Capital Advances</i>	410.31	110.68	520.99
<i>Stock of Materials at Site</i>	0	0	0



Table 37: Capex and Capitalization as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Capital Expenditure during the Year	394.03	755.40
Asset Capitalized during the year	103.26	87.62

- 6.5 The Commission in its Business Plan order dated 23rd June 2023, had determined the opening balance of GFA for FY 2021-22 based on the closing balance approved for FY 2020-21 in the same order.
- 6.6 The Petitioner has claimed opening GFA as per the audited annual accounts for FY 2021-22. The following table shows the opening and closing balance of GFA as per audited annual accounts against that approved by JSERC in the last tariff order. The Petitioner has requested the Commission to approve GFA for FY 2021-22 as provided in the table below.

Table 38: Gross Fixed Assets for FY 2021-22 as submitted by the Petitioner (Rs.Cr.)

Particulars	MYT	Petition
Opening Gross Fixed Asset	1920.09	3644.61
Asset Capitalized during the year	103.26	87.61
Closing Gross Fixed Asset	2023.35	3732.23

Commission Analysis

- 6.7 The Commission has observed that in the MYT and Business plan order for FY 2021-22 dated 23rd June 2023 the Commission had provisionally approved an capital expenditure of Rs.394.03 Cr against which the Petitioner has infused an amount of Rs.755.40 Cr.
- 6.8 The Commission vide the data gap had directed the Petitioner to provide details of such capital expense however the Petitioner had not submitted proper justification regarding the same.
- 6.9 The Commission vide its letter dated no. JSERC/Case(T) no.14 of 2023/312 & 313 dated 17.01.2024 directed the Petitioner to provide details of capitalization along with DPRs for all projects capitalized during FY 2021-22 along with detailed cost benefit analysis. In compliance to Commission's query, the Petitioner, vide letter No.17 dated 31st January 2024 submitted the requisite data of assets capitalized for FY 2021-22.
- 6.10 The Commission after scrutiny and prudence check of the data/information submitted by the Petitioner along with audited accounts for FY 2021-22 observed that there is a mismatch between opening GFA for FY 2021-22 wrt closing GFA of FY 2020-21. The Commission vide date gap directed the Petitioner to provide justification for the same.



- 6.11 The Petitioner in its reply stated that, JUSNL 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 which mainly included work performed by PGCIL. Accordingly, the opening balances were reinstated having an impact on PPE, depreciation, CWIP, Advances, Creditors and retained earnings. This has resulted in variation between the closing balance of GFA for the FY 2020-21 and the opening balance of GFA for the FY 2021-22. The closing balance of GFA for FY 2020-21 was Rs. 2612.42 Crore and the opening balance of GFA for FY 2021-22 was Rs. 3646.64 Crore. The difference between the closing balance of GFA for FY 2020-21 and opening balance of GFA for FY 2021-22 is Rs. 1034.21 Crore which pertains to schemes capitalized during prior period.
- 6.12 The Commission after scrutiny and prudence check of the data/information submitted by the Petitioner along with audited accounts for FY 2021-22 approves the capitalization of Rs.87.61 Crore as submitted by the Petitioner.
- 6.13 The Commission has verified the documents submitted by the Petitioner along with a prudence check of the audited annual accounts and has approved the GFA for FY 2021-22 accordingly.
- 6.14 Hence the Commission while approving the GFA for FY 2021-22 has considered the audited accounts for FY 2021-22. Moreover, an amount of Rs.2.03 Cr pertaining to SLDC have been deducted from the total assets of JUSNL amounting to Rs.3646.64 Cr.
- 6.15 The Commission has scrutinized the additional information submitted by the Petitioner and approves the capitalization for FY 2021-22 as shown below.

Table 39: Gross Fixed Assets for FY 2021-22 as approved by the Commission (Rs.Cr.)

Particulars	MYT	Petition	Approved
Opening Gross Fixed Asset	1920.09	3644.61	3644.61
Asset Capitalized during the year	103.26	87.61	87.61
Closing Gross Fixed Asset	2023.35	3732.23	3732.23

Operation and Maintenance Expenses

Petitioner Submission

- 6.16 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 surrender leave, various medical allowances, leave travel allowances and other allowances.

