

Jharkhand State Electricity Regulatory Commission



**Order on
True up
for
FY 2013-14
and
Annual Performance Review of
FY 2014-15
and
Revised ARR and Tariff for FY 2015-16
for
Tata Steel Limited (TSL)
Ranchi**

31st May 2015

THIS SPACE IS INTENTIONALLY LEFT BLANK

List of Abbreviations

| Abbreviation | Description |
|--------------|---|
| A&G | Administrative and General |
| ARR | Aggregate Revenue Requirement |
| ATE | Appellate Tribunal for Electricity |
| COD | Date of Commercial Operation |
| FY | Financial Year |
| GCV | Gross Calorific Value |
| GFA | Gross Fixed Assets |
| GoI | Government of India |
| JSERC | Jharkhand State Electricity Regulatory Commission |
| Kcal | Kilocalorie |
| Kg | Kilogram |
| kWh | Kilowatt-hour |
| MAT | Minimum Alternative Tax |
| ml | Millilitre |
| MT | Million Tonnes |
| MUs | Million Units |
| MW | Megawatt |
| O&M | Operations and Maintenance |
| PLF | Plant Load Factor |
| PPA | Power Purchase Agreement |
| RJC | Reprocessed Jig Coal |
| R&M | Repair and Maintenance |
| RoE | Return on Equity |
| Rs | Rupees |
| SBI | State Bank of India |
| SERC | State Electricity Regulatory Commission |
| SLM | Straight Line Method |
| TPCL | Tata Power Company Limited |
| TSL | Tata Steel Limited |

THIS SPACE IS INTENTIONALLY LEFT BLANK

Table of Contents

| | |
|--|-----------|
| A1: INTRODUCTION | 8 |
| JHARKHAND STATE ELECTRICITY REGULATORY COMMISSION (JSERC)..... | 8 |
| TATA STEEL LIMITED (TSL) | 10 |
| SCOPE OF THE PRESENT ORDER | 11 |
| A2: PROCEDURAL HISTORY..... | 12 |
| BACKGROUND..... | 12 |
| INFORMATION GAPS..... | 12 |
| INVITING PUBLIC RESPONSE | 12 |
| A3: SUMMARY OF ARR & TARIFF PETITION | 14 |
| A4: PUBLIC CONSULTATION PROCESS | 18 |
| A5: TRUE UP OF FY 2013-14..... | 28 |
| ENERGY BALANCE | 30 |
| POWER PURCHASE COST..... | 31 |
| OPERATION AND MAINTENANCE EXPENSES..... | 34 |
| CAPITAL WORKS IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA) | 35 |
| DEPRECIATION | 36 |
| INTEREST AND OTHER FINANCE CHARGES..... | 36 |
| INTEREST ON WORKING CAPITAL | 38 |
| RETURN ON EQUITY (RoE) | 39 |
| NON-TARIFF INCOME (NTI)..... | 39 |
| REVENUE FROM EXISTING TARIFF | 40 |
| INCENTIVE ON LOSS REDUCTION & O&M EXPENSES | 40 |
| SUMMARY OF ARR FOR FY 2013-14 AND REVENUE GAP..... | 42 |
| A6: ANNUAL PERFORMANCE REVIEW FOR FY 2014-15 | 43 |
| ENERGY BALANCE..... | 43 |
| POWER PURCHASE COST..... | 45 |
| OPERATION AND MAINTENANCE EXPENSES..... | 47 |
| CAPITAL WORKS IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA) | 48 |
| DEPRECIATION | 49 |
| INTEREST AND OTHER FINANCE CHARGES..... | 50 |
| INTEREST ON WORKING CAPITAL | 51 |
| RETURN ON EQUITY (RoE) | 52 |
| NON-TARIFF INCOME (NTI)..... | 53 |
| REVENUE FROM EXISTING TARIFF | 53 |
| SUMMARY OF ARR FOR FY 2014-15 AND REVENUE GAP..... | 53 |
| A7: REVISED ARR FOR FY 2015-16..... | 55 |
| ENERGY SALES | 55 |
| ENERGY BALANCE..... | 56 |
| POWER PURCHASE COST..... | 57 |
| OPERATION AND MAINTENANCE EXPENSES..... | 59 |
| CAPITAL WORKS IN PROGRESS (CWIP) & GROSS FIXED ASSET (GFA) | 60 |
| DEPRECIATION | 61 |

| | |
|---|-----------|
| INTEREST AND OTHER FINANCE CHARGES..... | 62 |
| INTEREST ON WORKING CAPITAL | 63 |
| RETURN ON EQUITY (ROE) | 64 |
| NON-TARIFF INCOME (NTI)..... | 64 |
| REVENUE FROM EXISTING TARIFF | 65 |
| SUMMARY OF ARR FOR FY 2015-16 AND REVENUE GAP..... | 65 |
| A8: TREATMENT OF REVENUE GAP | 67 |
| <i>Petitioner's submission</i> | 67 |
| <i>Views of the Commission</i> | 67 |
| 8.11 <i>Based on the above, the consumer category-wise comparison of average cost of supply and average revenue at existing and proposed tariff as submitted by the Petitioner and approved by the Commission is summarised in following table.</i> | 69 |
| A9: TARIFF RELATED OTHER ISSUES..... | 70 |
| TARIFF RATIONALIZATION..... | 70 |
| <i>Petitioner's submission</i> | 70 |
| <i>View of the Commission</i> | 70 |
| A10: TARIFF SCHEDULE | 71 |
| A11: TERMS AND CONDITIONS OF SUPPLY | 82 |
| A12: STATUS FOR EARLIER DIRECTIVES | 86 |
| A13: NEW DIRECTIVES..... | 89 |
| ANNEXURE | 90 |

Before

**Jharkhand State Electricity Regulatory Commission,
Ranchi**

Case No.: 23 of 2014

In the matter of:

**Petition for Truing up for FY 2013-14;
And
Annual Performance Review for FY 2014-15;
And
For Revised ARR and Tariff for FY 2015-16;
And**

In the matter:

Tata Steel Limited, Sakchi Boulevard Road, Northern Town, Bistupur,
Jamshedpur - 831 001 Petitioner

PRESENT

Hon'ble Mr Justice Narendra Nath Tiwari - Chairperson

Hon'ble Mr Sunil Verma - Member (F)

Order dated 31st May 2015

In this Petition, Tata Steel Limited (hereinafter referred to as TSL) has prayed for Order of True up for FY 2013-14, Annual Performance Review of FY 2014-15 and for revised ARR and Tariff for FY 2015-16.

A1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission (JSERC)

- 1.1 The Jharkhand State Electricity Regulatory Commission (herein after referred to as the “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational with effect from April 24, 2003. The Electricity Act, 2003 (hereinafter referred to as “the Act” or “EA, 2003”) came into force with effect from June 10, 2003; and the Commission is now deemed to have been constituted and functioning under the provisions of the Act.
- 1.2 The Government of Jharkhand vide its notification dated August 22, 2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-
- (a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29;
 - (b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
 - (c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
 - (d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3 With the Electricity Act, 2003 came into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of SERCs are now defined as per Section 86 of the Act.
- 1.4 In accordance with the 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 advises the State Government on all or any of the following matters, namely:-

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

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

1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy as brought out by GoI in compliance to Section 3 of the Act. The objectives of the National Tariff Policy are to:

- (a) ensure availability of electricity to consumers at reasonable and competitive rates;
- (b) ensure financial viability of the sector and attract investments;
- (c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- (d) promote competition, efficiency in operations and improvement in quality of supply.

