

Jharkhand State Electricity Regulatory Commission



Order on
True-up for FY 2019-20
and
Annual Performance Review for FY 2020-21
for
Tata Steel Limited (TSL)

Ranchi
November 24, 2022



CONTENTS

CONTENTS	2
LIST OF ABBREVIATIONS	4
LIST OF TABLES	5
A 1 INTRODUCTION	8
Jharkhand State Electricity Regulatory Commission.....	8
The Petitioner-Tata Steel Limited	10
The Petitioner’s Prayers	10
Scope of the Present Order.....	11
A 2 PROCEDURAL HISTORY	12
Background	12
Information Gaps in the Petition	13
Inviting Public Comments/Suggestions	13
Submission of Comments/Suggestions and Conduct of Public Hearing	14
A 3 BRIEF FACTS OF THE PETITION	15
True-up for FY 2019-20:.....	15
Annual Performance Review for FY 2020-21:	17
A 4 PUBLIC CONSULTATION PROCESS	20
A 5 TRUE-UP FOR FY 2019-20	22
Consumers, Connected Load and Energy Sales.....	22
Energy Balance	23
Power Purchase Cost.....	26
Operation and Maintenance Expenses (O&M)	31
Capital Work in Progress (CWIP) and Gross Fixed Assets (GFA)	34
Consumer Contribution	36
Depreciation	36
Interest and Finance Charges	38
Interest on Security Deposits.....	40
Return on Equity	40
Interest on Working Capital	42
Non-Tariff Income	44
Revenue.....	44
Summary of Annual Revenue Requirement and Gap/(Surplus).....	45



A 6	ANNUAL PERFORMANCE REVIEW FOR FY 2020-21	46
A 7	REVENUE GAP AND ITS TREATMENT.....	47
	Revenue Gap/(Surplus)	47
A 8	STATUS OF EARLIER DIRECTIVES	49
ANNEXURE	53
	Annexure-1: List of members of public who participated in the Public Hearing and submitted their Suggestions/Comments.....	53



List of Abbreviations

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



List of Tables

Table 1: List of newspapers and dates of publication of public notice by TSL.....	13
Table 2: List of newspapers and dates of publication of Public Notice by the Commission	14
Table 3: Sales as submitted by the Petitioner for FY 2019-20 (MU)	15
Table 4: Energy Balance as submitted by the Petitioner for FY 2019-20 (MU)	15
Table 5: ARR as submitted by the Petitioner for FY 2019-20 (Rs. Crore)	16
Table 6: Gap/(Surplus) as submitted by the Petitioner for FY 2019-20 (Rs. Crore)	17
Table 7: Sales as submitted by the Petitioner for FY 2020-21 (MU)	17
Table 8: Energy Balance as submitted by the Petitioner for FY 2020-21 (MU)	17
Table 9: ARR as submitted by the Petitioner for FY 2020-21 (Rs. Crore)	18
Table 10: Gap/(Surplus) as submitted by the Petitioner for FY 2020-21 (Rs. Crore)	19
Table 11: Cumulative Revenue Gap till FY 2020-21 as submitted by the Petitioner (Rs. Crore)	19
Table 12: Number of Consumers, Connected Load and Sales as submitted by the Petitioner and approved by the Commission for FY 2019-20	23
Table 13: Energy Balance for FY 2019-20 as submitted by the Petitioner (MU)	23
Table 14: Energy Requirement for FY 2019-20 as approved by the Commission (MU).....	25
Table 15: Summary of RPO compliance for FY 2019-20 as submitted by the Petitioner (MU) .	26
Table 16: Power Procurement Cost for FY 2019-20 as submitted by the Petitioner (Rs. Crore).	27
Table 17: Power Procurement Cost for FY 2019-20 as approved by the Commission (Rs. Crore)	30
Table 18: Normative O&M Expenses for FY 2019-20 as submitted by the Petitioner (Rs. Crore)	31
Table 19: Actual O&M Expenses for FY 2019-20 as submitted by the Petitioner (Rs. Crore) ...	31
Table 20: O&M Expenses including sharing of Gain/Loss as submitted by the Petitioner (Rs. Crore)	32
Table 21: Actual O&M Expenses as approved by the Commission (Rs. Crore).....	32
Table 22: Normative Employee Expenses as approved by the Commission (Rs. Crore).....	33
Table 23: Normative O&M Expenses as approved by the Commission (Rs. Crore)	33
Table 24: O&M Expenses for FY 2019-20 as approved by the Commission (Rs. Crore)	34
Table 25: CWIP and GFA for FY 2019-20 as submitted by the Petitioner (Rs. Crore).....	34
Table 26: CWIP and GFA for FY 2019-20 as approved by the Commission (Rs. Crore)	35
Table 27: CC Capitalised and Received for FY 2019-20 as submitted by the Petitioner (Rs. Crore)	36
Table 28: Consumer Contribution as approved by the Commission (Rs. Crore)	36
Table 29: Depreciation on assets created out of CC as submitted by the Petitioner (Rs. Crore) .	36
Table 30: Depreciation as submitted by the Petitioner (Rs. Crore)	37
Table 31: Depreciation for FY 2019-20 as approved by the Commission (Rs. Crore)	37
Table 32: Normative Loan & Normative Equity added during the Year (Rs. Crore)	38
Table 33: Interest and Finance Charges as submitted by the Petitioner (Rs. Crore)	38
Table 34: Normative Loan and Normative Equity added during FY 2019-20 (Rs. Crore)	39
Table 35: Interest and Finance Charges for FY 2019-20 as approved by the Commission (Rs. Crore)	39
Table 36: Interest on CSD as submitted by the Petitioner (Rs. Crore)	40
Table 37: Interest on CSD as approved by the Commission (Rs. Crore)	40
Table 38: Return on Equity as submitted by the Petitioner (Rs. Crore)	41



Table 39: Return on Equity as approved by the Commission (Rs. Crore)	42
Table 40: Interest on Working Capital as submitted by the Petitioner (Rs. Crore)	43
Table 41: Interest on Working Capital as approved by the Commission (Rs. Crore)	43
Table 42: Non-Tariff Income as submitted by the Petitioner (Rs. Crore)	44
Table 43: Non-Tariff Income as approved by the Commission (Rs. Crore)	44
Table 44: Revenue as approved by the Commission (Rs. Crore)	45
Table 45: Summary of ARR as approved by the Commission for FY 2019-20 (Rs. Crore).....	45
Table 46: Cumulative Revenue Gap till FY 2020-21 as submitted by the Petitioner (Rs. Crore)	47
Table 47: Cumulative Gap/(Surplus) as approved by the Commission (Rs. Crore).....	48



BEFORE

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 5 of 2020

In the matter of:

**Petition for
True-up for FY 2019-20
and
Annual Performance Review for FY 2020-21**

In the matter:

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

PRESENT

Shri. Atul Kumar

Member (Technical)

Shri. Mahendra Prasad

Member (Legal)

Order dated November 24, 2022

Tata Steel Limited (hereinafter referred to as 'TSL' or the 'Petitioner') has filed the Petition dated December 01, 2020 for approval of True up of FY 2019-20 and Annual Performance Review for FY 2020-21.



A 1 INTRODUCTION

Jharkhand State Electricity Regulatory Commission

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commissions 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 Commissions Act, 1998 to be the following, namely:
 - (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29;
 - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
 - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
 - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3 After the Electricity Act, 2003 (hereinafter referred to as the “Act”) came into force, the earlier Electricity Regulatory Commissions Act, 1998 got repealed and the functions of SERC’s are now defined under Section 86 of the Act.
- 1.4 In accordance with Section 86 (1) of the Act, the JSERC discharges the following functions:
 - (a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:
Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
 - (b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies



-
- or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;
- (c) facilitate intra-State transmission and wheeling of electricity;
 - (d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - (e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
 - (f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
 - (g) levy fee for the purposes of this Act;
 - (h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
 - (i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
 - (j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
 - (k) discharge such other functions as may be assigned to it under this Act.
- 1.5 The Commission has to also advise the State Government as per sub section 2 of Section 86 of the Act, on all or any of the following matters, namely:
- (a) promotion of competition, efficiency and economy in activities of the electricity industry;
 - (b) promotion of investment in electricity industry;
 - (c) reorganisation and restructuring of electricity industry in the State;
 - (d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.
- 1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.
- 1.7 In discharge of its functions, the State Commission is also guided by the Tariff Policy notified by the Government of India under Section 3 of the Act. The objectives of the Tariff Policy are to:
- (a) ensure availability of electricity to consumers at reasonable and competitive rates;
 - (b) ensure financial viability of the sector and attract investments;



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

The Petitioner-Tata Steel Limited

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

The Petitioner's Prayers

- 1.12 The Petitioner in this Petition has made the following prayers before the Commission:
- a) *“Admit the Petition and examine the proposal submitted by the Petitioner in the enclosed petition for a favourable dispensation;*



- b) *Pass suitable Orders with respect to its claim based on regulations and audited accounts for the True-up of ARR of Rs. 1,673.74 Crore for FY 2019-20 which is incurred by TSL for serving its consumers;*
- c) *Pass suitable Orders with respect to its claim based on regulations and provisional actual for first six months and revised estimate for balance six months of FY 2020-21 for ARR of Rs. 1420.54 Crore for FY 2020-21;*
- d) *Pass suitable Orders with respect to the cumulative revenue Gap as presented in this petition;*
- e) *Condone the delay, if any in filing this petition;*
- f) *Condone any inadvertent omissions/errors/shortcomings and permit TSL to add/change/modify/alter this filing and make further submissions as may be required at a future date;*
- g) *Pass such further, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;”*

Scope of the Present Order

- 1.13 The Commission in this Order has approved the True-up for FY 2019-20.
- 1.14 The Commission has however not carried out the APR for FY 2020-21 as considerable time has lapsed and the Petitioner has already filed truing up Petition for FY 2020-21 based on audited account. As the truing up petition is under active consideration of this Commission. The Commission therefore does not find any merit in carrying out APR for FY 2020-21.
- 1.15 While approving this Order, the Commission has taken into consideration:
 - a) Material placed on record by the Petitioner including Annual Audited Accounts for FY 2019-20;
 - b) Provisions of the Electricity Act, 2003;
 - c) Principles laid down in the National Electricity Policy;
 - d) Principles laid down in the Tariff Policy;
 - e) Provisions of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 (hereinafter referred to as the Tariff Regulations, 2015 or the Regulations);
- 1.16 Accordingly, the Commission has scrutinized the Petition in detail and hereby issues the Order on Truing-up for FY 2019-20 for Tata Steel Limited.