- 6.17 **Employee Expenses:** The Petitioner submits that the employee expenses primarily include costs towards salaries, Dearness Allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the 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 40 Employee Expense as submitted by the Petitioner for FY 2021-22(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Employee Expense	43.86	70.36
2	Terminal Benefits	5.33	14.88
	Total	49.19	85.24

- 6.18 The Petitioner has claimed the employee expenses as per the audited accounts for FY 2021-22. The actual employee expense for FY 2021-22 is Rs. 85.24 Crore including the terminal benefits which is high in comparison to Rs. 49.19 Crore as approved by the Hon'ble Commission in its MYT Tariff Order dated 23.06.2023. It is also submitted that the employee expenses of SLDC amounting to Rs. 5.24 crores have been deducted from the total employee expenses of Rs. 90.48 Crore to arrive at the net employee expenses of Rs. 85.24 Crores. The major reason for such exceptional increase is due to the following:

- a) **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.
- b) **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.

6.19 The Petitioner has submitted that from the above facts, 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 No. 7.36 which provides that the Hon'ble Commission shall consider any variation in Employee Expense due to changes recommended by the Pay Commission and Clause No. 14.6 which provides that the Commission may adopt a procedure, which is at variance with any of the provisions of the notified Regulations.

6.20 **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.1920.09 Crore) assumed at that time of FY 2021-22.

6.21 The Petitioner has further submitted that the actual opening GFA as per the actual audited accounts of FY 2021-22 is Rs. 3644.61 Crore which is much higher than that assumed in Business Plan order dated 23rd June 2023. 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 annual audited accounts for FY 2021-22.

6.22 The R&M expense as submitted by the Petitioner is shown in the table below:

Table 41 R&M Expense as submitted by the Petitioner for FY 2021-22(Rs.Cr)

S.No	Particulars	MYT	Petition
1	Opening GFA	1920.09	3644.61
2	K Factor	2.23%	
	R&M Expense	45.42	24.27



6.23 **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 A&G expenses as per the annual audited accounts for FY 2021-22. It is also submitted that the A&G expenses of SLDC amounting to Rs. 0.10 crores have been deducted from the total A&G expenses of Rs. 11.43 Crore to arrive at the net A&G expenses of Rs. 11.33 Crores. The A&G expense as submitted by the Petitioner for FY 2021-22 is shown in the table below:

Table 42 A&G Expenses as submitted by the Petitioner for FY 2021-22(Rs.Cr)

S.No	Particular	MYT	Petition
1	A&G Expenses	8.98	11.33

6.24 The summary of the O&M Expenses for FY 2021-22 as approved by the Commission in its MYT order vis-à-vis actually incurred by the Petitioner, is shown in the table below:

Table 43: O&M Expense for FY 2021-22 as submitted by the Petitioner (Rs.Cr.)

Particulars	MYT	Petition
Emp. Expenses	43.86	70.36
Terminal Benefits	5.33	14.88
R&M Expenses	45.42	24.27
A&G Expenses	8.98	11.33
O&M Expenses	103.59	120.84

Commission's Analysis

6.25 The Commission has referred to provisions mentioned 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;

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



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.

A. Employee Expenses

- 6.26 The Commission has observed that the Petitioner has claimed employee expense as per actuals and in line with audited accounts for FY 2021-22.
- 6.27 The Commission while analyzing the employee expense for FY 2021-22 has referred to MYT order dated 23rd June 2023 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 para 6.18 (a) and (b) respectively. The Commission in this regard had sought necessary documents validating the same to which the Petitioner did not provide any validation justifying the increase in cost and has submitted that it has considered employee expense as per audited accounts.
- 6.28 Moreover, the Commission vide letter no JSERC/Case(T) No.14 of 2024 dated 05.06.2024 had directed the Petitioner for discussion on technical validation session on the petitions in the Commissions office on 07.06. 2024. During the course of discussion the steep increase in employee expense was discussed wherein the Petitioner was directed to submit bifurcation of employee expense with arrears due to pay revision. However, the Petitioner till date has not provided any details on the same.
- 6.29 Therefore, the Commission has considered normative methodology for the computation of employee expense for FY 2021-22 by escalating the previous years trued up value i.e. FY 2020-21 by an inflation rate of 6.95% and has determined and approved the employee expense accordingly for FY 2021-22.



The terminal benefit is approved on actuals based on audited accounts.

B. A&G Expenses

6.30 The Commission after scrutinizing and prudence check of the audited accounts of the Petitioner for FY 2021-22 has found that the Petitioner has also incurred an high A&G cost wrt the approved MYT order dated 23rd June 2023. The A&G cost as approved in MYT order was Rs.8.98 crores with respect to which the Petitioner has claimed and amount of Rs.11.33 crores. The Commission after due diligence has approved the A&G expense for FY 2021-22 by escalating the previous year trued up approved value with a factor of 6.95% and has approved accordingly.