Tata Steel Limited (TSL)

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

Scope of the Present Order

1.12 In accordance with the provisions of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 (hereinafter referred to as 'Distribution Tariff Regulations, 2010') the Petitioner filed the Petition for trueing up of ARR for FY 2013-14, Review of the ARR for FY 2014-15 and approval of projected ARR for FY 2015-16 for the License Area. The Petitioner in the above-mentioned petition filed before the Commission has prayed for:

- (a) Approval of the true-up of ARR for FY 2013-14;
- (b) Approval of the revised estimates of ARR for FY 2014-15;
- (c) Approval of the revised projections of ARR for FY 2015-16;
- (d) Determination of Retail Tariffs for FY 2015-16; &
- (e) Pass suitable orders with respect to the cumulative revenue gap till FY 2015-16.

1.13 While processing the above petition, the Commission is guided by the following:

- (a) Provisions of the Electricity Act, 2003;
- (b) Provisions of the National Electricity Policy;
- (c) Provisions of the National Tariff Policy; &
- (d) Principles laid down in the Distribution Tariff Regulations, 2010

1.14 Accordingly, the Commission has scrutinized the petition in detail and hereby issues the Tariff order for True Up for FY 2013-14, Annual Performance Review for FY 2014-15 and Revised ARR and Retail Tariff for FY 2015-16 for the licensed business of Tata Steel Limited.

A2: PROCEDURAL HISTORY

Background

- 2.1 The Commission had issued its last Tariff Order for the Petitioner on 4th June 2014 for True-up for FY 2011-12 and FY 2012-13, determination of ARR & Retail tariff for MYT period FY 2013-14 to FY 2015-16 and tariff for FY 2013-14.
- 2.2 The Petitioner filed review petition against the MYT Order dated 4th June 2014 for relief under the provisions of Section 94 (1) (f) of the Electricity Act 2003 and Regulation 36 (1) of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 on 1st July 2014.
- 2.3 The Commission decided the matter under the review petition in its order dated 31st March 2015, which will now be considered as part of the MYT Order for Tata Steel Limited dated 4th June 2014.
- 2.4 Subsequently, the Petitioner filed the tariff petition for approval of truing up of FY 2013-14, Annual Performance Review for FY 2014-15 and Revised ARR & Tariff Proposal for FY 2015-16 on November 10, 2014.

Information Gaps

- 2.5 During the course of scrutiny of the petition, numerous deficiencies were observed in the petition submitted by the Petitioner. These deficiencies were communicated to the Petitioner vide letter no. JSERC/23 of 2014/651 dated 15th December 2014.
- 2.6 The Petitioner submitted its response to the aforesaid letter and provided the requisite additional data/information vide letter no. PBD/025/59-T/2015 dated 3rd February 2015.

Inviting Public Response

- 2.7 After the initial scrutiny of Tariff petition filed by the Petitioner, the Commission in order to afford proper opportunity of hearing/representation of all stakeholders and general public directed the Petitioner to issue public notice inviting comments/suggestions and to make available copies of the Tariff petition to the general public. The public notice, thereafter, was issued by the Petitioner in various newspapers, as mentioned hereunder:

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

| Newspaper (Jamshedpur Editions) | Date |
|---------------------------------|---|
| Prabhat Khabar | 22 nd & 23 rd February 2015 |
| Dainik Bhaskar | 22 nd & 23 rd February 2015 |
| Dainik Jagran | 22 nd & 23 rd February 2015 |
| New Ispat Mail | 22 nd & 23 rd February 2015 |
| Khabar Mantra | 22 nd & 23 rd February 2015 |

- 2.8 A period of 21 (twenty one) days was provided for submitting the comments/suggestions. The Commission subsequently issued advertisement on its website www.jserc.org and in various newspapers for conducting the public hearing on the Truing up of FY 2013-14, APR for FY 2014-15 and Revised ARR and Tariff Proposal for FY 2015-16. The newspapers wherein the advertisement for public hearing was issued by the Commission are named hereunder:

Table 2: List of newspapers and dates in which the public notice by JSERC appeared

| Newspaper (Jamshedpur Editions) | Date |
|---------------------------------|-----------------------------|
| Hindustan (Hindi) | 03 rd April 2015 |
| Prabhat Khabar | 03 rd April 2015 |
| Dainik Bhaskar | 03 rd April 2015 |
| The Pioneer (English) | 03 rd April 2015 |
| Farooqui Tanzeem (Urdu Daily) | 03 rd April 2015 |
| Dainik Jagran | 04 th April 2015 |
| UditVani | 04 th April 2015 |
| Ranchi Express | 04 th April 2015 |
| The Hindustan Times (English) | 04 th April 2015 |

- 2.9 The public hearing was held on 11th April 2015 at The Grand, United Club, Boulevard Road, Jamshedpur. Many persons drawn from different walks of life participated in hearing and gave their comments and suggestions on the Petition filed by the Petitioner. The comments/suggestions of the public as well as the Petitioner's response and comments thereto are detailed hereafter in the section on the public consultation process in this Order.

A3: SUMMARY OF ARR & TARIFF PETITION

3.1 Tata Steel Limited (TSL) is an integrated steel manufacturing company which is also managing the electricity distribution system in its licensed area, through its wholly owned subsidiary-Jamshedpur Utilities and Service Company Limited (JUSCO).

3.2 The Petitioner in the present petition has requested for :

- (a) Truing up of costs and revenue for FY 2013-14 on basis of audited annual accounts for FY 2013-14;
- (b) Annual Performance Review of ARR for FY 2014-15 based on revised estimates; &
- (c) Determination of ARR and Retail Tariff for FY 2015-16

3.3 The following tables presents a summary of energy sales, energy balance & ARR proposed by the Petitioner:

Table 3 Category-wise Energy Sales submitted by the Petitioner (MU)

| Sl. No. | Consumer Category | FY2013-14 (Audited) | FY2014-15 (Revised Estimates) | FY2015-16 (Projected) |
|---------|--------------------------|------------------------|----------------------------------|--------------------------|
| 1 | Domestic | 186 | 222 | 238 |
| 2 | DS HT | 80 | 93 | 99 |
| 3 | Commercial Supply | 59 | 62 | 69 |
| 4 | Temporary Supply | 2 | 7 | 3 |
| 5 | HT – I | 26 | 26 | 29 |
| 6 | HTS - II | 90 | 139 | 115 |
| 7 | HT –III | 1666 | 1725 | 2097 |
| 8 | HT-IV | 147 | 156 | 113 |
| 9 | Utilities / Street Light | 83 | 110 | 106 |
| 10 | Sale to Other Licensees | 220 | 269 | 35 |
| | Total | 2558 | 2809 | 2904 |