A 2 PROCEDURAL HISTORY

Background

- 2.1 The Commission had issued the MYT Order for the Petitioner on June 04, 2014 for True up for FY 2011-12 and FY 2012-13, determination of ARR for MYT Period from FY 2013-14 to FY 2015-16 and tariff for FY 2013-14. The Petitioner filed Review Petition against the MYT Order dated June 04, 2014 for relief under the provisions of Section 94 (1) (f) of the Act and Regulation 36 (1) of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 on July 01, 2014. The Commission issued the Order on the Review Petition in its Order dated March 31, 2015.
- 2.2 The Petitioner filed the tariff Petition for True-up for FY 2013-14, Annual Performance Review for FY 2014-15 and Revised Annual Revenue Requirement and Tariff for FY 2015-16 on November 10, 2014. The Commission issued the Order on the above Petition on May 31, 2015.
- 2.3 The Petitioner had filed the tariff Petition for Truing up for FY 2014-15 and Annual Performance Review for FY 2015-16 on January 01, 2016. Further, as per the provisions of the Tariff Regulations, 2015, the Petitioner also filed the Business Plan for MYT Control Period from FY 2016-17 to FY 2020-21 on July 12, 2016 and the Petition for determination of Annual Revenue Requirement for Multi Year Tariff Period from FY 2016-17 to FY 2020-21 and Tariff Determination for FY 2016-17 on July 28, 2016. The Commission issued the Tariff Order in this regard on February 28, 2017.
- 2.4 The Petitioner filed the tariff Petition for True-Up for FY 2015-16, Annual Performance Review for FY 2016-17, Annual Revenue Requirement and Tariff Determination for FY 2017-18. The Commission issued the Tariff Order in this regard on May 18, 2018. The Petitioner filed Review Petition against the Order dated May 18, 2018 and the Commission issued the Review Order on September 11, 2018. Further, the Commission approved the True up for FY 2016-17 and FY 2017-18 vide its Order dated May 26, 2020.
- 2.5 The Commission has carried out the True up for FY 2018-19, Annual Performance Review for FY 2019-20, Annual Revenue Requirement and Tariff Determination for FY 2020-21 vide its Order dated September 29, 2020.
- 2.6 The Petitioner in the current Petition, filed on December 01, 2020 has sought Truing up of FY 2019-20 and Annual Performance Review for FY 2020-21.



Information Gaps in the Petition

- 2.7 As part of the Tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner that were communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no.: 05 of 2020/381 dated January 11, 2021.
- 2.8 The Petitioner submitted its response to the aforesaid letters and furnished additional data/information to the Commission vide letter nos.: PBD/56/10/59-T/2021 dated January 22, 2021.
- 2.9 The Commission has scrutinized the Petition along with additional data/information submitted by the Petitioner in response to the discrepancies identified and has considered the same while passing this Order.

Inviting Public Comments/Suggestions

- 2.10 After the initial scrutiny of the Petition filed by the Petitioner, the Commission directed the Petitioner to issue a Public Notice inviting comments/suggestions on the Petition from public and to make available copies of the Petition to the members of general public on request.
- 2.11 The aforesaid Public Notice was issued by the Petitioner in the following 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 TSL

Newspaper	Language	Date of Publication
Prabhat Khabar	Hindi	20.02.2021
Dainik Bhaskar	Hindi	20.02.2021
Times of India	English	20.02.2021
Hindustan Time	English	20.02.2021
Prabhat Khabar	Hindi	21.02.2021
Dainik Bhaskar	Hindi	21.02.2021
Times of India	English	21.02.2021
Hindustan Time	English	21.02.2021

- 2.12 The Commission issued a Public Notice on its website www.jserc.org and various newspapers giving time till March 15, 2021 to various Stakeholders to submit their comments/suggestions. Further, the Commission also organized a Public Hearing on August 17, 2022, where an additional opportunity was provided to all the Stakeholders to submit their comments/suggestions on the above said Petition. The details of newspapers wherein the Notice was published by the Commission are as under:



Table 2: List of newspapers and dates of publication of Public Notice by the Commission

Newspaper	Language	Date of Publication
Prabhat Khabar	Hindi	31.07.2022
Dainik Jagran	Hindi	31.07.2022
The Times of India	English	31.07.2022
The Economics Times	English	31.07.2022
Prabhat Khabar	Hindi	17.08.2022
Dainik Bhaskar	Hindi	17.08.2022
The Times of India	English	17.08.2022
The Economics Times	English	17.08.2022

Submission of Comments/Suggestions and Conduct of Public Hearing

2.13 Objections/Comments/Suggestions on the Petition were received. The Objections/Comments/Suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in **Section A 4** of this Order.



A 3 BRIEF FACTS OF THE PETITION

3.1 The following Section summarises the Petition for trueing up for FY 2019-20 and Annual Performance Review for FY 2020-21 as filed by the Petitioner for the Commission's approval.

True-up for FY 2019-20:

Energy Sales

3.2 The following table summarises the actual energy sales for FY 2019-20 as submitted by the Petitioner against the sales approved in the Order dated September 29, 2020.

Table 3: Sales as submitted by the Petitioner for FY 2019-20 (MU)

Consumer Category	FY 2019-20	
	APR	Petition
Domestic	224.31	208.94
Domestic – DSHT	84.84	83.07
Commercial	77.35	83.96
LTIS	0.00	0.10
THIS	1,896.07	1,915.21
Utilities/Street Light	84.44	81.91
Temporary Supply	1.12	1.45
Sale to JUSCO	348.95	323.44
Sale in IEX	-	27.25
Total Sales	2,717.10	2,725.33

Energy Balance

3.3 The Energy Balance as submitted by the Petitioner vis-a-vis that approved by the Commission in Order dated September 29, 2020 is tabulated below:

Table 4: Energy Balance as submitted by the Petitioner for FY 2019-20 (MU)

Particulars	FY 2019-20	
	APR	Petition
Energy Requirement		
Sales to Other Licensee	348.95	323.44
Dist. Losses on Sales to Other Licensee (%)	0.00%	0.00%
Distribution on Sales to Other Licensee	0.00	0.00
Energy Req. for Sales to Other Licensee	348.95	323.44
Sales to Steel Works	121.35	176.32
Dist. Losses on Sales to Steel Works (%)	0.00%	0.00%
Dist. Losses on Sales to Steel Works	0.00	0.00



Particulars	FY 2019-20	
	APR	Petition
Energy Req. for Sales to Steel Works	121.35	176.32
Sale in IEX	0.00	27.25
Sales to LT consumers	387.23	376.36
Sales to Other HT consumers	1,859.57	1,821.96
Total Sales to Other Consumers	2,246.80	2,198.32
Dist. Losses on Sales to Other Consumers (%)	3.02%	2.58%
Dist. Losses on Sales to Other Consumers	69.93	58.14
Energy Req. for Sales to Other Consumers	2,316.73	2,256.47
Overall Sales	2,717.10	2,725.33
Overall Distribution Losses %	2.51%	2.09%
Overall Distribution Losses	69.93	58.14
Total Energy Requirement	2,787.03	2,783.48
Energy Available		
TPCL (Unit II and Unit III)	1,404.58	1,324.55
Damodar Valley Corporation 132kV	316.56	312.47
Damodar Valley Corporation 400kV	994.75	1,079.35
TSW – Captive	9.59	4.80
Open access/ other sources	61.55	62.31
Total Pooled Energy Availability	2,787.03	2,783.48

Aggregate Revenue Requirement

3.4 The ARR for FY 2019-20 as submitted by the Petitioner vis-a-vis that approved by the Commission in Order dated September 29, 2020 is tabulated below:

Table 5: ARR as submitted by the Petitioner for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Power Purchase Cost	1,348.89	1,509.04
O&M Expenses	78.99	81.17
Depreciation	28.79	27.23
Interest and Finance Charges	8.16	7.03
Interest on Consumer Security Deposit	2.56	2.56
Interest on Working Capital including Funding Cost of DPS	15.39	21.68
Return on Equity	31.42	30.46
Less: Non Tariff Income	6.76	5.44
Annual Revenue Requirement	1,507.45	1,673.74

3.5 Based on the ARR and revenue as per Audited Accounts, the Petitioner has computed the Revenue Gap/(Surplus) for FY 2019-20 as summarized below:

**Table 6: Gap/(Surplus) as submitted by the Petitioner for FY 2019-20 (Rs. Crore)**

Particulars	FY 2019-20	
	APR	Petition
Annual Revenue Requirement	1,507.45	1,673.74
Revenue from Sales	1,804.03	1,789.85
Revenue Gap/(Surplus)	(296.58)	(116.11)
Add: Impact of Sharing of Gain/(Loss) on O&M Expenses	-	0.27
Revenue Gap/(Surplus) after Sharing of Gain/(Loss) on O&M Expenses	(296.58)	(115.84)

Annual Performance Review for FY 2020-21:**Energy Sales**

3.6 The following table summarises the energy sales estimated by the Petitioner for FY 2020-21 vis-à-vis that approved by the Commission in the Order dated September 29, 2020:

Table 7: Sales as submitted by the Petitioner for FY 2020-21 (MU)

Consumer Category	FY 2020-21	
	MYT Order	Petition
Domestic	224.31	198.82
Domestic – DSHT	85.84	73.40
Commercial	77.35	81.56
LTIS	0.00	0.17
THIS	1,990.88	1,770.85
Utilities/Street Light	84.44	39.58
Temporary Supply	1.12	0.54
Sale to JUSCO	348.95	255.09
Sale in IEX	-	30.00
Total Sales	2,812.89	2,450.00

Energy Balance

3.7 The Energy Balance as submitted by the Petitioner vis-a-vis that approved by the Commission in Order dated September 29, 2020 is tabulated below:

Table 8: Energy Balance as submitted by the Petitioner for FY 2020-21 (MU)

Particulars	FY 2020-21	
	MYT Order	Petition
Energy Requirement		
Sales to Other Licensee	348.95	255.09
Dist. Losses on Sales to Other Licensee (%)	0.00%	0.00%
Distribution on Sales to Other Licensee	0.00	0.00
Energy Req. for Sales to Other Licensee	348.95	255.09



Particulars	FY 2020-21	
	MYT Order	Petition
Sales to Steel Works	121.15	70.48
Dist. Losses on Sales to Steel Works (%)	0.00%	0.00%
Dist. Losses on Sales to Steel Works	0.00	0.00
Energy Req. for Sales to Steel Works	121.15	70.48
Sale in IEX	0.00	30.00
Sales to LT consumers	387.22	320.67
Sales to Other HT consumers	1,955.37	1,773.76
Total Sales to Other Consumers	2,342.59	2,094.44
Dist. Losses on Sales to Other Consumers (%)	3.02%	3.40%
Dist. Losses on Sales to Other Consumers	72.91	73.67
Energy Req. for Sales to Other Consumers	2,415.50	2,168.11
Overall Sales	2,812.89	2,450.00
Overall Distribution Losses %	2.53%	2.92%
Overall Distribution Losses	72.91	73.68
Total Energy Requirement	2,885.80	2,523.70
Energy Available		
TPCL (Unit II and Unit III)	1,404.58	1,242.34
Damodar Valley Corporation 132kV	301.95	263.04
Damodar Valley Corporation 400kV	994.75	988.47
TSW – Captive	9.59	29.33
Open access/ other sources	174.93	0.50
Total Pooled Energy Availability	2,885.80	2,523.68

Aggregate Revenue Requirement

3.8 The ARR for FY 2020-21 as submitted by the Petitioner vis-a-vis that approved in the Order dated September 29, 2020 is tabulated below:

Table 9: ARR as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	MYT Order	Petition
Power Purchase Cost	1,339.56	1,258.67
O&M Expenses	83.63	84.99
Depreciation	31.07	28.45
Interest and Finance Charges	7.30	5.14
Interest on Consumer Security Deposit	2.45	2.46
Interest on Working Capital including Funding Cost of DPS	14.23	15.80
Return on Equity	33.91	31.79
Less: Non Tariff Income	6.76	6.76
Annual Revenue Requirement	1,505.39	1,420.54



- 3.9 Based on the ARR and revenue as per Audited Accounts, the Petitioner has computed the Revenue Gap/(Surplus) for FY 2019-20 as summarized below:

Table 10: Gap/(Surplus) as submitted by the Petitioner for FY 2020-21 (Rs. Crore)

Particulars	FY 2020-21	
	MYT Order	Petition
Annual Revenue Requirement	1,505.39	1,420.54
Revenue from Sales	1,797.86	1,467.62
Revenue Gap/(Surplus)	(292.47)	(47.08)

- 3.10 The Petitioner has estimated the cumulative Revenue Gap/(Surplus) of Rs. 803.11 Crore till FY 2020-21, as summarized below:

Table 11: Cumulative Revenue Gap till FY 2020-21 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	FY 2020-21
	Projected	Projected
Opening Revenue Gap/(Surplus) as on 1 st April of FY	788.14	763.93
Revenue Gap/(Surplus) created during the year	(115.85)	(47.08)
Rate of Interest	12.55%	11.65%
Carrying Cost on Opening Balance	98.91	89.00
Carrying Cost on Add. Gap/(Surplus)	(7.27)	(2.74)
Gap/(Surplus) including Carrying Cost	763.93	803.11

- 3.11 The Petitioner further submitted that revenue for FY 2020-21 have been adversely impacted due to following reasons:

- Waiver/Deferment of Fixed/Demand Charges and Delay Payment Charges (DPS) for three months in FY 2020-21;
- Change in Load Factor rebates given in the Tariff Order dated September 29, 2020, where in rebates were allowed on all Units rather than incremental Units;
- Allowing higher rebates (i.e. up to 2% of Bill amount) on timely payment.