C. R&M Expenses

- 6.31 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%.
- 6.32 The Commission has observed that the Petitioner has claimed an R&M expense of Rs.24.27 Cr as in regard to MYT approved value of Rs.45.42 Crores.
- 6.33 The Commission has also referred to audited accounts of FY 2021-22 and has found it to be in line with the submission of the Petitioner.
- 6.34 The Commission has adopted similar methodology and has approved the R&M expense for FY 2021-22 by considering the audited GFA of FY 2021-22, K factor (2.23%) as approved in MYT order dated 23rd June 2023 along with inflation factor of 6.95%.
- 6.35 The Commission has also referred to Incentive and Penalty Framework as mentioned in JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 for computation of O&M expense as cited below:

“6.19 The financial gains on account of Operations and Maintenance Expenses for Transmission Licensee shall be shared in the ratio of 50:50 between the Transmission Licensee and beneficiaries at the time of truing up.”

6.36 The O&M expenses as approved by the Commission in MYT order dated June 23, 2023 and submitted by the Petitioner vis-à-vis as approved by the Commission for FY 2021-22 is shown in the table below:



Table 44: O&M expense as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
Emp. Expenses	43.86	70.36	44.21
Terminal Benefits	5.33	14.88	14.88
R&M Expenses	45.42	24.27	86.92
A&G Expenses	8.98	11.33	9.05
O&M Expenses	103.59	120.84	155.07
Approved O&M expenses inc. of sharing of gain			137.95

Depreciation

Petitioner's Submission

- 6.37 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.
- 6.38 The Petitioner has submitted detailed calculation for the depreciation claimed as shown in the table below:

Table 45 Calculation of Depreciation expenses as submitted by the Petitioner for FY 2021-22(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	13.46	0.00	13.46	0.45
Plant and Machinery	2010.78	40.66	2051.43	107.33
Lines and Cable Network	1602.28	46.66	1648.94	85.10
Vehicles	0.72	0.00	0.72	0.05
Furniture and Fixture	1.41	0.04	1.45	0.09
Office Equipment	1.81	0.26	2.07	0.13
Spare Units/Service Units	0.21	0.00	0.21	0.00
Others Civil Works	5.99	0.00	5.99	0.20
Total	3644.59	87.62	3732.21	193.35

- 6.39 The Petitioner has submitted that depreciation expense is less than that approved by the Hon'ble Commission in the Business Plan order. The Petitioner has further submitted that the depreciation expenses claimed is in line with the annual audited accounts for FY 2021-22, as shown in the table:

Table 46: Depreciation as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Depreciation	111.67	193.35



Commission's Analysis

- 6.40 The Commission, in its MYT order dated 23rd June 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.
- 6.41 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.
- 6.42 The Commission after scrutiny and verification of the documents submitted along with audited accounts has adopted similar methodology for computing the depreciation for FY 2021-22 and has approved depreciation for FY 2021-22 as shown in the table below:

Table 47: Depreciation as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
Depreciation	111.67	193.35	193.35

Interest on Loan

Petitioner's Submission

- 6.43 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. 439.00 Crore against that approved amount of Rs. 83.48 Crore. The following table shows the interest on loan claimed by JUSNL against that approved in the MYT Order:

Table 48: Interest on loan as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Net Loan-Opening	931.91	-
Additions during the year	103.26	-
Repayment during the Year	111.92	-
Net Loan- closing	923.25	-



Particulars	MYT	Petition
Average Loan	927.58	-
Interest on Loan (%)	9.00%	-
Interest on Loan	83.48	439.00

Commission’s Analysis

6.44 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:”

6.45 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).

6.46 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 2020-21 has been considered as opening loan value for FY 2021-22.