Table 4 Energy Balance submitted by the Petitioner

| Sl. No. | Particulars | FY2013-14 (Audited) | FY2014-15 (Revised Estimates) | FY2015-16 (Projected) |
|-----------|---|------------------------|----------------------------------|--------------------------|
| I. | Energy Requirement | | | |
| i) | Sales to other licensee (MU) | 220 | 269 | 35 |
| | Distribution Loss (%) | 0% | 0% | 0% |
| | Distribution Loss (MU) | 0 | 0 | 0 |
| | Energy Req. for sales to other licensee (MU) | 220 | 269 | 35 |

| Sl. No. | Particulars | FY2013-14 (Audited) | FY2014-15 (Revised Estimates) | FY2015-16 (Projected) |
|------------|---|------------------------|----------------------------------|--------------------------|
| ii) | Sales to Steel Works (HT IV) | 147 | 156 | 113 |
| | Distribution Loss (%) | 0% | 0% | 0% |
| | Distribution Loss (MU) | 0 | 0 | 0 |
| | Energy Req. for Steel Works (MU) | 147 | 156 | 113 |
| iii) | Sales to other consumers | | | |
| | Sales to LT Consumers (MU) | 328 | 401 | 416 |
| | Sales to HT Consumers (MU) | 1864 | 1983 | 2340 |
| | Total Energy Sales to other consumers (MU) | 2192 | 2384 | 2756 |
| | Distribution Loss (%) | 4.75% | 4.86% | 5.50% |
| | Distribution Loss (MU) | 109 | 122 | 160 |
| | Total Energy Requirement for sales to other consumers (MU) | 2301 | 2506 | 2916 |
| iv) | Overall Sales | 2558 | 2809 | 2904 |
| | Overall Distribution Losses (%) | 4.10% | 4.15% | 5.23% |
| | Overall Distribution Losses | 109 | 122 | 160 |
| | Total Energy Requirement | 2,668 | 2930 | 3064 |
| II. | Energy Availability | | | |
| i) | Tata Power Company Ltd | 1,417 | 1601 | 1601 |
| | Unit 2 | 748 | 797 | 800 |
| | Unit 3 | 669 | 804 | 800 |
| ii) | DVC at 132 kV | 267 | 261 | 391 |
| iii) | DVC at 400 kV | 976 | 1038 | 1042 |
| iv) | TSW Captive | 7 | 28 | 25 |
| v) | Renewable Purchase Obligation | - | - | - |
| vi) | From Others / Traders | - | 2 | 5 |
| | Total Energy Availability | 2668 | 2930 | 3064 |

Table 5 Summary of True Up for FY 2013-14, Revised Estimates of FY 2014-15 and ARR for FY 2015-16 as submitted by the Petitioner (Rs Cr)

| Particulars | FY2013-14 (Audited) | FY2014-15 (Revised Estimates) | FY2015-16 (Projected) |
|------------------------------------|------------------------|----------------------------------|--------------------------|
| Power Purchase Cost | 1130.10 | 1319.32 | 1485.94 |
| Operation and Maintenance Expenses | 64.15 | 109.11 | 113.62 |
| Depreciation | 31.20 | 31.74 | 32.63 |
| Interest & Finance Charges | 37.52 | 38.52 | 35.95 |
| Sub Total | 1262.96 | 1498.79 | 1668.14 |

| | | | |
|--|----------------|----------------|----------------|
| Add: Reasonable Return | 30.65 | 31.46 | 32.18 |
| Less: Non-tariff Income | 3.66 | 4.06 | 4.37 |
| Annual Revenue Requirement | 1289.95 | 1526.19 | 1695.95 |
| Revenue @ Existing Tariff | 926.79 | 1152.71 | 1207.74 |
| Add: Sharing of Gains –O&M Expenses | 13.82 | - | |
| Add: Sharing of Gains –Dist. Loss | 7.77 | - | |
| Add: Income tax on sharing of gains | 7.34 | - | |
| Revenue Gap/ (Surplus) for the year | 392.09 | 373.48 | 488.21 |
| Add: Cumulative gap upto previous year | 280.61 | 743.08 | 1255.80 |
| Add: Carrying cost on gap | 70.38 | 139.24 | 224.61 |
| Total Cumulative Revenue Gap/ (surplus) | 743.08 | 1255.80 | 1968.61 |

3.4 The Petitioner has proposed average tariff hike of 55% during FY 2015-16 to partially recover the cumulative revenue gap upto FY 2015-16 i.e. Rs. 1968.61 Crore. This will result in additional revenue of Rs. 704.31 Crore. The Petitioner has proposed to recover the balance cumulative revenue gap for Rs. 1264.30 Crore in next year.

3.5 The following table summarizes the category-wise tariff increase projected by the Petitioner for FY 2015-16:

Table 6 Category-wise proposed tariff hike for FY 2015-16

| Sl. No. | Consumer Category | ABR at existing tariffs (Rs/kWh) | ABR at proposed tariffs (Rs/kWh) | Tariff Hike (%) |
|---------|--------------------------|----------------------------------|----------------------------------|-----------------|
| 1 | Domestic | 2.88 | 4.50 | 56.25% |
| 2 | DS HT | 3.15 | 5.31 | 68.57% |
| 3 | Commercial Supply | 4.89 | 7.71 | 57.67% |
| 4 | Temporary Supply | 4.54 | 9.00 | 98.24% |
| 5 | HT – I | 5.46 | 8.37 | 53.30% |
| 6 | HTS - II | 4.70 | 7.33 | 55.96% |
| 7 | HT –III | 4.25 | 6.78 | 59.53% |
| 8 | HT-IV | 5.43 | 8.37 | 54.14% |
| 9 | Utilities / Street Light | 3.26 | 5.30 | 62.58% |
| | Total | 4.16 | 6.58 | 55.00% |

3.6 Along with the proposed tariff hike, the Petitioner has also proposed change in slabs for domestic LT and commercial LT consumer categories and change in character of service for street lights consumer category. The consumer category-wise tariff proposal by TSL for FY 2013-14 has been summarized in following table.

Table 7 Tariff proposed by the Petitioner for FY 2015-16

| Consumer Category | Fixed Charges (Rs/month or Rs/kW/month or Rs/kVA/month or part thereof) | | | Energy Charges (Rs/kWh) | | |
|--------------------------|---|----------|----------|-------------------------|----------|------------------|
| | Slab | Existing | Proposed | Slab | Existing | Proposed |
| Domestic | | | | | | |
| Domestic DS-I | 220 V single phase up to 5 kW | 11 | 25 | 0-100 | 1.90 | 2.40 |
| Domestic DS-II | 415 V three phase up to 5 kW | 22 | 50 | 101-400 | 3.20 | 101-200: 4.70* |
| Domestic DS-III | | | | Above 400 | 3.50 | Above 200: 5.60* |
| Domestic DS HT | For all units | 300 | 450 | For all units | 3.40 | 5.30 |
| Commercial | 220 V single phase up to 5 kW | 30 | 50** | For all units | 5.00 | 7.20 |
| | 415 V three phase up to 5 kW | 80 | 100** | For all units | | |
| High Tension -I | For all units (Rs/kVA/month) | 225 | 325 | For all units | 4.50 | 6.75 |
| High Tension -II | For all units (Rs/kVA/month) | 225 | 325 | For all units | 4.35 | 6.50 |
| High Tension -III | For all units (Rs/kVA/month) | 210 | 310 | For all units | 4.15 | 6.30 |
| High Tension -IV | For all units (Rs/kVA/month) | 210 | 310 | For all units | 4.15 | 6.30 |
| Utilities / Street Light | For all units | 25 | 40 | For all units | 3.40 | 5.10 |
| Temporary supply | For all units | 35 | 50 | For all units | 6.00 | 9.00 |

Note: * Proposed revised tariff slabs; ** Proposed demand charges in Rs/kW/month

A4: PUBLIC CONSULTATION PROCESS

- 4.1 The tariff petition evoked response from several consumers. A public hearing was held on April 11, 2015 in Jamshedpur to ensure the maximum public participation wherein the Petitioner presented a summary of the Petition filed by it to the Commission as well as to the public.
- 4.2 The members of the public put forth their comments and suggestions before the Commission in the presence of the Petitioner. One hundred and twenty one attendees took part in the public hearing process. The list of the attendees is attached in **Annexure 1**. The Commission also received written suggestions/ comments by the public on the tariff petition filed by the Petitioner.
- 4.3 During the course of public hearing, the Commission allowed persons/ representatives of entities, who had not submitted prior written representations but attended the public hearing, to express their views regarding the petition filed by the Petitioner.
- 4.4 The issues raised in the written submissions, by the participants in the hearing and the reply of the Petitioner have been summarized below. The Commission views have also been presented in detail below.