- 3.12 The Petitioner proposed the following changes in the Terms and Conditions of Supply:

- Load Factor rebate to be allowed only on the incremental Units, instead on entire Units;
- Prompt Payment and Digital Payment rebates together need to be limited to maximum of 1.00%.

- 3.13 The Petitioner also submitted that they had approached Hon'ble APTEL on certain points against the True-up Order for FY 2016-17 and FY 2017-18 issued by the Commission on May 26, 2020 and requested the Commission to kindly consider the outcome of the same, while disposing the current Petition.



A 4 PUBLIC CONSULTATION PROCESS

4.1 The Petition filed by the Petitioner evoked responses from several Stakeholders. The Commission also organized a Public Hearing on August 17, 2022, where an additional opportunity was provided to all the Stakeholders to submit their comments/suggestions on the above said Petition to ensure maximum public participation and transparency wherein Stakeholders put forth their comments and suggestions before the Commission. The list of the attendees is attached as **Annexure-1** to this Order.

4.2 The comments and suggestion of the members of the public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder:

Public Comments/ Suggestions

4.3 The Stakeholder intended to know why funding cost for DPS of Rs. 2.03 Crore has been separately claimed by the Petitioner in FY 2019-20 which is not there in other years.

Petitioner's Response

4.4 The Petitioner submitted that Delayed payment surcharge is also added in the Revenue of the Licensee, the funding cost of the same is allowed separately. Petitioner has already explained the basis for arriving the same in section 2.8.1 to section 2.8.4 in its true-up petition for FY 2019-20.

Views of the Commission

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

Public Comments/ Suggestions

4.6 The Stakeholder submitted that as per table 3-6-3 of the petition, Petitioner has only executed capital expenditure of Rs. 3.76 Crore as against approved capex of Rs. 32.50 Crore and sought reasons for not undertaking Capital expenditure.

Petitioner's Response

4.7 The Petitioner submitted that the main reason for reduction in Capex is the change/reduction of scope of the scheme namely "Infrastructure development at BPRS for 33kV



Power Supply & Enhancement of Telco Area Substation” to lower the project cost while meeting the similar objective in short run. One part of the scheme i.e. the execution of one major substation in this scheme was deferred. Further, other schemes namely “Alternate Power supply arrangement for 132kV Line for Bara & Sonari Substation” could not be taken up in the overall priority of funds. This scheme is needed and has been included in the next MYT Business Plan.

Views of the Commission

- 4.8 The Commission has gone through the submissions of the Stakeholder and the Petitioner. The Commission has dealt with the issue in detail in Subsequent Sections of this Order.



A 5 TRUE-UP FOR FY 2019-20

- 5.1 The Commission had approved the MYT Order for the 2nd Control Period, i.e., from FY 2016-17 to FY 2020-21 and determined Distribution Tariff for FY 2016-17 vide its Order dated February 28, 2017 based on the principles specified in the Tariff Regulations, 2015.
- 5.2 On May 18, 2018, the Commission had issued Order on Truing-up for FY 2015-16, Annual Performance Review for FY 2016-17, Annual Review Requirement and Tariff for FY 2017-18.
- 5.3 The Commission approved the Truing up for FY 2016-17 and FY 2017-18 vide its Order dated May 26, 2020. Further, the Commission vide its Order dated September 29, 2020 approved the True up for FY 2018-19, APR for FY 2019-20 and ARR & Tariff for FY 2020-21.
- 5.4 The Petitioner has now sought approval for Truing up for FY 2019-20 based on the Audited Accounts taking into consideration the provisions of the Tariff Regulations, 2015 and the methodology adopted by the Commission in the earlier Orders.
- 5.5 The Commission based on the provisions of the Tariff Regulations, 2015 has now carried out the truing up for FY 2019-20 taking into account the following:
 - (a) Audited accounts for FY 2019-20;
 - (b) Tariff Regulations, 2015;
 - (c) Methodology adopted by the Commission in its earlier Orders.
- 5.6 The component-wise description of the Petitioner's submission and the Commission's analysis on the same is provided in the upcoming paragraphs.

Consumers, Connected Load and Energy Sales

Petitioner's Submission

- 5.7 The Petitioner has submitted the details of number of consumers, connected load and energy sales for FY 2019-20 based on actuals.

Commission's Analysis

- 5.8 The Commission, after scrutinizing the information submitted by the Petitioner and performing prudence check, approves the actual number of consumers and connected load as submitted by the Petitioner for FY 2019-20. With regard to energy sales, the Commission on prudence check observed that in Annexure-4 & 9 the actual sales to IEX



is 26.75 MUs instead of 27.25 MUs claimed by the Petitioner. The Commission has therefore approved 26.75 MU sales to IEX. The approved Number of Consumers, Connected load and Energy Sales for FY 2019-20 have been summarised in the table below:

Table 12: Number of Consumers, Connected Load and Sales as submitted by the Petitioner and approved by the Commission for FY 2019-20

Consumer Category	FY 2019-20					
	Petition			Approved		
	No. of Consumers	Connected Load (kVA)	Consumption (MU)	No. of Consumers	Connected Load (kVA)	Consumption (MU)
Domestic	35,968	2,28,064	208.94	35,968	2,28,064	208.94
Domestic - DSHT	133	57,816	83.07	133	57,816	83.07
Commercial	10,159	73,890	83.96	10,159	73,890	83.96
LTIS	1	106	0.10	1	106	0.10
High Tension	124	4,21,569	1,915.21	124	4,21,569	1,915.21
Utilities/Street Light	428	24,238	81.91	428	24,238	81.91
Temporary Supply	138	152	1.45	138	152	1.45
Sale to JUSCO	1	70,000	323.44	1	70,000	323.44
Sales in IEX	-	-	27.25	-	-	26.75
Total	46,952	8,75,835	2,725.33	46,952	8,75,835	2,724.83

Energy Balance

Petitioner's Submission

5.9 The Petitioner has submitted that in order to meet its energy requirement, it has procured power from different sources in an efficient manner. The Petitioner further submitted the actual Sales along with the actual Distribution Loss for FY 2019-20. The Petitioner requested the Commission to approve the Energy Balance as per the actuals for FY 2019-20 as shown below:

Table 13: Energy Balance for FY 2019-20 as submitted by the Petitioner (MU)

Particulars	FY 2019-20	
	APR	Petition
Energy Requirement		
Sales to Other Licensee	348.95	323.44
Dist. Losses on Sales to Other Licensee (%)	0.00%	0.00%
Distribution on Sales to Other Licensee	0.00	0.00
Energy Req. for Sales to Other Licensee	348.95	323.44
Sales to Steel Works	121.35	176.32
Dist. Losses on Sales to Steel Works (%)	0.00%	0.00%
Dist. Losses on Sales to Steel Works	0.00	0.00



Particulars	FY 2019-20	
	APR	Petition
Energy Req. for Sales to Steel Works	121.35	176.32
Sale in IEX	0.00	27.25
Sales to LT consumers	387.23	376.36
Sales to Other HT consumers	1,859.57	1,821.96
Total Sales to Other Consumers	2,246.80	2,198.32
Dist. Losses on Sales to Other Consumers (%)	3.02%	2.58%
Dist. Losses on Sales to Other Consumers	69.93	58.14
Energy Req. for Sales to Other Consumers	2,316.73	2,256.47
Overall Sales	2,717.10	2,725.33
Overall Distribution Losses %	2.51%	2.09%
Overall Distribution Losses	69.93	58.14
Total Energy Requirement	2,787.03	2,783.48
Energy Available		
TPCL (Unit II and Unit III)	1,404.58	1,324.55
Damodar Valley Corporation 132kV	316.56	312.47
Damodar Valley Corporation 400kV	994.75	1,079.35
TSW – Captive	9.59	4.80
Open access/ other sources	61.55	62.31
Total Pooled Energy Availability	2,787.03	2,783.48

Commission's Analysis

- 5.10 The Commission has scrutinized the details submitted by the Petitioner and has approved the Sales for FY 2019-20 after prudence check and as per the Audited Accounts submitted by the Petitioner. The Commission has further approved the power purchase quantum from each source after scrutinising the energy bills raised by the Damodar Valley Corporation (DVC), Tata Power Company Limited (TPCL) and other generators.
- 5.11 The Commission has observed that the actual overall Distribution Loss of 2.09% for FY 2019-20 as claimed by the Petitioner is well within the level of 3.47% approved in the MYT Order dated February 28, 2017 and Distribution Loss approved by the Commission for FY 2019-20, i.e., 3.02%, vide its previous Order dated September 29, 2020. The Commission has therefore approved the actual overall Distribution Loss for FY 2019-20 as per Clause 5.23 of the Tariff Regulations, 2015, as reproduced below:

“5.23 The Licensee shall file the distribution loss trajectory for the entire Control Period in the Business Plan commensurate with the capital investment plan for

each year of the control period for approval of the Commission after verification and evaluation of the same.

The Licensee shall be allowed to operate at below 5% audited distribution loss without any incentive/ penalty mechanism.”

5.12 Further, the Commission observed that the Petitioner has claimed Distribution losses of 2.09% on Sales of Surplus energy on IEX. The Commission after prudence check has not allowed any distribution losses on Sales of Surplus energy on IEX as the Commission is of the view that the any sale of surplus energy is through Ex-Bus of the Generating Companies and its transmission network and not via distribution system network of the Distribution Licensee.