6.47 The Commission has observed that most of the projects of the Petitioner is being funded by loan from State Govt of Jharkhand at an interest rate of 13% and world bank at an rate of 2.5%.The Commission in MYT tariff order for the third control period dated 23 June 2023 had also directed the Petitioner to make efforts to re-finance the loans for such schemes from the cheapest source available and had also advised the Petitioner to approach the State Government to convert the loans into grant or equity however even after direction from the Commission the Petitioner did not make any efforts for conversion of loans into cheapest sources. Hence the Commission has considered the methodology as adopted in the MYT order for the respective year of FY 2021-22. 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 2021 plus 200 basis points i.e. (7% plus 200 basis points =9%).The



Interest on Loan as approved by the Commission is tabulated hereunder:

Table 49: Interest on Loan as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
Net Loan-Opening	931.91	-	1,474.35
Additions during the year	103.26	-	87.62
Repayment during the Year	111.92	-	193.35
Net Loan- closing	923.25	-	1,368.61
Average Loan	927.58	-	1,421.48
Interest on Loan (%)	9.00%	-	9.00%
Interest on Loan	83.48	439.00	127.93

Return on Equity

Petitioner's Submission

6.48 The Petitioner has submitted that it has considered equity base of Rs. 1600.96 Crore (Rs. 1958.96 Crore towards equity share capital + Rs. 2.00 Crore towards restructuring account pending adjustment) for FY 2021-22 as reflected in the annual audited 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 50: Return on Equity as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Opening Equity	350.61	972.96
Additions	0.00	628.00
Closing Equity	350.61	1600.96
Average Equity	350.61	1286.96
Rate of Return	14.00%	14.00%
Return on Equity	49.09	180.17

Commission's Analysis

- 6.49 The Commission is of the view 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.
- 6.50 The Commission had directed the Petitioner to submit the justification of claiming equity addition of Rs.2 Crore in FY 2021-22 towards the Restructuring Account Pending Adjustment along with an addition of Rs.626 Crores in the equity portion via data gap query.
- 6.51 In reply the Petitioner had submitted that it has considered the equity portion as per the audited accounts for FY 2021-22. The Petition further submitted that Rs.2Cr pertains to equity addition towards restructuring account pending



adjustment and Rs.626 Cr pertains to equity infusion by the State Government of Jharkhand during the FY 2020-21 in JUSNL. This equity pertains to the equity amount of the World Bank funded schemes being implemented by JUSNL. The Commission after scrutiny of the audited accounts has found to be in line with the submission of the Petitioner however equity pertaining to Rs.2 Cr against restructuring has not been settled yet in the book of accounts hence the Commission, in the instant petition, has disallowed the equity addition for Rs.2 Cr in FY 2021-22.

- 6.52 The closing equity for the FY 2020-21 has been considered as opening equity for FY 2021-22. The Commission has accordingly approved the Return on Equity for FY 2021-22.

TABLE 51: Return on equity as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
Opening Equity	350.61	972.96	350.61
Additions	0.00	628.00	626.00
Closing Equity	350.61	1600.96	976.61
Average Equity	350.61	1286.96	663.61
Rate of Return	14.00%	14.00%	14.00%
Return on Equity	49.09	180.17	92.90

Interest on Working Capital

Petitioner's Submission

- 6.53 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 2021-22.

Table 52: Interest on Working Capital as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
O&M expenses for 1 month	8.63	10.07
Maintenance spares 15% of O&M expenses	15.54	18.13
45 days Receivables of Annual Fixed Charges	42.17	116.53
Total Working Capital	66.34	144.72
Interest Rate	10.50%	10.50%
Interest on Working Capital in Rs.Core	6.97	15.20

Commission's Analysis

- 6.54 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.”

6.55 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 10.45 to Clause 10.46 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

6.56 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 10.45 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

Table 53: Interest on Working Capital as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
O&M expenses for 1 month	8.63	10.07	11.50
Maintenance spares 15% of O&M expenses	15.54	18.13	20.69
45 days Receivables of Annual Fixed Charges	42.17	116.53	68.44
Total Working Capital	66.34	144.72	100.63
Interest Rate	10.50%	10.50%	10.50%
Interest on Working Capital in Rs.Crore	6.97	15.20	10.57



Non-tariff Income

Petitioner's Submission

6.57 The Petitioner has submitted as per clause mentioned in Regulation of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020 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:"*

6.58 In line with the above Regulations, the Petitioner has claimed the Non-Tariff Income as per the audited annual accounts as follows:

Table 54: Non-Tariff Income as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Non-tariff Income	12.79	7.59

Commission's Analysis

6.59 The Commission upon prudence check of the audited accounts has approved the Non-Tariff Income based on actuals as summarized in the table below.

Table 55: Non-Tariff Income as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition	Approved
Non-tariff Income	12.79	7.59	7.59

Tax on Income

6.60 The Petitioner has submitted that as per the Transmission Tariff regulations 2020 notified by the Hon'ble 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.”