Changes in Tariff Petition

Public Comments/Suggestions

- 4.5 The Objector pointed out that changes in the petition by the Petitioner prior to approval granted by the Hon'ble Commission on the original petition would be unfair to the public. In case such changes are allowed in the petition after the public hearing is over, then the discussions in the hearing would be subject to change and the process of public hearing in itself will become futile.

Petitioner's Response

- 4.6 The Petitioner submitted that it has not made any change in the Petition without the permission of the Hon'ble Commission.

Views of the Commission

- 4.7 The Commission has not allowed any change in the petition after the public hearing. The Commission for verification of claims made in the Petition and to exercise proper due diligence before giving final approval considered the material available on record. Any new claim presented by the Petitioner (if any) which is beyond the scope of the existing tariff petition is not accepted by the Commission after the public hearing.

Principles for sharing of gains/losses

Public Comments/Suggestions

- 4.8 The Objector expressed difficulty in understanding the principles/ methodology adopted by the Petitioner for estimating the sharing of gains on account of better performance claimed with regards to distribution losses and O&M expenses.

- 4.9 The Objector also enquired as to whether the JSERC (Distribution MYT) Regulations 2010 provide for penalizing the licensee in case the licensee incurs expenses over and above the approved expenses.

Petitioner's Response

- 4.10 The Petitioner submitted that it has adopted the methodology in accordance with the Distribution Tariff Regulations, 2010.

Views of the Commission

- 4.11 The Commission has estimated the sharing of aggregate gain/losses due to over/ under achievement in controllable parameters in line with the Incentive and Penalty Framework provided in Regulations 5.33 to 5.36 of the Distribution Tariff Regulations, 2010 and as detailed out in Section on True up for FY 2013-14 of this Order. Further, the Commission clarifies that in accordance with the provisions of above-mentioned regulations, the Petitioner is also penalised in case of under achievement of targets and the entire loss on this account has to be borne by the Petitioner.

Carrying cost of revenue gap

Public Comments/Suggestions

- 4.12 The Objector expressed difficulty in understanding the principles/ methodology adopted by the Petitioner for estimating the carrying cost on past year's revenue gap.

Petitioner's Response

- 4.13 The Petitioner submitted that it has estimated carrying cost on past years gap allowed in previous tariff orders, order on review petition and generally applied principles as explained in Section 6.3 of the Tariff Petition.

Views of the Commission

- 4.14 The Commission has estimated the carrying cost in accordance with the approved regulatory gap in the MYT Order dated 4th June 2014, the Order on Review Petition dated 31st March 2015 and the principles laid down in National Tariff Policy and Regulation 11.5 of the Distribution Tariff Regulations, 2010.

Return on Equity

Public Comments/Suggestions

- 4.15 The Objector submitted that Petitioner's practice of claiming income tax on return on equity is incorrect and the Distribution Tariff Regulations, 2010 also do not provide for any such provision.

- 4.16 The objector also pointed out that on one hand the Petitioner has considered the rate from the Income Tax Act for grossing up the ROE but has forgotten other provisions of Income Tax Act which state that such a rate of Income Tax is applicable only on the Taxable income for which a set norm or provision is given in the Income Tax Act.
- 4.17 In addition to above, the objector raised the issue related to incomplete information in the audited accounts, which makes it difficult to assess actual capital employed for purposes of computation of return on equity. The objector requested the Commission to direct the Petitioner to make an additional column for actual capital employed in the audited annual accounts.

Petitioner's Response

- 4.18 The Petitioner submitted that normative capital employed and normative equity and return on equity is determined in line with the Distribution Tariff Regulations, 2010. Further, with regards to income tax on return on equity, the matter is pending with the Hon'ble APTEL in Appeal No. 203 of 2014.

Views of the Commission

- 4.19 The normative capital employed, equity and loans are determined in line with the Distribution Tariff Regulations, 2010.
- 4.20 However, the Commission takes note of the objection regarding the preparation of proper audited accounts in accordance with the Companies Act 2013. The Commission has repeatedly directed the Petitioner to get its Power Business Accounts segregated from other business and prepare audited accounts in full compliance with the Companies Act 2013 and submit the same along with complete schedules. The Commission on scrutiny of audited accounts for FY 2013-14, feels that even though the Petitioner has made efforts to prepare complete audited accounts, the details related to actual capital employed, break up of fixed assets and liabilities, etc. is still not provided. **The Commission again directs the Petitioner to provide complete audited accounts with schedules in line with the provisions of the Companies Act 2013.**

Power purchase cost

Public Comments/Suggestions

- 4.21 The Objector submitted that the cost of power purchase of the Petitioner depends on the rate of sale of power from Tata Power to a great extent. During 2013-13, the generation from Tata Power has been lowered by 7% in Unit- 2 and 17% in Unit-3 on a year to year comparison. The Petitioner has not passed the pro-rata reduction in cost due to lower generation and on the other hand has claimed higher cost of production from TPCL.
- 4.22 Further, increase in power purchase cost is already passed by Tata Power to the Petitioner and same is also recovered from the Petitioner without approval of the Commission. The Objector enquired about the nature of the FPA charges mentioned in paragraph 3.4.3 of the petition and if these had been approved by the Hon'ble Commission.

Petitioner's Response

- 4.23 The Petitioner submitted that the payment has been made to Tata Power for purchase of power as per the approval of the Hon'ble Commission and bills received from Tata Power. With regards to the FPPPA charges the Petitioner submitted that Tata Power claims the FPA in lines with JSERC Generation Tariff Regulations 2010 and Tariff Order for Tata Power issued by the Commission. The payment for these charges is made to Tata Power in line with the above provisions.

Views of the Commission

- 4.24 The Commission has carried out detailed analysis of the power purchase of the TSL from Tata Power as detailed in the subsequent sections of this Tariff Order. Moreover the adjustment of increase in fuel cost is passed in accordance with JSERC Generation Tariff Regulations 2010.

New sub-station expenses

Public Comments/Suggestions

- 4.25 The Objector submitted that there cannot be any expenses of the nature of new Sub-station expenses. These expenses have to be taken under proper accounting heads which are well defined by the Hon'ble Commission. The Objector further submitted that a new accounting head which does not show the nature of expenses should not be allowed.

Petitioner's Response

- 4.26 The Petitioner submitted that this expense is on account of a new substation and are in the nature of R&M expenses and accordingly the expenses are booked under the R&M head of the audited accounts.