5.13 The following table details the Energy Sales, Distribution Losses and power purchase quantum as submitted by the Petitioner and as approved by the Commission for FY 2019-20 have been summarised in the table below:

Table 14: Energy Requirement for FY 2019-20 as approved by the Commission (MU)

Particulars	FY 2019-20		
	APR	Petition	Approved
Energy Requirement			
Sales to Other Licensee	348.95	323.44	323.44
Dist. Losses on Sales to Other Licensee (%)	0.00%	0.00%	0.00%
Distribution on Sales to Other Licensee	0.00	0.00	0.00
Energy Req. for Sales to Other Licensee	348.95	323.44	323.44
Sales to Steel Works	121.35	176.32	176.32
Dist. Losses on Sales to Steel Works (%)	0.00%	0.00%	0.00%
Dist. Losses on Sales to Steel Works	0.00	0.00	0.00
Energy Req. for Sales to Steel Works	121.35	176.32	176.32
Sale in IEX	0.00	27.25	26.75
Sales to LT consumers	387.23	376.36	376.36
Sales to Other HT consumers	1,859.57	1,821.96	1,821.96
Total Sales to Other Consumers	2,246.80	2,198.32	2,198.32
Dist. Losses on Sales to Other Consumers (%)	3.02%	2.58%	2.58%
Dist. Losses on Sales to Other Consumers	69.93	58.14	58.65
Energy Req. for Sales to Other Consumers	2,316.73	2,256.47	2,256.97
Overall Sales	2,717.10	2,725.33	2,698.08
Overall Distribution Losses %	2.51%	2.09%	2.13%
Overall Distribution Losses	69.93	58.14	58.65
Total Energy Requirement	2,787.03	2,783.48	2,756.73
Total Energy Requirement (including Sales in IEX)	2,787.03	2,783.48	2,783.48



Particulars	FY 2019-20		
	APR	Petition	Approved
Energy Available			
TPCL (Unit II and Unit III)	1,404.58	1,324.55	1,324.55
Damodar Valley Corporation 132kV	316.56	312.47	312.47
Damodar Valley Corporation 400kV	994.75	1,079.35	1,079.35
TSW – Captive	9.59	4.80	4.80
RE	0.00	0.00	0.00
Open access/ other sources	61.55	62.31	62.31
Total Pooled Energy Availability	2,787.03	2,783.48	2,783.48

Power Purchase Cost

Petitioner's Submission

5.14 The Petitioner has submitted that it sources its power requirement primarily from TPCL (Unit-II & Unit-III) and DVC at 132 kV and 400 kV. In addition to the above, the Petitioner also procures power from TSW-Captive Unit as and when required.

5.15 The details of Renewable Purchase Obligation (RPO) compliance as submitted by the Petitioner for FY 2019-20 including the carry forward from previous Financial Year is shown below:

Table 15: Summary of RPO compliance for FY 2019-20 as submitted by the Petitioner (MU)

Particulars	FY 2019-20					
	RPO (%)	Obligation for FY 2019-20 (MU)	Carry forward from Previous Year (MU)	Net Obligation for FY 2019-20 (MU)	Equivalent REC Purchased (MU)	Carry forward to next Financial Year (MU)
Non-Solar	5.00%	123.55	0.94	124.49	147.31	(22.82)
Solar	6.55%	161.85	9.61	171.46	180.36	(8.90)
Net RPO	-	285.40	-	295.95	327.67	(31.72)

5.16 The Petitioner requested the Commission to consider the same and allow subsequent purchase as carry forward to next Financial Year for meeting the RPO target.

5.17 The Petitioner has submitted the actual power purchase expenses based on the Audited Accounts and requested the Commission to consider the same while truing up for FY 2019-20:

**Table 16: Power Procurement Cost for FY 2019-20 as submitted by the Petitioner (Rs. Crore)**

Particulars	FY 2019-20	
	APR	Petition
TPCL Unit 2		
Power Purchased (MU)	689.70	672.80
Rate of Power Purchased (Rs./kWh)	4.67	4.90
Power Purchase Cost (Rs. Crore)	322.19	332.95
Prior Period Adjustments (Rs. Crore)	3.01	(3.47)
Net Power Purchase Cost (Rs. Crore)	325.20	329.48
TPCL Unit 3		
Power Purchased (MU)	714.88	651.75
Rate of Power Purchased (Rs./kWh)	4.51	4.82
Power Purchase Cost (Rs. Crore)	322.65	318.34
Prior Period Adjustments (Rs. Crore)	3.08	(3.96)
Net Power Purchase Cost (Rs. Crore)	325.74	314.39
DVC 132 kV		
Power Purchased (MU)	316.56	312.47
Rate of Power Purchased (Rs./kWh)	5.13	5.61
Power Purchase Cost (Rs. Crore)	162.33	175.35
Prior Period Adjustments (Rs. Crore)	-	-
Net Power Purchase Cost (Rs. Crore)	162.33	175.35
DVC 400 kV		
Power Purchased (MU)	994.75	1,079.35
Rate of Power Purchased (Rs./kWh)	4.59	5.50
Power Purchase Cost (Rs. Crore)	456.59	593.31
Prior Period Adjustments (Rs. Crore)	-	-
Net Power Purchase Cost (Rs. Crore)	456.59	593.31
TSW (Captive)		
Power Purchased (MU)	9.59	4.80
Rate of Power Purchased (Rs./kWh)	4.51	4.86
Power Purchase Cost (Rs. Crore)	4.33	2.33
Prior Period Adjustments (Rs. Crore)		
Net Power Purchase Cost (Rs. Crore)	4.33	2.33
Others/Open Market		
Power Purchased (MU)	61.55	62.31
Rate of Power Purchased (Rs./kWh)	3.00	3.17
Power Purchase Cost (Rs. Crore)	18.49	19.74
RPO Purchased (Rs. Crore)	56.22	74.45
Total Power Purchase		
Power Purchased (MU)	2,787.03	2,783.48
Rate of Power Purchased (Rs./kWh)	4.84	5.42
Power Purchase Cost (Rs. Crore)	1,348.89	1,509.04

Commission's Analysis

5.18 The Commission observed that the Petitioner has procured power from various source (TSL, TSW, DVC 132 kV and DVC 400 kV) taking into account the interconnection



- constraints instead of applying Merit Order Dispatch (MOD) to optimise its power purchase expenses and directed the Petitioner vide its letter dated January 11, 2021 to provide justification as to why MoD may not be applicable for TSL as a whole. In addition to above, the Petitioner was also directed to submit the detail of steps taken by them to overcome the issue of interconnection/transmission constraints.
- 5.19 In compliance to the Commission's letter dated January 11, 2021, the Petitioner vide its letter dated January 22, 2021 submitted that their distribution network is fed from two separate systems (132kV system & 400kV system). The 132kV system and 400 kV system cannot run in parallel due to technical limitations of load flow including issues arising out of circulating current through interconnection in power grid and DVC system. Further, the 132kV system and 400 kV system being two different system (One of DVC and other of Power Grid), if paralleled beyond meter point by the Petitioner, both active and reactive load flow can't be controlled as it will get guided by overall grid condition of upstream network.
- 5.20 The Petitioner further submitted that it is for these reasons, the power flow system runs in two separate islands, with off-load tie available between the two systems. In 132 kV system, Tata Power Generating Station (Unit-II & Unit-III), 132 kV DVC and TSL-Captive runs in synchronism and DVC 400 kV sources runs separately.
- 5.21 The off-load tie is only used for shifting feeding power to other area in case of power outage and again the same is shifted back after taking load shutdown (i.e. with power interruption). Even, a study was conducted jointly by PGCIL and the Petitioner for only momentarily paralleling of these two systems, the same is not done due to risk involved due to flow of circulating current and related risk of tripping of feeders due to circulating current.
- 5.22 The Petitioner submitted that in any system, as load does not remain constant and therefore even with real-time monitoring and actions to optimise power intake and costs from various sources, Generating units average load factor depends upon the loading pattern of the loads connected to it. The Petitioner load base primarily being industrial and therefore, the Petitioner has done long term Power Purchase Agreement (PPA) to have just sufficient quantum of source to ensure un-interrupted supply of power to all consumers during planned outage of any one of the Contracted Source/Units and interruption with minimum duration during un-planned outage of the Contracted Source/Units.



- 5.23 Further, the Petitioner submitted that they will make all the effort to off take power on Merit Order, from cheaper sources, subject to technical and operational constraints.
- 5.24 The Commission has scrutinized the Audited Accounts and monthly power procurement bills of TPCL and DVC as submitted by the Petitioner. In case of power procured from TPCL and DVC, the Commission approves the power procurement cost based on the Audited Accounts, monthly bills submitted by the Petitioner, approved Tariff by the Commission.
- 5.25 As regards the power procured from TSW Captive, the Commission has approved the Tariff equal to the lowest tariff among all the other generators approved in the respective Financial Year.
- 5.26 The Petitioner submitted that it procures power from Open Market, only when there is any breakdown/shutdown in long-term sources. The Petitioner further submitted that the price in the Open Market depends on demand and supply at that particular time in the Open Market and the Petitioner has no control over the same and requested the Commission to consider the same. The Commission observed that in case of breakdown/restriction in power supply from DVC 400 kV, the Petitioner procured power from Open Market and approves the power procurement cost based on the Audited Accounts and bills submitted by the Petitioner.
- 5.27 In regards to REC purchased to meet the Renewable Purchase Obligation (RPO), the Commission has approved the cost after due scrutinising the Audited Accounts and bills submitted by the Petitioner.
- 5.28 In regards to Sale of Surplus Power in IEX, the Commission has approved the Sale of Surplus Power as approved in Energy Sales for FY 2019-20 and considered Revenue from Surplus Sales of Rs. 10.46 Crore as submitted by the Petitioner.
- 5.29 The Commission observed that the Petitioner has considered Revenue from Surplus Sales of Rs. 10.46 Crore under Revenue from Sale of Power instead of reducing the revenue from Surplus Sales in Power Purchase Cost. Hence, the Commission has deducted Revenue from Surplus Sales from Total Power Purchase Cost and then approved the Power Purchase Cost for FY 2019-20.



Table 17: Power Procurement Cost for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
TPCL Unit 2			
Power Purchased (MU)	689.70	672.80	672.80
Rate of Power Purchased (Rs./kWh)	4.67	4.90	4.93
Power Purchase Cost (Rs. Crore)	322.19	332.95	332.95
Prior Period Adjustments (Rs. Crore)	3.01	(3.47)	(3.47)
Net Power Purchase Cost (Rs. Crore)	325.20	329.48	329.48
TPCL Unit 3			
Power Purchased (MU)	714.88	651.75	651.75
Rate of Power Purchased (Rs./kWh)	4.51	4.82	4.82
Power Purchase Cost (Rs. Crore)	322.65	318.34	318.34
Prior Period Adjustments (Rs. Crore)	3.08	(3.96)	(3.96)
Net Power Purchase Cost (Rs. Crore)	325.74	314.39	314.39
DVC 132 kV			
Power Purchased (MU)	316.56	312.47	312.47
Rate of Power Purchased (Rs./kWh)	5.13	5.61	5.61
Power Purchase Cost (Rs. Crore)	162.33	175.35	175.35
Prior Period Adjustments (Rs. Crore)	-	-	-
Net Power Purchase Cost (Rs. Crore)	162.33	175.35	175.35
DVC 400 kV			
Power Purchased (MU)	994.75	1,079.35	1,079.35
Rate of Power Purchased (Rs./kWh)	4.59	5.50	5.50
Power Purchase Cost (Rs. Crore)	456.59	593.31	593.31
Prior Period Adjustments (Rs. Crore)	-	-	-
Net Power Purchase Cost (Rs. Crore)	456.59	593.31	593.31
TSW (Captive)			
Power Purchased (MU)	9.59	4.80	4.80
Rate of Power Purchased (Rs./kWh)	4.51	4.86	4.82
Power Purchase Cost (Rs. Crore)	4.33	2.33	2.31
Prior Period Adjustments (Rs. Crore)			
Net Power Purchase Cost (Rs. Crore)	4.33	2.33	2.31
Others/Open Market			
Power Purchased (MU)	61.55	62.31	62.31
Rate of Power Purchased (Rs./kWh)	3.00	3.17	3.17
Power Purchase Cost (Rs. Crore)	18.49	19.74	19.74
RPO Purchased (Rs. Crore)	56.22	74.45	74.45
Sale-Surplus Power			
Power Purchased (MU)			26.75
Rate of Power Purchased (Rs./kWh)			3.91
Revenue from Surplus Sales (Rs. Crore)			10.46
Total Power Purchase			
Power Purchased (MU)	2,787.03	2,783.48	2,783.48
Rate of Power Purchased (Rs./kWh)	4.84	5.42	5.38
Power Purchase Cost (Rs. Crore)	1,348.89	1,509.04	1,498.57



Operation and Maintenance Expenses (O&M)

Petitioner's Submission

5.30 The Petitioner has submitted that it has segregated each component of O&M Expenses and claimed the normative Employee Expenses for FY 2019-20 considering the inflation of 6.09% and actual load growth. Similarly, the Petitioner has projected the normative A&G Expenses for FY 2019-20 based on the normative A&G Expenses for FY 2018-19, and inflation factor of 6.09%.