6.61 Hence the Petitioner has not paid any income tax during the FY 2021-22. Therefore, same has not been considered as part of ARR in this Petition.

Commission’s Analysis

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

Incentive for Transmission Availability

Petitioner’s Submission

6.63 The Petitioner has claimed an incentive for achieving 98.94% availability of transmission network against the normative value of 98.50%, detailed below.

Table 56: Incentive for Transmission Availability as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	Petition
Annual Transmission System Availability Factor	98.94%
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	940.74
Incentive/(Penalty) to be claimed	4.20

Commission’s Analysis

6.64 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 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.”

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

Table 57: Annual Fixed Cost for FY 2021-22 as approved by the Commission(Rs.Cr)

Particulars	UoM	Petition	Approved
O&M Expenses	Rs. Cr.	120.84	137.95
Interest & Finance Charges	Rs. Cr.	439.00	127.93
Interest on Working Capital	Rs. Cr.	15.20	10.57
Depreciation	Rs. Cr.	193.35	193.35
Return on Equity	Rs. Cr.	180.17	92.90
Annual Fixed Cost	Rs. Cr.	948.56	562.61
Non-Tariff Income	Rs.Cr	7.59	7.59
Net ARR	Rs.Cr	940.97	555.12

Table 58: Incentive for FY 2021-22 as approved by the Commission(Rs.Cr)

Month	No. of Days	TAFM as Certified by the SLDC	ARR including Incentive
April	30.00	98.61%	45.68
May	31.00	99.33%	47.54
June	30.00	99.60%	46.14
July	31.00	99.38%	47.57
August	31.00	99.42%	47.59
September	30.00	99.25%	45.97
October	31.00	99.10%	47.43
November	30.00	99.54%	46.11
December	31.00	99.69%	47.72
January	31.00	99.37%	47.56
February	28.00	99.69%	43.10
March	31.00	98.91%	47.34
Total	365.00		559.75



Table 59 Net Incentive as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	Approved
Annual Fixed Cost	555.12
ARR inclusive of Incentive	559.75
Net Incentive	4.63

Revenue from Operations

Petitioner's Submission

6.66 The Petitioner submits that it has recovered transmission charge as approved by the Hon'ble Commission in its order dated 24th February 2018. 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.”

6.67 In line with the direction of the Hon'ble Commission the Petitioner has recovered transmission charge at a tariff of Rs. 0.25 per kWh wheeled through its transmission network for FY 2021-22. The Petitioner has claimed the revenue from the existing tariff as per actual for FY 2021-22.

Table 60: Revenue for FY 2021-22 as submitted by the Petitioner(Rs.Cr)

Particulars	Petition
Revenue from Existing Tariff	249.65

Commission's Analysis

6.68 The Commission, after scrutinizing and on analysis of the audited accounts approves the revenue from transmission business for FY 2021-22 as tabulated below.

Table 61: Revenue as approved by the Commission for FY 2021-22(Rs.Cr)

Particulars	Petition	Approved
Revenue from Existing Tariff	249.65	249.65

Summary of ARR Components and Revenue Gap/(Surplus)

Petitioner's Submission

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



Table 62: Summary of ARR components as submitted by the Petitioner for FY 2021-22(Rs.Cr)

Particulars	MYT	Petition
Operation and Maintenance Expense	103.59	120.84
<i>Employee Expense</i>	49.19	85.24
<i>A&G Expense</i>	8.98	11.33
<i>R&M Expense</i>	45.42	24.27
Depreciation	111.67	193.35
Interest and Finance Charge	83.48	439.00
Return on Equity	49.09	180.17
Interest on Working Capital	6.97	15.20
Incentive	0.00	4.20
Less: Non-Tariff Income	12.79	7.59
Net Aggregate Revenue Requirement	342.01	945.17
Revenue from Operations	342.01	249.65
Revenue Gap / (Surplus)	0.00	695.52

Commission's Analysis

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

Table 63: Summary of ARR Components for FY 2021-22 as approved by the Commission (Rs.Cr)

Particulars	MYT	Petition	Approved
Operation and Maintenance Expense	103.59	120.84	137.95
Depreciation	111.67	193.35	193.35
Interest and Finance Charge	83.48	439.00	127.93
Return on Equity	49.09	180.17	92.90
Interest on Working Capital	6.97	15.20	10.57
Less: Non-tariff Income	12.79	7.59	7.59
Incentive	0.00	4.20	4.63
Net Aggregate Revenue Requirement	342.01	945.17	559.75
Revenue from Operations	342.01	249.65	249.65
Revenue Gap / (Surplus)	0.00	695.52	310.10

6.71 The Commission observes that the petition was required to be filed in accordance with Clause A 24 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. However, the instant petition was filed on 21st December 2023, as such, the Commission disallows the carrying on the net Gap/(Surplus) cost for the period of delay.