Views of the Commission

- 4.27 The Commission finds substance in the objection. The Commission has noted with grave concern that the audited accounts are still not submitted in the format provided in the Companies Act 2013. **The Commission directs the Petitioner to submit audited accounts in line with the Companies Act 2013 with proper accounting of all heads. The auditor's report specifying any anomaly in practice of booking expenses, etc. should also be submitted along with the Tariff Petition(s) in future.**

Break up of Depreciation

Public Comments/Suggestions

- 4.28 The Objector submitted that the nature of fixed assets mentioned as "depreciation key for remaining life" in Table No. 16 of the petition was not clear.

Petitioner's Response

- 4.29 The Petitioner submitted that as per the accounting practice of the Company it capitalizes the fluctuation of foreign exchange on loans separately and hence it has been categorized separately as “depreciation key for remaining life”. The Petitioner further submitted that the remaining life of relevant asset is considered as 21 years and accordingly Rs 6 lakhs have been charged under deprecation of this item for FY 2013-14.

Views of the Commission

- 4.30 The Commission notes the vagueness in description and directs the Petitioner to provide justification on account of the booking of these assets and resultant depreciation in the regulated business even though no actual loans are undertaken for the licensed business.

Distribution loss

Public Comments/Suggestions

- 4.31 The Objector submitted that 55% of total load of the Petitioner is controlled by Tata Steel and its sister concerns and a major part of the remaining load is sold to JUSCO which leaves very little scope of Distribution Loss as compared to other States.
- 4.32 The Objector further submitted that the contents of paragraph 3.10.4 of the petition seemed to be exaggerated and the amount asked for as an incentive for savings in Distribution Loss by the Petitioner should be read with the above mentioned observations.

Petitioner's Response

- 4.33 The Petitioner submitted that Distribution Loss targets have been set for all power distribution licensees in the State as per the Distribution Tariff Regulations 2010. The Petitioner further submitted that it has claimed sharing of gains on the basis of principles specified in the Distribution Tariff Regulations 2010.

Views of the Commission

- 4.34 The Commission has noted the concern raised by the objector and response submitted by the Petitioner. The Commission analysis on the issue is detailed in Section on True up for FY 2013-14 of this Order.

Rate of escalation of costs

Public Comments/Suggestions

- 4.35 The Objector submitted that the assumptions used by the Petitioner with respect to the escalation of costs need to be scrutinized thoroughly. The increase in power purchase cost is always subject to approval of the Hon'ble Commission.

Petitioner's Response

- 4.36 The Petitioner submitted that the reasoning for escalation in costs have been submitted in the Tariff Petition filed by the Petitioner.

Views of the Commission

- 4.37 The Commission has meticulously examined the details furnished by the Petitioner and scrutinized the relevant materials including actual power purchase bills, relevant Tariff Orders of generation stations and the actual /anticipated market scenario and approved the power purchase cost as per the principles specified in the Distribution Tariff Regulations 2010. The Commission has dealt with this in detail in the subsequent sections of this Order.

Revenue gap

Public Comments/Suggestions

- 4.38 The Objector enquired whether the past revenue gaps of FY 2011-12 and FY 2012-13 can be changed when the Hon'ble Commission has already approved such revenue gaps and created regulatory assets in true up exercise last year.
- 4.39 The Objector submitted that the Petitioner has asked for tariff revision for FY 2015-16 which hasn't yet commenced. The Objector further submitted that the Petitioner is asking for future losses to be recovered in the current tariff and has also claimed interest on such losses aggregating to Rs. 364 Cr.
- 4.40 The Objector enquired as to whether the carrying cost can be allowed on unforeseen revenue gap. The Objector also suggested that the methodology applied by the Petitioner for calculating the interest rate on carrying cost needs to be scrutinised.

Petitioner's Response

- 4.41 The Petitioner submitted that carrying cost on unforeseen gap is calculated on the basis of the methodology of calculation of Annual Revenue Requirement and interest thereof. The Petitioner also submitted that the Tariff revision proposed for FY 2015-16 is based on expected ARR and revenue as per prevailing tariff.

Views of the Commission

- 4.42 The Commission has dealt with the past revenue gap and carrying cost in Section A8 of this Tariff Order.

Tariff hike & rationalization

Public Comments/Suggestions

- 4.43 The Objector raised concerns on the huge increase in tariffs proposed by the Petitioner. Moreover, the proposal for change of slabs of tariff by the Petitioner does not have any rationale. The Objector submitted that the proposed reduction in the size of the most common slab from 101-400 units to 101-200 units shall have a devastating impact on the consumers. The Objector further submitted that a domestic consumer having a monthly consumption of 300 units will need to pay 76% more as compared to what is being paid as per the prevailing tariff.
- 4.44 The Objector also submitted that commercial category consumers pay the highest tariff to the Petitioner. The proposed change in tariff structure for commercial category consumers from Rs./Consumer/Month to Rs./kW/Month shall lead to an average increase of 51% for larger consumers and approximately 64% to 86% increase for other commercial category consumers which is much higher than that of larger consumers.
- 4.45 The Objector submitted that domestic and commercial consumers who own small shops, trade outlets, etc. have paid higher tariff than that paid by other consumers. The Objector suggested that the Commission may correct the inconsistency of charges paid by the other consumers in the previous years by not increasing tariff for these consumers so as to bring justice to all the consumers who have borne the brunt of this anomaly.

Petitioner's Response

- 4.46 The Petitioner submitted that the power supply network related to HT consumers have lower distribution losses, while power supply network to commercial consumers have high distribution losses. The Petitioner stated that the tariff structure has been designed by all SERC considering these facts and as per the provisions specified in the National Tariff Policy. The Petitioner further submitted that based on these factors the power tariff of commercial category consumers should be more than the power tariff of HT consumers.

Views of the Commission

- 4.47 The Commission has thoroughly dealt with the issue of past revenue gap and carrying cost in Section A8 and A9 of this Tariff Order.

Lease agreement with the Government of Jharkhand

Public Comments/Suggestions

- 4.48 The Objector submitted that Tata Steel has a lease agreement with the Govt. of Jharkhand wherein it is agreed that Tata Steel should provide within the lease area Water, Electricity, Roads, Sanitation, Health, Medical and recreational facilities to the public in the area at very low rates. Thus the present ARR and Tariff Petition for revision of rates should not be accepted.

Petitioner's Response

- 4.49 The Petitioner submitted that it has undertaken distribution of electricity as a regulated business and that there is no relation between the lease agreement cited by the objector and the licensed business of Tata Steel.

Views of the Commission

- 4.50 Post enactment of the Electricity Act, 2003, the Petitioner had filed an application for a distribution license for Jamshedpur township on December 24, 2003 u/s 15 of the Act. In the absence of the final regulations and in view of the provisions of Section 14, proviso one and Section 172(b) of the Act, JSERC vide order dated March 24, 2004 permitted Tata Steel to continue operating till the time regulations regarding the same were notified by the Commission. After notification of the JSERC (Terms and Conditions for Distribution Tariff) Regulation, 2004, action for issue of license for Jamshedpur town was initiated and subsequently the license was issued to Tata Steel Limited (TSL) on January 12, 2006 w.e.f. March 24, 2004.
- 4.51 As per the license conditions and the power provided to this Commission as per the provisions of the Electricity Act 2003, determination of retail tariff for the licensed business of the Petitioner falls within the jurisdiction of the Commission.

Interest on unfunded gap

Public Comments/Suggestions

- 4.52 The Objector submitted that the interest on the unfunded gap have increased and reached approximately Rs 600 Cr due to no tariff hike during previous three years. This will result in huge burden on the consumers. The Objector submitted that the Govt. of Jharkhand should waive of this interest amount of Rs 600 Cr to provide relief to the consumers.