5.31 The Petitioner has calculated the normative R&M Expenses considering the 'k' factor as 4.80% as approved by the Commission in the MYT Order dated February 28, 2017. The Petitioner has factored in the inflation factor (6.09%) while calculating the normative R&M Expenses for FY 2019-20.

Table 18: Normative O&M Expenses for FY 2019-20 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Employee Expenses	24.44	24.40
A&G Expenses	27.78	28.09
R&M Expenses	26.40	28.03
O&M Expenses	78.62	80.52
Petition Filing Expenses	0.05	0.37
CGRF Expenses (Rent & Remuneration)	0.32	0.28
Net-O&M Expenses	79.00	81.17

5.32 Further, for calculation of sharing of gains/(loss) on O&M Expenses, the Petitioner has considered the actual value of Employee Expenses, A&G Expenses and R&M Expenses as Rs. 24.54 Crore, Rs. 28.24 Crore and Rs. 27.94 Crore, respectively, for FY 2019-20 as per the Audited Accounts.

Table 19: Actual O&M Expenses for FY 2019-20 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20
	Petition
Employee Expenses	24.54
A&G Expenses	28.24
R&M Expenses	27.94
O&M Expenses	80.73

5.33 The table below depicts the O&M Expenses as claimed by the Petitioner including sharing of Gain/(Loss):

**Table 20: O&M Expenses including sharing of Gain/Loss as submitted by the Petitioner (Rs. Crore)**

Particulars	FY 2019-20
	Petition
Normative O&M Expenses	80.52
Actual O&M Expenses	80.08
Gain/(Loss)	0.44
Sharing of Gain/(Loss)	0.27
Petition Filing Expenses	0.37
CGRF Expenses (Rent & Remuneration)	0.28
O&M Expenses Claimed	81.00

Commission's Analysis

5.34 The Commission has approved the actual O&M Expenses for FY 2019-20 based on the Audited Accounts for FY 2019-20 as shown below:

Table 21: Actual O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20
	Approved
Employee Expenses	24.54
A&G Expenses	27.96
R&M Expenses	27.94
Petition Filing Fee	0.37
CGRF Expenses (Rent & Remuneration)	0.28
O&M Expenses	81.08

5.35 The Commission observed that the Petitioner has considered the inflation as 6.09% against the actual value of 4.90% and directed the Petitioner to provide the basis and calculation for the same. In compliance the above query, the Petitioner submitted the calculation for inflation factor as considered in the Petition.

5.36 The Commission observed that the Petitioner has wrongly calculated the inflation factor and re-calculated the inflation factor as per Regulations as 4.90% and considered the same for escalation.

5.37 The Commission in its Order dated May 26, 2020, has calculated the normative Employee Expenses for FY 2016-17 and FY 2017-18 based on the revised Employee Expenses (Salaries and Wages and Staff Welfare Expenses) for FY 2015-16 as per Audited Accounts, actual value of inflation factor (3.05% for FY 2016-17 and 3.01% for FY 2017-18) as per The Tariff Regulations, 2015 and approved load growth for respective years.

5.38 Similarly, adopting the same approach, the Commission has approved the Employee Expenses for FY 2019-20 considering the actual value of inflation factor (4.90%) as per



the Tariff Regulations, 2015 whereas for the load growth for FY 2019-20, the Commission observed negative load growth therefore, the Commission has considered Growth Factor as Zero for FY 2019-20. The Petitioner has submitted the Employee Expenses including the terminal benefits in the past and the Commission has approved the Employee Expenses including terminal benefits. Hence, adopting the same methodology, the Commission has approved the Employee Expenses including terminal benefits for FY 2019-20 as follows.

Table 22: Normative Employee Expenses as approved by the Commission (Rs. Crore)

Particulars	UoM	FY 2019-20
		Approved
Employee Cost of Previous Year	Rs. Cr.	23.21
Connected Load of Previous Year	kVA	8,83,881
Employee Cost/kVA	Rs./kVA	262.55
Inflation Factor	%	4.90%
Employee Cost/kVA including Inflation	Rs./kVA	275.40
Connected Load (kVA) for Current Year	kVA	8,75,835
Normative Employee Cost	Rs. Cr.	24.12

- 5.39 The Commission has approved the normative A&G Expenses for FY 2019-20, based on the approved normative A&G Expenses for FY 2018-19 (excluding Petition Filing Fee and CGRF Expenses) during True up for FY 2018-19 vide its Order dated September 29, 2020 and the actual inflation factor as 4.90% for FY 2019-20.
- 5.40 The Commission has considered the Petition Filing Fee and CGRF Expenses based on actual as the same are non-escalable expenses.
- 5.41 For the purpose of evaluating the normative R&M Expenses, the Commission has considered the approved opening value of Gross Fixed Assets for FY 2019-20 and multiplied it with the 'k' factor of 4.80% as approved in the MYT Order dated February 28, 2017.

Table 23: Normative O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20
	Approved
Employee Expenses	24.12
A&G Expenses (excluding filing & CGRF Expenses)	27.78
R&M Expenses	26.40
Normative O&M Expenses	78.30
Petition Filing Fee	0.37
CGRF Expenses (Rent & Remuneration)	0.28
Normative O&M Expenses including Filing Fee and CGRF Expenses	78.95



5.42 In view of the above, the O&M Expenses claimed by the Petitioner and approved by the Commission including sharing of Gain/(Loss) for FY 2019-20 is shown below:

Table 24: O&M Expenses for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	Petition	Approved
Normative O&M Expenses	80.52	78.30
Actual O&M Expenses	80.08	80.43
Gain/(Loss)	0.44	(2.13)
Sharing of Gain/Loss	0.27	-
Expenses due to Change in Law/Filing Fee & CGRF Expenses	0.65	0.65
O&M Expenses Approved	81.00	78.95

Capital Work in Progress (CWIP) and Gross Fixed Assets (GFA)

Petitioner's Submission

5.43 The Petitioner has submitted that it has considered the Opening and Closing Capital Work in Progress (CWIP) as per the Balance Sheet for FY 2019-20. The assets transferred to Gross Fixed Asset (GFA) are considered based on the Audited Accounts.

5.44 The Petitioner further submitted that the capital expenditure and resultant capitalization is carried out as per the plan approved by the Commission in its earlier Orders. The scheme-wise detail of capital expenditure and capitalisation was enclosed along with the Petition.

5.45 The Petitioner requested the Commission to review the Capital Expenditure and Capitalization for FY 2019-20 as submitted based on the Audited Accounts.

Table 25: CWIP and GFA for FY 2019-20 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
<i>Capital Works in Progress</i>		
Opening CWIP	7.13	6.80
Additional Capex	71.72	34.33
Less: Capitalisation	42.76	8.89
Closing CWIP	36.09	32.24
<i>Gross Fixed Assets</i>		
Opening GFA	550.04	550.49
Net Addition	42.76	8.89
Closing GFA	592.80	559.38

Commission's Analysis

5.46 The Commission has scrutinised the scheme-wise details of Capital Expenditure and Capitalisation as submitted by the Petitioner along with audited information for approval of CWIP and GFA for FY 2019-20. On scrutiny of the information submitted by the



- Petitioner, the Commission observed that the works carried out by the Petitioner were towards the schemes approved by the Commission in its MYT Order dated February 28, 2017.
- 5.47 The Commission observed that the opening Gross Fixed Asset for FY 2019-20 as submitted by the Petitioner (Rs. 550.49 Crore) is different from closing Gross Fixed Asset for FY 2018-19 (Rs. 550.04 Crore) and directed the Petitioner to provide the reasons for same. In compliance to the Commission's query, the Petitioner, vide letter dated January 22, 2021, submitted that the Commission has not taken into effect the adjustment made during FY 2017-18 of Rs. 0.45 Crore in the Gross Fixed Asset (GFA) due to which there is mismatch in the Opening GFA.
- 5.48 The Commission observed that in the Petition for Truing up for FY 2017-18, the Petitioner has claimed the additional capitalization for FY 2017-18, without considering the adjustment/Transfer during the financial year, while calculating the closing GFA for FY 2017-18. Based on prudence check of facts placed before the Commission by the Petitioner, the Commission had approved the Closing GFA for FY 2017-18 as Rs. 543.24 Crore, without taking into account adjustment/Transfer during the financial year as shown in the Audited Accounts for FY 2017-18 in its Order dated May 26, 2020. The Commission has therefore, considered the approved closing GFA for FY 2018-19 in its Order dated September 29, 2020 as Opening GFA for FY 2019-20.
- 5.49 Based on the information submitted by the Petitioner and after prudence check, the Commission approves the GFA, CWIP and capital expenditure incurred during the year for FY 2019-20 as summarised below:

Table 26: CWIP and GFA for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
<i>Capital Works in Progress</i>			
Opening CWIP	7.13	6.80	7.13
Additional Capex	71.72	34.33	34.33
Less: Capitalisation	42.76	8.89	8.89
Closing CWIP	36.09	32.24	32.57
<i>Gross Fixed Assets</i>			
Opening GFA	550.04	550.49	550.04
Net Addition	42.76	8.89	8.89
Closing GFA	592.80	559.38	558.93



Consumer Contribution

Petitioner's Submission

5.50 The Petitioner has submitted the details of Consumer Contribution (CC) capitalised and received during FY 2019-20 as shown below:

Table 27: CC Capitalised and Received for FY 2019-20 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20
	Petition
CC received during the Year	2.24
CC capitalized during the Year	9.86

Commission's Analysis

5.51 The Commission has scrutinized the details submitted by the Petitioner and approves the CC received during FY 2019-20 as below as the same is considered for calculation of Depreciation, Loan Addition and Equity Addition calculations as per the methodology adopted by the Commission in the previous Orders.

Table 28: Consumer Contribution as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	Petition	Approved
Consumer Contribution received during the Year	2.24	2.24

Depreciation

Petitioner's Submission

5.52 The Petitioner has submitted that the Depreciation proportionate to the extent of Fixed Assets funded through CC has been deducted from the total depreciation in order to arrive at the net Depreciation.