Chapter 7: Annual Performance Review for FY 2022-23

Petitioners Submission

7.1 In line with the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020, the Petitioner has submitted APR for FY 2022-23 based on unaudited book of accounts and has been compared with the Business plan and MYT order dated 23rd June 2023.

Commissions View

7.2 The Commission has not carried out the APR for FY 2022-23 as considerable time has lapsed and the Petitioner has already filed truing up Petition for FY 2022-23 based on audited account. Since, the truing up petition is under active consideration, therefore, the Commission does not find any merit in carrying out APR for FY 2022-23.



Chapter 8: ARR and Transmission Tariff for FY 2023-24

Petitioners Submission

8.1 The Petitioner has submitted petition for determination of ARR & Transmission Tariff for FY 2023-24 as per relevant provisions of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020.

Commissions Analysis

8.2 The Commission has not carried out the ARR for FY 2023-24 as considerable time has lapsed and the Petitioner has already filed Annual Performance Review Petition for FY 2023-24 based on six months actual and six-months projection. Since, the Annual Performance Review petition for FY 2023-24 is under active consideration, therefore, the Commission does not find any merit in carrying out ARR & Tariff for FY 2023-24.



Chapter 9 Directives

Submission of Fixed Asset Register

9.1 The Commission directs the Petitioner to prepare an FAR before filing of the next petition, and also directs that the Petitioner should specifically comply with observations of statutory authorities/auditors on the matter of Verification & Monitoring of Fixed Assets/CAPEX/Inventory and Maintenance of proper records preferably in digital form for observance of statutory provisions. The Petitioner should also put in place a robust Integrated Accounts & Financial Management System to minimize the time for preparation of Annual Accounts and filing of Petitions/Business Plans/APR's. in time.

Data adequacy in the next Petition

9.2 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.

Timeliness and Data Adequacy in the Next Tariff Petition

9.3 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 of the 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.



This order is signed and issued by the Jharkhand State Electricity Regulatory Commission on 03rd July, 2024.

Date: 03.07.2024

Place: Ranchi

Sd/-

Atul Kumar

MEMBER (Technical)

Sd/-

Mahendra Prasad

MEMBER (Law)



ANNEXURE - I

List of participants in the Public Hearing

Sl. No	Name	Address/Organization
1.	Shailesh Prakash	DGM(Operation),SLDC
2.	D Mahapatra	GM(IA)JUSNL
3.	Gaurav Kumar	Senior Manager(C&RA)
4.	Ravi Ranjan	Senior Manager(C&M)
5.	Chandra Shekhar Kumar	Senior Manager CRITL
6.	Avinash Alda	Senior Manager(C&RA),JUSNL
7.	Shyam Mahato	GM(I.T) JUSNL
8.	Nutan Bharti	DGM(F&A),JUSNL
9.	Rimil Topno	Senior Manager,SLDC,JUSNL
10.	Sani Ahmed	Comp Operator
11.	Deepak Kumar	Manager(C&RA)JUSNL
12.	Ashish Kumar	G.M.(C&RA)JUSNL
13.	Amit Banerjee	ED,JUSNL
14.	M.K Kamal	ED(Operation)
15.	Shashi Bhushan Kumar	JBVNL
16.	Ujjwala Kalyani Guria	JBVNL
17.	Anita Prasad	JBVNL
18.	Shipra Sinni	PWC Consultant(JBVNL)
19.	R.K Tripathy	PWC Consultant(JBVNL)
20.	Ravi Shankar Kumar	JBVNL
21.	Eshan Singh	APNRL
22.	Birendra Kisku	JBVNL
23.	S.N Singh	IPL
24.	Sanjay Singh	IPL
25.	Satya Narayan Prasad	Rubs and Co,Ranchi
26.	Karuna Sinha	Rubs and Co,Ranchi
27.	Amit Kumar Chaudhary	IOIA,Lalpur
28.	Dhiresh Kumar	Ranchi
29.	Vishal K Singh	Ranchi
30.	Umesh Kumar Singh	Ranchi
31.	Rajeev Ranjan	DGM(C&RA),JUSNL
32.	Gaurav Lohani	Consultant,JUSNL