Petitioner's Response

- 4.53 The Petitioner submitted that being a private Utility it does not get any subsidy towards interest accrued on revenue gap. The Petitioner requested the Commission to allow the recovery of this cost in the ARR.

Views of the Commission

- 4.54 The Commission has dealt with the above in Section A8 of this Tariff Order.

Recovery of FPPPA charge in 2012

Public Comments/Suggestions

- 4.55 The Objector submitted that in 2012 the Commission had ordered for recovery of additional 50 Paise per unit for a period of six months. The Objector further submitted that the Petitioner has continued to levy this charge on its consumers even today.

Petitioner's Response

- 4.56 The Petitioner has submitted that claims made are incorrect and for detailed analysis the objector should submit required proofs for its claims.

Views of the Commission

- 4.57 The Commission in Case No. 48 of 2011 dated 11 February 2012 had allowed recovery of additional charge in lieu of Fuel Price and Power Purchase Adjustment (FPPPA) cost for a period of six months from March 01, 2012 to September 30, 2012. However in case this increased rate is still charged to the consumer, the consumer can file a Petition along with copies of the bill to the Commission for relief.

Sale of electricity to own employees

Public Comments/Suggestions

- 4.58 The Objector submitted that out of total 42,000 consumers of the Petitioner, approximately 18,000 consumers are employees of Tata Steel, residing in the Jamshedpur Area. These consumers are sold power at half the rate of approved tariff, which increases the revenue gap. Such a practice should be curbed as it increases burden on other consumers.

Petitioner's Response

- 4.59 The Petitioner submitted that this statement is incorrect. Employees of Tata Steel are also billed at Tariff determined by the Commission.

Views of the Commission

- 4.60 As the Objector has not submitted any documentary evidence, the Commission does not find any basis for such objection.

Separate Tariff Category for induction furnaces

Public Comments/Suggestions

- 4.61 The Objector suggested that a separate tariff category should be introduced in Jamshedpur for consumers having induction furnaces.

Petitioner's Response

- 4.62 The Petitioner submitted that at present all industrial consumers are categorized under HT-1, HT-2, HT-3 and HT-4 categories based on their contract demand. The Petitioner stated that creating a separate category for induction furnaces shall not serve any purpose as the tariff for the same shall have to be equivalent to the tariff approved for all other Industrial Consumers.

- 4.63 The Petitioner submitted that Section 62(3) of the Electricity Act 2003 specifies that no special preference shall be given to any consumer while determining the tariff and stated that giving preferential tariff to some industrial consumers who have induction furnaces shall go against the principles of the Act.
- 4.64 The Petitioner submitted that with respect to HTSS category existing in JSEB area, the category was introduced in 1999 by the BSEB as a means to curb electricity theft in those days. The Petitioner further submitted that this category has continued for historical reasons and that there is no rationale for introduction of this category

Views of the Commission

- 4.65 The Commission has assessed the suggestion of the consumer and the submission of the Petitioner. The Commission has not found sufficient ground or legal justification for introduction of a separate category for consumers having induction furnaces.

A5: TRUE UP OF FY 2013-14

- 5.1 The Commission in its MYT Order for FY 2013-14 to FY 2015-16 determined the ARR for each year of the Control period i.e. FY 2013-14 to FY 2015-16 based on the principles specified in the Distribution Tariff Regulations, 2010 and the information provided by the Petitioner.
- 5.2 The Petitioner has now sought approval from the Commission for true up of variation ARR for FY 2013-14 based on audited annual accounts.
- 5.3 The Commission has undertaken the exercise for true up of controllable and uncontrollable components of ARR in line with Regulations 5.30 to 5.32 of the Distribution Tariff Regulations, 2010, as reproduced below.

“5.30 The variation on account of uncontrollable elements shall be treated as a pass through to be ultimately charged to the consumers, subject to validation and approval by the Commission;

5.31 The Commission shall also permit pass-through of variations in controllable items on account of Force Majeure events such as acts of god, war, change in law etc, in the ARR for the ensuing year, based on the submission of actual values by the Licensee and subsequent validation and approval by the Commission;

5.32 The variation, from targets specified by the Commission, on account of controllable elements shall be subject to incentive-penalty framework, as detailed in the subsequent section”.

- 5.4 For purposes of clarity, the following table summarises the controllable and uncontrollable elements of the ARR, as defined in the Regulation 5.29 of the above-mentioned regulations.

Table 8 Controllable & Un-controllable ARR elements

| ARR Element | “Controllable”/“Uncontrollable” |
|---|---------------------------------|
| Sales | Uncontrollable |
| Power Purchase Cost (excluding short term power) | Uncontrollable |
| Transmission & Load Dispatch charges; | Uncontrollable |
| O&M Expenses (excluding terminal liabilities of employees) | Controllable |
| Terminal liabilities of employees | Uncontrollable |
| Interest and Financial Charges (including interest on loans, interest on working capital, interest on consumer security deposit, lease charges) | Controllable |
| Return on Equity | Controllable |
| Depreciation | Controllable |
| Taxes on Income | Uncontrollable |

| | |
|---|----------------|
| Foreign Exchange Rate variation | Uncontrollable |
| Non-Tariff income | Uncontrollable |
| Income from Other Businesses | Uncontrollable |
| Distribution Loss and Collection Efficiency | Controllable |
| Quality of Supply | Controllable |
| Capital Expenditure | Controllable |

5.5 Accordingly, the Commission has passed through variation on account of uncontrollable parameters after proper due diligence and verification, analysed the variation on account of controllable parameters which are subject to incentive/penalty framework subject to prudence check and verification.

5.6 In addition to above, while undertaking the truing up for FY 2013-14, the Commission is also guided by the Regulation 11.3, 11.4 and 11.5 of the Distribution Tariff Regulations, 2010, as reproduced below.

“11.3 These Regulations do not provide for any truing up for controllable items during the Control Period. Depreciation and return on capital shall be trued up only at the end of the Control Period. Truing up of other controllable items would be done only on account of Force Majeure events;

11.4 Variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up with the Annual Performance Review. Truing-up shall be carried out for each year based on the actual/audited information and subject to the prudence check by the Commission;

11.5 Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that any adverse financial impact for variation in uncontrollable items due to lapse on part of the Licensee or its suppliers/contractors shall not be allowed in truing up;

The Commission, to ensure tariff stability, may include the trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period”

5.7 Accordingly, the Commission has analysed the submission of the Petitioner with respect to the truing up of ARR for FY 2013-14, and has undertaken the true up exercise of various components based on the principles specified in the Distribution Tariff Regulations, 2010.

5.8 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Balance

Petitioner's Submission

- 5.9 The Petitioner submitted the actual energy sales, distribution losses and power purchase are as per its audited annual accounts for FY 2013-14.
- 5.10 Accordingly, the Petitioner submitted the actual energy available and energy sales (including sales to steel works) for FY 2013-14 as 2668 MU and 2558 MU, respectively. The Petitioner also submitted that the actual distribution losses achieved by the Petitioner for FY 2013-14 are 4.75% which are 0.15% less than the loss approved by the Commission in the previous Tariff Order.