5.53 The Petitioner has submitted that the details of accumulated depreciation can be referred in the Audited Accounts of FY 2019-20 and depreciation charged during FY 2019-20 can be referred from Profit and Loss (P&L) Statement.

5.54 The Petitioner submitted the depreciation on assets funded through CC as shown below:

Table 29: Depreciation on assets created out of CC as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20
	Petition
Closing GFA (A)	559.38
Closing Consumer Contribution capitalised (B)	62.46
Gross Depreciation (C)	30.65
Depreciation on Consumer Contribution (D=C/A*B)	3.42



5.55 Accordingly, the Petitioner has claimed Net Depreciation as summarised below:

Table 30: Depreciation as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Gross Depreciation	32.54	30.65
Depreciation on Account of CC	3.74	3.42
Net Depreciation	28.79	27.23

Commission's Analysis

5.56 The Commission directed the Petitioner to provide the detailed calculation of depreciation on GFA and assets created out of CC for FY 2018-19. In compliance to the Commission's query, the Petitioner vide its reply dated January 22, 2021 submitted that the methodology of calculation of depreciation on asset created out of consumer contribution has not been changed by the Petitioner for FY 2019-20.

5.57 The Petitioner further added that the depreciation on assets created out of CC is calculated in proportion to gross depreciation and in the ratio of closing CC capitalised out of total Closing GFA for FY 2019-20.

5.58 The Commission observed that the Petitioner has calculated the depreciation on assets created out of CC on closing value.

5.59 In line to approach followed in the earlier Orders, the Commission has approved the net depreciation after deducting the depreciation on assets funded out of CC from the Gross Depreciation for FY 2019-20. The Commission has considered the average value of GFA and CC instead of closing values as considered by the Petitioner. The depreciation has been considered at the same rate of Depreciation as claimed by the Petitioner while approving the depreciation for FY 2019-20.

5.60 The following table summarizes the depreciation as submitted by the Petitioner and as approved by the Commission for FY 2019-20:

Table 31: Depreciation for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Gross Depreciation	32.54	30.65	30.65
Depreciation on account of CC	3.74	3.42	3.63
Net Depreciation	28.79	27.23	27.02



Interest and Finance Charges

Petitioner's Submission

5.61 The Petitioner has submitted that it has considered the same methodology as approved by the Commission in its previous Orders for computing Interest and Finance Charges. The deemed additions to the loan have been considered at 70% of GFA addition during FY 2019-20 after reducing assets created from CC during the year. $\{(Total\ Asset\ Addition\ to\ GFA\ during\ the\ year - Asset\ Addition\ from\ Consumer\ Contribution\ during\ the\ year) \times 70\%\}$.

Table 32: Normative Loan & Normative Equity added during the Year (Rs. Crore)

Particulars	FY 2019-20
	Petition
Assets added during the Year	8.89
Less: CC received during the Year	2.24
Normative Amount Added during the Year	6.65
Equity Addition during the Financial Year @ 30%	2.00
Debt Addition during the Financial Year @ 70%	4.66

5.62 Further, in accordance with Clause 6.24 and Clause 6.25 of the Tariff Regulations, 2015, the interest on normative loan has been calculated on the average normative loan for the year. The rate of interest for the year has been considered as SBI Base Rate as applicable on April 01, 2019 plus 200 basis points.

Table 33: Interest and Finance Charges as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Opening Loan (Normative)	74.06	74.87
Add: Deemed Addition during the FY	28.37	4.66
Less: Deemed Repayment	28.79	27.23
Closing Loan (Normative)	73.63	52.30
Average Loan	73.85	63.59
SBI Base Rate plus 200bp	11.05%	11.05%
Interest and Finance Charges	8.16	7.03

Commission's Analysis

5.63 The Commission observed that the opening base of normative loan (Rs. 74.87 Crore) for FY 2019-20 as considered by the Petitioner is not matching with the closing base of normative loan for FY 2018-19 (Rs.74.06 Crore) as approved vide Order dated September 29, 2020 and directed the Petitioner for reason for such deviation.

5.64 The Petitioner vide letter dated January 22, 2021 in reply submitted that the reason for difference in considering opening normative loan balance for FY 2019-20 and approved

closing loan balance for FY 2018-19 is due to consideration of Consumer Contribution received by the Commission on its earlier Orders instead of Consumer contribution capitalised.

- 5.65 The Commission has considered the normative opening loan for FY 2019-20 as the closing value approved for FY 2018-19 in its Order dated September 29, 2020.
- 5.66 In accordance with the Tariff Regulations, 2015 and the principles adopted in the previous Tariff Order, the Commission has considered the normative loan addition during the financial year as 70% of the approved capitalization after deducting assets funded out of CC received. The normative repayment is deemed to be equal to the approved net depreciation during the financial year.
- 5.67 Considering the above methodology, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of SBI Base Rate as on April 01, 2019 plus 200 basis points.

Table 34: Normative Loan and Normative Equity added during FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20	
	Petition	Approved
Assets added during the Year	8.89	8.89
Less: CC received during the Year	2.24	2.24
Normative Amount Added during the Year	6.65	6.65
Equity Addition during the Financial Year @ 30%	2.00	2.00
Debt Addition during the Financial Year @ 70%	4.66	4.66

- 5.68 The following table summarises the Interest and Finance Charges (IFC) as submitted by the Petitioner and as approved by the Commission for FY 2019-20:

Table 35: Interest and Finance Charges for FY 2019-20 as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Opening Loan (Normative)	74.06	74.87	74.06
Add: Deemed Addition during the FY	28.37	4.66	4.66
Less: Deemed Repayment	28.79	27.23	27.02
Closing Loan (Normative)	73.63	52.30	51.70
Average Loan	73.85	63.59	62.88
SBI Base Rate plus 200bp	11.05%	11.05%	11.05%
Interest and Finance Charges	8.16	7.03	6.95



Interest on Security Deposits

Petitioner's Submission

- 5.69 The Petitioner furnished the details of Interest on Consumers' Security Deposit (CSD) as per the Audited Accounts for FY 2019-20. The Petitioner has paid the Interest on CSD after considering the actual security deposit, period of security deposit held and applicable interest rate.
- 5.70 The Petitioner further submitted that the average security deposit amount as on year-end of FY 2019-20 was Rs. 29.77 Crore and the corresponding interest on security deposit was Rs. 2.56 Crore.

Table 36: Interest on CSD as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Opening Consumer Security Deposit	26.74	26.73
Consumer Security Deposit Addition	3.05	3.03
Closing Consumer Security Deposit	29.79	29.77
Interest on Consumer Security Deposit	2.56	2.56

Commission's Analysis

- 5.71 The Commission has scrutinised the detail along with audited accounts submitted before the Commission and after prudence check approves the Interest on Consumer Security Deposit for FY 2019-20 as shown below:

Table 37: Interest on CSD as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Opening CSD	26.74	26.73	26.74
CSD Addition	3.05	3.03	3.03
Closing CSD	29.79	29.77	29.77
Interest on CSD	2.56	2.56	2.56

Return on Equity

Petitioner's Submission

- 5.72 The Petitioner submitted that it has considered the same methodology for computing equity addition as approved by the Commission in its earlier Orders. The deemed addition to the equity has been considered @30% of total GFA addition after reducing asset addition from CC amount received during the year. $\{(Total\ Addition\ to\ GFA\ during\ the\ year - Asset\ Addition\ from\ Consumer\ Contribution\ during\ the\ year) \times 30\%\}$.



- 5.73 The Petitioner submitted that it has paid the Income Tax (IT) as per normal IT rate and accordingly Return on Equity (RoE) has been grossed up by corporate IT rate. The Income Tax paid challan copy is enclosed along with the Petition.
- 5.74 The Petitioner further submitted that according to a new section 115BAA introduced under Income Tax Act by the Government of India through Taxation (Amendment) Ordinance 2019 on September 20, 2019, Petitioner had an option to pay Income Tax at a reduced rate of 25.168%. After due analysis, Petitioner has opted for this scheme and accordingly for FY 2019-20 and subsequent year the rate of Corporate tax for Petitioner shall be 25.168%.

Table 38: Return on Equity as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Opening Equity (Normative)	145.63	146.08
Equity Addition (Normative)	12.16	2.00
Closing Equity (Normative)	157.79	148.08
Average Equity	151.71	147.08
Rate of Return	15.50%	15.50%
Return on Equity	23.52	22.80
Income Tax Rate	25.17%	25.17%
Income Tax	7.91	7.66
Return on Equity including Income Tax	31.42	30.46

Commission's Analysis

- 5.75 The Commission observed that the opening base of normative Equity (Rs. 146.08 Crore) for FY 2019-20 as considered by the Petitioner is not matching with the closing base of normative Equity for FY 2018-19 (Rs.145.63 Crore) as approved vide Order dated September 29, 2020 and directed the Petitioner for reason for such deviation.
- 5.76 The Petitioner vide letter dated January 22, 2021 submitted that the reason for difference in considering opening normative equity base for FY 2019-20 and approved closing equity balance for FY 2018-19 is due to consideration of Consumer Contribution received by the Commission on its earlier Orders instead of Consumer contribution capitalised.
- 5.77 In accordance with the Tariff Regulations, 2015, the Commission has considered the Opening Equity base for FY 2019-20 as the Closing Equity base approved for FY 2018-19 vide its Order dated September 29, 2020 and normative Equity addition during the financial year as 30% of the approved capitalization after deducting assets funded out of CC received.



- 5.78 The Commission has allowed a rate of return of 15.5% (post tax) on equity, which is as per Clause 6.17 of the Tariff Regulations, 2015.
- 5.79 The Commission observed that the Petitioner has submitted the advance tax receipt of Tata Group, as a whole as documentary evidence of Income Tax and directed the Petitioner to substantiate the amount associated to power distribution business of TSL.
- 5.80 The Petitioner vide letter dated January 22, 2021 submitted that income tax is paid for the company as a whole, including all departments /divisions of the company. The Petitioner has submitted advance tax receipt of Tata Steel Limited, as a whole and power business division is one of the division of the company, Tata Steel limited. Further, the Petitioner has opted for Section 115BAA for FY 2019-20 and paid taxes on its total income (including income from Power Business) @ 25.17%.
- 5.81 The income tax amount claimed by the Petitioner for FY 2019-20 is Rs. 7.67 Crore, being 25.17% of Rs. 30.46 Crore of total Return on Equity including income tax and submitted the copy of ITR-V for FY 2019-20 in support.
- 5.82 Based on the detail and additional submission made by the Petitioner, the Commission has approved the Return on Equity along with Income Tax for FY 2019-20 as shown below.