Commission's Analysis

- 5.11 The Commission now approves the energy sales for FY 2013-14 at 2558 MU including 220 MU on account of sales to other licensee/ JUSCO based on the audited accounts. The Commission also verified sales to JUSCO MU from power purchase bills of TSL to JUSCO for FY 2013-14.
- 5.12 During FY 2013-14, the Petitioner has procured power from Tata Power Company Ltd (TPCL), Damodar Valley Corporation (DVC) and Tata Steel Works - captive (TSW Captive) for meeting energy requirements of its steel works and consumption in its licensed area. In addition, the Petitioner has also purchased RECs to meet its Renewable Purchase obligations (RPO).
- 5.13 For power procured from Unit –2 and Unit – 3 of TPCL, the Commission has approved the quantum of 1417 MU for trueing up after due verification of bills submitted for Unit-2 and Unit-3 respectively. With respect to the power purchased from DVC, the Commission has approved 267 MU from DVC 132 kV and 976 MU from DVC 400 kV after scrutinizing the power purchase bills issued by DVC to the Petitioner. Further, the Commission has approved 7 MU of power purchase from TSL-Captive in accordance with the audited accounts and details submitted by the Petitioner.
- 5.14 Based on the approved energy sales and power purchase quantum for FY 2013-14, the Commission estimated the distribution losses as 4.72% and same is approved for FY 2013-14.
- 5.15 The following table details the energy sales, distribution losses and power purchase as approved by Commission in previous Tariff Order, actual now submitted by the Petitioner and approved by the Commission now for FY 2013-14.

Table 9 Energy Balance approved for FY 2013-14

| Particulars | Approved in MYT | Petitioners submission | Approved now |
|---|-----------------|------------------------|--------------|
| A. ENERGY REQUIREMENT (MUs) | | | |
| Sales to Other Licensee | 235 | 220 | 220 |
| Dist. Losses on Sales to Other Licensee | 0.0% | 0.00% | 0.00% |
| Units Lost on Sales to Other Licensee | - | - | - |
| Energy Req. for Sales to Other Licensee | 235 | 220 | 220 |
| | | | |
| Sale to Steel Works (HT-IV) | 85 | 147 | 147 |

| Particulars | Approved in MYT | Petitioners submission | Approved now |
|--|-----------------|------------------------|--------------|
| Dist. Losses on Sales to Steel Works | 0.0% | 0.00% | 0.00% |
| Units Lost on Sales to Steel Works | - | - | - |
| Energy Req. for Sales to Steel Works | 85 | 147 | 147 |
| | | | |
| Sale to other consumers | 2,239 | 2,192 | 2191 |
| Dist. Losses on Sales to Other Consumers | 6.00% | 4.75% | 4.72% |
| Units Lost on Sales to Other Consumers | 143 | 109 | 109 |
| Energy Req. for Sales to Other Consumers | 2,382 | 2,301 | 2,301 |
| | | | |
| Overall Sales | 2,560 | 2,558 | 2558 |
| Overall Distribution Losses % | 5.29% | 4.10% | 4.07% |
| Overall Distribution Losses | 143 | 109 | 109 |
| TOTAL ENERGY REQUIREMENT | 2,703 | 2,668 | 2,667 |
| | | | |
| B. ENERGY AVAILABILITY | | | |
| TPCL | 1,608 | 1,417 | 1,417 |
| Damodar Valley Corporation 132kV | 438 | 267 | 267 |
| Damodar Valley Corporation 400kV | 434 | 976 | 976 |
| TSW - Captive | 169 | 7 | 7 |
| RPO | 54 | - | - |
| Others/Open Access | - | - | - |
| Total Pooled Energy Availability | 2,703 | 2,668 | 2,667 |

Power Purchase Cost

Petitioner's Submission

- 5.16 As mentioned above, the Petitioner is procuring power from TPCL, DVC and TSW-Captive for its steel works and consumption in its licensed area, which is apportioned by it on the basis of share of Steel Works and power distribution business.
- 5.17 The Petitioner submitted the actual power purchase cost for the FY 2013-14 at Rs 1130.10 Cr. The rate of power purchase for Unit 2 of TPCL was Rs. 3.91 per unit, for Unit 3 of TPCL was Rs 3.84 per unit for Unit 3 TPCL, for DVC 132 kV was Rs 3.99 per unit, for DVC 400 kV was Rs 4.71 per unit and for TSL Captive at Rs 2.76 per unit for FY 2013-14.
- 5.18 In addition to above, the Petitioner prayed to allow the pass through of revenue gap of Rs 2.90 Cr for FY 2011-12 of TPCL to be recovered in six monthly equal instalments from the Petitioner.

- 5.19 The Petitioner further submitted that during the year FY 2013-14, the Petitioner could not meet the entire RPO Obligations due to financial crisis, scarcity of working capital caused by unrecovered gap for the Petitioner and non-processing of FPPPA resulting in a loss of Rs 743 Cr as on March 2014. Thus it has only procured 12 equivalent MUs of solar power through RECs at an average rate of Rs. 9.34 per unit and same is requested to be allowed. While balance RPO, estimated on basis of total energy requirement net of power purchase from DVC at 132 kV, shall be carried forward and will be met during FY 2014-15.

Commission's Analysis

- 5.20 The Commission scrutinised the actual power purchase bills from all sources as submitted by the Petitioner along with the FPPPA petitions for FY 2013-14, the audited accounts for the year and the information submitted as part of the Tariff Petition.
- 5.21 In case of power purchase from TPCL – Unit II and Unit III, the Commission has approved the cost of power purchase on the basis of audited annual accounts after verification of all the power purchase bills for the year. Similarly, the power purchase cost from DVC at 132 kV and at 400 kV has been approved on the basis of audited annual accounts after verification of all the power purchase bills for the year. The impact on change in rate of power purchase is also passed on for TSL captive that is approved at the lowest rate of power purchase during the year.
- 5.22 With regards the adjustment of revenue gap of Rs 2.90 Cr of TPCL (as per True up of FY 2011-12) claimed by the Petitioner during the true up for FY 2013-14, the Commission clarifies that such amount was allowed to be recovered during FY 2014-15 in accordance with the TPCL Order dated 28th April 2014. Accordingly, same has not been considered in true up for FY 2013-14.
- 5.23 With respect to the computation of RPO for the Petitioner, the Commission accepts the methodology proposed by the Petitioner which is in line with the methodology followed by the Commission in case of power sold to JUSCO from TSL and accordingly, have estimated the RPO on total energy requirement estimated now for FY 2013-14 net of power purchase from DVC at 132 kV. Accordingly, the Commission estimates the revised RPO Obligation of the Petitioner for FY 2013-14 as 96 MU out of which 24 MU is solar obligation 72 MU is non-solar obligation. Moreover, the Commission in its previous Tariff Order had allowed for carry forward shortfall/excess in RPO obligation upto FY 2012-13 while estimating the RPO targets for FY 2013-14. After adjusting past shortfall/excess in RPO targets, the revised target for solar obligation during FY 2013-14 is estimated at 34 MU and that for non-solar obligation at 7 MU.
- 5.24 The Petitioner submitted that it has only procured 12 MU equivalent RECs to fulfil its solar obligation partly at a cost of Rs. 11.21 Crore and same has been verified from the IEX bills submitted by the Petitioner. The Commission notes that the Petitioner has submitted that it experienced challenges with respect to its financial position, which hindered the Petitioner in meeting the RPO obligation. Hence the Commission grants the carry forward of the shortfall in RPO to the subsequent year.
- 5.25 The following table summarises the Power Purchase cost for FY 2013-14 as approved by the Commission in the MYT Order dated June 4, 2014, the actual Power Purchase Cost submitted by the Petitioner in its Tariff petition and now approved by the Commission for the true up for FY 2013-14.