Table 39: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Opening Equity (Normative)	145.63	146.08	145.63
Equity Addition (Normative)	12.16	2.00	2.00
Closing Equity (Normative)	157.19	148.08	147.63
Average Equity	151.71	147.08	146.63
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	23.52	22.80	22.73
Income Tax Rate	25.17%	25.17%	25.17%
Income Tax	7.91	7.66	7.64
Return on Equity including Income Tax	31.42	30.46	30.37

Interest on Working Capital

Petitioner's Submission

- 5.83 The Petitioner submitted that it has arrived at the Working Capital requirement based on the Tariff Regulations, 2015. The SBI Base rate as on April 01, 2019 plus 350 basis points has been considered for computation of Interest on Working Capital (IoWC) as given



below. Further, the Petitioner has claimed the Funding cost of Delayed Payment Surcharge (DPS) as Rs. 2.03 Crore as shown below:

Table 40: Interest on Working Capital as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Receivables (2 months)	251.24	298.31
O&M Expenses (1 month)	6.58	6.76
Maintenance Spares (1% of Opening GFA)	5.50	5.50
Less: Security Deposit	28.26	28.25
Less: Power Purchase Cost (1 month)	112.41	125.75
Total Working Capital	122.66	156.57
Interest Rate	12.55%	12.55%
Interest on Working Capital	15.39	19.65
Funding Cost of DPS	-	2.03
IoWC including Funding Cost of DPS	15.39	21.68

Commission's Analysis

- 5.84 The Petitioner submitted that since the Commission has considered DPS as part of Non-Tariff Income (NTI) to compute the net Annual Revenue Requirement (ARR), in light of Judgment of Hon'ble Appellate Tribunal for Electricity (APTEL) dated July 12, 2011, in Appeal No. 142 and 147 of 2009, the funding cost of DPS should be additionally allowed in normative working capital.
- 5.85 The Commission observed that the Petitioner has received an amount of Rs. 2.92 Crore as Delayed Payment Surcharge in FY 2019-20. The Commission has considered the revenue received from DPS under Non-Tariff Income and hence, approves the expenses required to finance the same at the rate approved for IoWC. The Commission has considered the rate for DPS as 18.00% per annum for calculation of corresponding receivables against DPS.
- 5.86 The Commission has scrutinized the details submitted by the Petitioner and approves the IoWC on normative basis including funding cost of DPS as shown below:

Table 41: Interest on Working Capital as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Receivables (2 months)	251.24	298.31	295.85
O&M Expenses (1 month)	6.58	6.76	6.58
Maintenance Spares (1% of Opening GFA)	5.50	5.50	5.50
Less: Consumers' Security Deposit	28.26	28.25	28.25
Less: Power Purchase Cost (1 month)	112.41	125.75	124.88



Particulars	FY 2019-20		
	APR	Petition	Approved
Total Working Capital	122.66	156.57	154.80
Interest Rate	12.55%	12.55%	12.55%
Interest on Working Capital	15.39	19.65	19.43
Funding Cost of DPS	-	2.03	2.03
IoWC including Funding Cost of DPS	15.39	21.68	21.46

Non-Tariff Income

Petitioner's Submission

5.87 The Petitioner has claimed Rs. 5.44 Crore towards NTI for FY 2019-20. The Petitioner further submitted that the NTI includes income from Service Charges and Others as per the Audited Accounts for FY 2019-20 submitted along with the Petition.

Table 42: Non-Tariff Income as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2019-20	
	APR	Petition
Non-Tariff Income	6.76	5.44

Commission's Analysis

5.88 The Commission has scrutinized the Audited Accounts submitted by the Petitioner along with the Petition. Further, the Commission observed that the Petitioner has considered the Meter Rent and Income from DPS in revenue from Sale of power instead of considering under NTI. Therefore, the Commission after scrutinizing the Audited Accounts and based on the methodology adopted in the previous Orders, approves the NTI including the income from Meter Rent and Income from DPS as shown below:

Table 43: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Non-Tariff Income	6.76	5.44	9.74

Revenue

Petitioner's Submission

5.89 The Petitioner submitted the Revenue from Sale of Power as per the Note 17A of audited accounts is Rs. 1,789.85 Crore including revenue from Sale of Surplus Power of Rs. 10.46 Crore for FY 2019-20.



Commission's Analysis

5.90 The Commission has scrutinized the Audited Accounts submitted by the Petitioner along with the Petition. The Commission has considered the income other than Revenue from Sale Power i.e. Meter Rent and Income from DPS under NTI and Revenue from Sale of Surplus Power under Power Purchase Cost. Therefore, such income is deducted from here, to arrive at the Revenue from Sale of Power as summarised below:

Table 44: Revenue as approved by the Commission (Rs. Crore)

Particulars	FY 2019-20	
	Petition	Approved
Revenue	1,789.85	1,775.09

Summary of Annual Revenue Requirement and Gap/(Surplus)

Petitioner's Submission

5.91 The Petitioner has projected a Surplus of Rs. (115.85) Crore for FY 2019-20 based on projection and normative claimed in the Petition.

Commission's Analysis

5.92 The following table summarises the ARR and Gap/(Surplus) for FY 2019-20 as submitted by the Petitioner vis-à-vis the values approved by the Commission:

Table 45: Summary of ARR as approved by the Commission for FY 2019-20 (Rs. Crore)

Particulars	FY 2019-20		
	APR	Petition	Approved
Power Purchase Cost	1,348.89	1,509.04	1,498.57
O&M Expenses	78.99	81.17	78.95
Depreciation	28.79	27.23	27.02
Interest and Finance Charges	8.16	7.03	6.95
Interest on Consumer Security Deposit	2.56	2.56	2.56
Interest on Working Capital including Funding Cost of DPS	15.39	21.68	21.46
Return on Equity	31.42	30.46	30.37
Less: Non Tariff Income	6.76	5.44	9.74
Annual Revenue Requirement	1,507.45	1,673.74	1,656.14
Revenue from Sale of Power	1,804.03	1,789.85	1,775.09
Revenue Gap/(Surplus)	(296.58)	(116.11)	(118.95)
Add: Impact of Sharing of Gain/(Loss) on O&M Expenses		0.27	0.00
Revenue Gap/(Surplus) after Sharing of Gain/(Loss) on O&M Expenses	(296.58)	(115.85)	(118.95)

5.93 The Commission has approved the treatment of Gap/(Surplus) in **Section A7** of this Order.



A 6 ANNUAL PERFORMANCE REVIEW FOR FY 2020-21

6.1 As per Clause 9.2 of the Tariff Regulations, 2015:

“9.2 The Licensee shall submit the Annual Performance Review report as part of annual review on actual performance as per the timelines specified in the Section 11 of these Regulations to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including audited/ authenticated accounts and the tariff worked out in accordance with these Regulations;”

6.2 The Petitioner submitted the Annual Performance Review (APR) for FY 2020-21 based on the actual for first six months (H1) and estimated for the balance six months (H2).

Commission’s view

6.3 The Commission has not carried out the APR for FY 2020-21 as considerable time has lapsed and the Petitioner has already filed truing up Petition for FY 2020-21 based on audited account. As the truing up petition is under active consideration of this Commission. The Commission therefore does not find any merit in carrying out APR for FY 2020-21.



A 7 REVENUE GAP AND ITS TREATMENT

Revenue Gap/(Surplus)

Petitioner's Submission

- 7.1 The Petitioner has estimated the cumulative Revenue Gap/ (Surplus) of Rs. 803.11 Crore till FY 2020-21.
- 7.2 The Petitioner submitted that the Commission in Tariff Order dated September 29, 2020 has adopted a methodology which is different from the one considered by the Petitioner. The Commission has considered the opening gap for FY 2018-19 as Rs. 814.31 Crore as approved in Tariff Order dated June 19, 2020.
- 7.3 The Petitioner further submitted that based on the Revenue Gap for FY 2016-17, FY 2017-18 and FY 2018-19 as approved in previous tariff orders and the submissions of FY 2019-20 and FY 2020-21 in current petition, the cumulative revenue gap/ (surplus) till FY 2020-21 as per the methodology adopted by the Commission has been summarized below:

Table 46: Cumulative Revenue Gap till FY 2020-21 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Opening Revenue Gap/(Surplus) as on 1 st April of FY	1,269.38	1,156.22	814.31	788.14	763.93
Revenue Gap/(Surplus) created during the year	(106.35)	(321.65)	(118.30)	(115.85)	(47.08)
Rate of Interest	12.80%	12.60%	12.20%	12.55%	11.65%
Carrying Cost on Opening Gap/(Surplus)	-	-	99.35	98.91	89.00
Carrying Cost on Gap/(Surplus) during the FY	(6.81)	(20.26)	(7.22)	(7.27)	(2.74)
Total Gap/(Surplus) including Carrying Cost	1,156.22	814.31	788.14	763.93	803.11

Commission's Analysis

- 7.4 The Commission has considered the Revenue Gap as Rs. 788.14 Crore till Truing up for FY 2018-19 as approved in Tariff Order dated September 29, 2020.
- 7.5 Based on the approved value of Truing up for FY 2019-20, the cumulative Revenue Gap/(Surplus) approved by the Commission till FY 2019-20 is shown below:

**Table 47: Cumulative Gap/(Surplus) as approved by the Commission (Rs. Crore)**

Particulars	FY 2018-19	FY 2019-20
	Approved	Approved
Opening Gap/(Surplus)	814.31	788.14
Revenue Gap/(Surplus) during FY	(118.30)	(118.95)
Rate of Carrying Cost (%)	12.20%	12.55%
Carrying Cost on Opening Revenue Gap/(Surplus)	99.35	98.91
Carrying Cost on Revenue Gap/(Surplus) during FY	(7.22)	(7.46)
Closing Revenue Gap/(Surplus)	788.14	760.63

7.6 The Gap/(Surplus) approved in this Order for FY 2019-20 will be passed-on to the Beneficiary while carrying out the Annual Revenue Requirement for subsequent year.



A 8 STATUS OF EARLIER DIRECTIVES

8.1 The directives issued by the Commission in its earlier Orders, its compliance by the Petitioner and further view of the Commission on compliance is tabulated below:

Directives	Status	Views of the Commission
RPO Obligation		
The Commission directed the Petitioner to fulfil all pending RPO targets and ensure that in future, the RPO compliance of each Financial Year is met as per JSERC (Renewable Energy Purchase Obligation and its compliance) Regulations, 2016 as amended from time to time.	The Petitioner submitted that they have complied with 100% of the RPO obligation cumulative till FY 2019-20 and will continue the same in future.	The Commission noted the compliance of the Petitioner and directs the Petitioner to ensure RPO compliance in the future.
Quality of power/ Reliability Indices and Standard of Performance (SOP)		
The Commission directed the Petitioner to continue submitting monthly report on Reliability Indices in MS-Excel format along with compliance to SOP's in true spirit, in course of achieving 24x7 quality & reliable power.	The Petitioner complied with the directive and has submitted monthly reports before the Commission.	The Commission noted the compliance of the Petitioner and directs the Petitioner to continue submitting the reports to the Commission.
Impact assessment study for switching from kWh billing to kVAh billing		
The Commission directed the Petitioner to carry out impact assessment study on transition from kWh billing to kVAh billing, for a sample set of consumers in the HTIS category and submit a report within three months of issuance of Order.	The Petitioner has submitted the impact assessment study on transition from kWh billing to kVAh billing.	The Commission noted the compliance of the Petitioner.
Wheeling Tariff		
The Commission directed the Petitioner to propose capacity-based wheeling tariff and specify the voltage-wise distribution losses as per clause 7.9 of the JSERC MYT Regulations, 2015.	The Petitioner submitted that they will study the best practices followed by other distribution licensee for calculation of voltage wise Wheeling Tariff and based on that propose the Wheeling Tariff before the Commission for approval.	The Commission directs the Petitioner to carry out the study and propose the mechanism for Commission's approval within six months of issuance of this Order.
Investment in Cyber Security Solutions		
The Commission directed the Petitioner to finalize proposal for	The Petitioner has submitted the proposal of investment in Cyber	The Commission reviewed the proposal submitted for



Directives	Status	Views of the Commission
investment in Cyber Security Solutions and submit before the Commission for approval.	Security Solutions, detailing the cost, tentative timelines, implementation Agency along with the Petition.	investment in Cyber Security Solutions. Since, the kick off Meeting and other major activities pertains to FY 2021-22, hence, the Commission will address the same while passing the MYT Order for the Control Period from FY 2021-22 to FY 2025-26.
Expansion in the Distribution Infrastructure		
<p>The Commission directs the Petitioner to take steps to connect to upstream transmission network to improve its grid connectivity.</p> <p>Such interlinking will increase the reliability of the Petitioner, access to other power sources available in the open market within and outside the State and also help in optimizing its power procurement cost.</p>	<p>The Petitioner submitted that it's power network is connected to upstream transmission network of DVC through its connectivity at 132kV, GOMD III S/S and 400/132kV, BPRS S/S. These networks are connected to Eastern power grid system.</p> <p>To optimise its power procurement cost, the Petitioner has started selling daily surplus power in PX from May 2019, with deemed approval of DVC at 400kV. Further, the Petitioner purchase power from Open Access, after getting approval/NOC from DVC, if case of power flow restrictions from DVC 400kV source.</p>	<p>The Commission noted the submission of the Petitioner and the steps taken for optimization of power purchase cost however, the Commission is of the view that upstream transmission network needs improvement for grid connectivity to ensure more access to other power sources available in the open market within and outside the State which will help in optimizing its power procurement cost and directs the Petitioner to take steps to connect to upstream transmission network to improve its grid connectivity.</p>
Raw Water Charges recovered		
<p>The Commission directed the Petitioner to file the detail of water charge claimed by the Petitioner and deposited to the State Government. The Petitioner is also directed to file the details of usage of surplus amount so as to consider it as non-tariff income in future Orders.</p>	<p>The Petitioner submitted that the detail is already submitted before the Commission.</p> <p>The Petitioner further added that after receipt of True-up Order for TSL, dated May 26, 2020; the Petitioner had filed an Appeal before APTEL to consider water business as a separate business and not to consider any income from water business as NTI of power distribution business.</p>	<p>The Commission noted the Submission of the Petitioner.</p>



Directives	Status	Views of the Commission
Compliance of Safety Regulations		
<p>The Commission directed the Petitioner to ensure the compliance of the regulations failing which appropriate action shall be taken under the provisions of the above Regulation.</p>	<p>The Petitioner has started sending monthly report on Compliance of Safety Regulations from July, 2020, and shall continue submitting the same before the Commission.</p>	<p>The Commission noted the compliance of the Petitioner and directs the Petitioner to continue submitting the reports to the Commission</p>
Redundancy in the Distribution Infrastructure		
<p>The Commission directed the Petitioner to carry out a detailed study to expand its existing infrastructure and steps to interconnect its upstream transmission network to improve its power availability and submit its DPR within three months.</p>	<p>The Petitioner submitted that the network is already connected to DVC grid, which in-turn is connected to Eastern Region power grid network.</p>	<p>The Commission noted the Submission of the Petitioner.</p>
Submission of ToD data		
<p>The Commission directed the Petitioner to submit the load curves for days with maximum peak demand and minimum peak demand for each month of FY 2019-20 and April 2020 to September 2020 along with its technical preparedness for implementation of ToD Tariffs while submitting the Business Plan and MYT Petition for FY 2021-22 to FY 2025-26.</p>	<p>The Petitioner has submitted the details along with the Petition.</p>	<p>The Commission noted the Submission of the Petitioner and observed that the Petitioner has only submitted the load curve for FY 2019-20 and FY 2020-21 till October with mention of average demand, Maximum and Minimum demand on annual basis instead of monthly basis directed. Further, technical preparedness for implementation of ToD Tariffs details have not been submitted by the Petitioner. In view of the above, Petitioner is directed to submit the load curves for days with maximum peak demand and minimum peak demand for each month of FY 2019-20, FY 2020-21, FY 2021-22 and FY 2022-23 along with its technical preparedness for implementation of ToD Tariffs while submitting the</p>



Directives	Status	Views of the Commission
		Tariff Proposal of FY 2023-24
Reduction in Fixed Charges		
The Commission directed the Petitioner to submit a report on implementation of the above, within 30 days of issue of this Order and implement the same from the subsequent billing cycle following the issuance of this Order.	<p>The Petitioner submitted that they are still working to implement the same in the billing system. Further, the Petitioner added that their availability of power had been above 23 hours and therefore no such case has arisen till date.</p> <p>The Petitioner further requested the Commission to review the directive due to difficulty arising out in the overall implementation of this Order.</p>	The Commission noted the Submission of the Petitioner and shall review this directive in next tariff filing.

8.2 The Petitioner is directed to review the comments of the Commission and comply with the directives issued by the Commission with utmost sincerity failing which penal action may be taken.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on November 24, 2022.

Date: 24.11.2022

Place: Ranchi

Sd/-
(Atul Kumar)
MEMBER (Technical)

Sd/-
(Mahendra Prasad)
MEMBER (Legal)



ANNEXURE

Annexure-1: List of members of public who participated in the Public Hearing and submitted their Suggestions/Comments

Sr. No.	Name	Address/Organization
Date & Time: August 17, 2022, 02:30 PM		
1.	Shri N.K. Singh	B/2, Natraj Niwas, Ramnagar, Kadma, Jamshedpur-831005.
2.	Shri. P.N. Thakur	439, Sonari East layout, Sonari, Jamshedpur – 831011.
3.	Shri. Atul Kumar Sandi	Old Sitaramdera, Jamshedpur
4.	Shri. Jay Kumar Yadav	Inder Singh Bustee, Jamshedpur
5.	Shri. B. K. Dubey	Kadma
6.	Shri. R. R. Thakur	Kadma
7.	Shri. Kaustav Banerjee	Kadma
8.	Shri. M. K. Pandit	Tata Steel UISL
9.	Shri. Anup Kumar Sand	Old Sitaramdera, Jamshedpur
10.	Shri. Vijay Singh Hembram	Old Sitaramdera, Jamshedpur
11.	Shri. Raj Kaur	Old Sitaramdera, Jamshedpur
12.	Smt. Usha Devi	Old Sitaramdera, Jamshedpur
13.	Shri. Durgesh Kumar	Tata Steel UISL
14.	Shri. Suman Mandal	Tata Steel UISL
15.	Shri. Abhishek Kumar	Sitaramdera, Jamshedpur
16.	Shri. Durga Gope	Old Sitaramdera, Jamshedpur
17.	Shri. S. S. Chawla	Vijay Nagar Golmuri
18.	Smt. N. Leena	Tata Steel UISL
19.	Shri. Sharad Kumar	Tata Steel Ltd.
20.	Shri. Ravi Kumar	Tata Steel Ltd.
21.	Shri. Sumadir Banerjee	Golmuri
22.	Shri. Sheeb Ahmad	LDC, TSL
23.	Shri. Ajay Kumar	Tata Steel Ltd.
24.	Shri. Sagar Nayak	ETD, Tata Steel Ltd.
25.	Shri. Balvinder Singh	Taila Dugri
26.	Shri. S Roy Choudhary	Tata Steel UISL
27.	Shri. Sunil Kumar Singh	48-K Type st. Mile Road, N. Town, Bitupuri, JSR
28.	Shri. Ranabir Mullick	Kadma
29.	Shri. Ritesh Gupta	Kadma
30.	Shri. K. P. Raman	Kadma
31.	Shri. Shashi Acharya	Kadma
32.	Shri. Harendra Verma	Tata Steel Ltd.
33.	Shri. Ashok Kumar Bihany	Ashiana Garden Sonari, Jamshedpur
34.	Shri. U. K. Mitra	22 NTC Colony, Kadma
35.	Shri. A. K. Singh	Sonari
36.	Shri. K. M. Pandey	Sonari
37.	Shri. Wasim Khan	Sonari



Sr. No.	Name	Address/Organization
38.	Shri. Abdul Jaisal	Golmuri
39.	Shri. Gurmit kaur	Taila Dugri
40.	Shri. Janak Devi	Taila Dugri
41.	Shri. Prabhanjan Kumar	News 18 Press
42.	Shri. Rakesh Kumar	Hindustan Times
43.	Shri. Roshan Singh	Golmuri
44.	Shri. S. Anand Rao	Foujabagan
45.	Shri. Yogendra Prasad	Tata Steel UISL
46.	Shri. Mani Bhushan Pandey	Tata Steel UISL
47.	Shri. Diptanshu Das	Tata Steel UISL
48.	Shri. Ashutosh Prasad	Tata Steel Ltd.
49.	Shri. Nirmal Prasad	Dainik Jagran
50.	Shri. Abtar Singh	Taila Dugri
51.	Shri. Kiran Kumar	Advocate Adya Mandir Path, Sitaramdera, JSR
52.	Shri. Suil Kumar	Professional Flat 49C, Farm Area, Kadma
53.	Shri. Rajesh Kumar	Sonari Kumhar Para Sonari, JSR
54.	Shri. Prakash Debula	Golmuri
55.	Shri. Pradeep Nag	Burmamines
56.	Shri. M. Nag	Burmamines
57.	Shri. Kirti Ballabh	Jamshedpur
58.	Shri. S. K. Monsob	Town Electrical PSD, Tata Steel UISL
59.	Shri. P Bhatu	Town Electrical PSD, Tata Steel UISL
60.	Shri. Tarun Daga	JUSCO/TSUISL
61.	Shri. Manmohan Singh	JUSCO/TSUISL
62.	Shri. B. Singh	Jamshedpur
63.	Shri. Satendra Sharma	Burmamines
64.	Shri. B. K. Singh	Foujabagan
65.	Shri. C. M. Pandey	F/B Baridih
66.	Shri. S. S. Dubey	Sakchi
67.	Shri. Md. Shahid	Jamshedpur
68.	Shri. Sadhu Sharan	Sheopuri, Jamshedpur
69.	Shri. S. Pandey	New Baridih
70.	Shri. Sanjay Kumar	Burmamines
71.	Shri. A. Ahmad	Sakchi
72.	Shri. Shekhar Kumar	Bistupur
73.	Shri. Lalan Sah	Sakchi
74.	Shri. Gopaldeb Nath	Sakchi
75.	Shri. Raj Kumar	Shivpur Colony
76.	Shri. Gopal P Singh	Shive celonig Garmnala
77.	Shri. R. K. Mishra	Teacher Colony
78.	Shri. A. Singh	Teacher Colony
79.	Shri. Fazal Khan	Pushpanjali Aprt, Dhatkidih
80.	Shri. AB	Pushpanjali Aprt, Dhatkidih



Sr. No.	Name	Address/Organization
81.	Shri. Md. Azhar Ahmad Jhunnu	Bistupur
82.	Shri. AB Hameed	Dhatkidih
83.	Shri. Surajeet Chowdhury	Bhatia Basti, Kadma
84.	Shri. D. N. Singh	25- Vishnu Path
85.	Shri. Prakash Barha	43, Mandir Path
86.	Shri. Anwar Ali	Dhatkidih, Jamshedpur
87.	Shri. Manohar Singh	Gtb. 18/A, Road No. 9, Agrica, Shiv Singh Bagan, Jamshedpur