Table 10 Power Purchase Cost approved for truing up of FY 2013-14 (Rs Cr)

| Sl. No. | Particulars | Approved in MYT | Petitioners submission | Approved now |
|----------|--|-----------------|------------------------|-----------------|
| A | Tata Power Co. Ltd. - Regulated | | | |
| | Units Purchased (MU's) | | | |
| | <i>Unit II</i> | 804.00 | 748.00 | 748.00 |
| | <i>Unit III</i> | 804.00 | 669.00 | 669.00 |
| | Total | 1,608 | 1,417 | 1,417 |
| | Per Unit Price (Rs. / kWh) | | | |
| | <i>Unit II</i> | 2.83 | 3.91 | 3.91 |
| | <i>Unit III</i> | 2.77 | 3.84 | 3.84 |
| | <i>Total</i> | 2.80 | 3.88 | 3.88 |
| | Power Purchase Cost (Rs. Crs) | | | |
| | <i>Unit II</i> | 227.90 | 292.47 | 292.47 |
| | <i>Unit III</i> | 223.05 | 257.09 | 257.09 |
| | <i>Total</i> | 450.95 | 549.56 | 549.56 |
| B | Damodar Valley Corporation - 132 kV | | | |
| | Units Purchased (MU's) | 438 | 267 | 267 |
| | Per Unit Price (Rs. / kWh) | 4.06 | 3.99 | 3.99 |
| | Power Purchase Cost (Rs. Crs) | 177.98 | 106.64 | 106.63 |
| C | Damodar Valley Corporation - 400 kV | | | |
| | Units Purchased (MU's) | 434 | 976 | 976 |
| | Per Unit Price (Rs. / kWh) | 4.96 | 4.71 | 4.71 |
| | Power Purchase Cost (Rs. Crs) | 215.12 | 459.87 | 459.87 |
| D | TSL Captive | | | |
| | Units Purchased (MU's) | 169.00 | 7.00 | 7.00 |
| | Per Unit Price (Rs. / kWh) | 2.80 | 2.76 | 3.88 |
| | Power Purchase Cost (Rs. Crs) | 47.28 | 2.01 | 2.71 |
| E | RPO | | | |
| | Units Purchased (MU's) | 54.00 | - | - |
| | Power Purchase Cost (Rs. Crs) | 43.30 | 11.21 | 11.21 |
| F | Total Pooled Power Purchase | | | |
| | Units Purchased (MU's) | 2,703.00 | 2,668.00 | 2,667 |
| | Per Unit Price (Rs. / kWh) | 3.46 | 4.23 | 4.24 |
| | Power Purchase Cost (Rs. Crs) | 934.63 | 1,129.29 | 1,129.99 |
| | add: Diff of TSL Captive amount | | 0.81 | - |
| G | Net Power Purchase | | | |
| | Units Purchased (MU's) | 2,703.00 | 2,668.00 | 2,667 |
| | Per Unit Price (Rs. / kWh) | 3.53 | 4.24 | 4.24 |
| | Net Power Purchase Cost (Rs. Crs) | 934.63 | 1,130.10 | 1,129.99 |

Operation and Maintenance Expenses

Petitioner's Submission

5.26 The Petitioner has submitted projections for O&M cost comprising of employee costs, A&G costs and R&M costs based on actual costs incurred during FY 2013-14. The Petitioner submitted that it has incurred total O&M costs of Rs. 64.15 Crore in FY 2013-14 which is lower than the approved costs in the MYT order due to efficiency improvements made by the Petitioner during the year.

Commission's Analysis

5.27 The Commission in its MYT Order dated 4th June 2014 has estimated the norm for O&M costs as Rs. 87.18 Crore. This included R&M costs of Rs. 56.43 Crore estimated on basis of 13% of opening GFA. However, on the basis of the Order on Review Petition dated 31st March 2015, the opening GFA for FY 2013-14 has been revised to Rs. 467 Crore and accordingly, the approved R&M costs for FY 2013-14 stands corrected at Rs. 69.41 Crore. The revised approved O&M costs for FY 2013-14 works out to Rs. 100.15 Crore.

5.28 In line with the Regulations 5.29 to 5.32 of the Distribution Tariff Regulations, 2010, the O&M expense (excluding terminal liabilities of employees) is a controllable element of the ARR and any variation from targets on account of controllable elements is subject to incentive-penalty framework.

5.29 Accordingly, the Commission has approved the actual O&M costs incurred during FY 2013-14 of Rs. 64.15 Crore and pass through the share of Petitioner in aggregate savings in reduction of O&M cost vis-à-vis corrected target for O&M cost specified in Para 5.27 above which is dealt in in Paras 5.62 to 5.66 of this Order.

5.30 The following table summarises the O&M expenses as approved by the Commission in the MYT order dated June 4, 2014, revised target in accordance with Order dated 31st March 2015, the actual O&M expenses submitted by the Petitioner in the present petition and now approved by the Commission for the truing up for FY 2013-14:

Table 11 O&M expenses for FY 2013-14 trued up by the Commission (Rs Cr)

| Particulars | Approved in MYT Order | Revised as per Order dt. 31.03.15 | Submitted by TSL | Approved Now |
|---------------------------------|-----------------------|-----------------------------------|------------------|--------------|
| Employee Expenses | 16.70 | 16.70 | 19.90 | 19.90 |
| R&M costs | 56.43 | 69.41 | 29.32 | 29.32 |
| A&G costs | 14.05 | 14.05 | 14.93 | 14.93 |
| Total O & M Expenses | 87.18 | 100.15 | 64.15 | 64.15 |

Capital Works In Progress (CWIP) & Gross Fixed Asset (GFA)*Petitioner's Submission*

- 5.31 The Petitioner submitted that the CWIP, GFA have been arrived on the basis of audited annual accounts of FY 2013-14. The closing CWIP submitted by the Petitioner was to the tune of Rs 15.52 Cr and additions to GFA were to the tune of Rs. 19.41 Cr.

Commission's Analysis

- 5.32 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that capital expenditure is a controllable element of the ARR and any truing up under this head shall be carried out at end of control period. However, Note 1 under Regulation 6.16 of the above-mentioned regulations provides for re-look at the capitalisation on account of deferment in actual capitalisation falling within the original scope of work and same can be serviced in the normative debt –equity ratio specified in the said Regulations.
- 5.33 On scrutiny of the information submitted by the Petitioner, the Commission observed that the works carried out by the Petitioner were within the original scope of work approved by the Commission in its MYT Order dated June 04, 2014, while change in the phasing of works have been observed. Accordingly, the Commission has approved the GFA, CWIP and capital expenditure incurred during the year as per the audited accounts for FY 2013-14 based on the provisions specified in the above mentioned Regulations and the information submitted by the Petitioner.
- 5.34 The following table summarises the GFA & CWIP as approved by the Commission in the MYT Order dated June 4, 2014, the revised approval on basis of Order dt. 31.03.2015, the actual submitted by the Petitioner in present petition and now approved by the Commission for FY 2013-14.

Table 12 CWIP and GFA trued up for FY 2013-14 by the Commission (Rs Cr)

| Particulars | Approved in MYT Order | Revised as per Order dt. 31.03.15 | Submitted by TSL | Approved Now |
|---|-----------------------|-----------------------------------|------------------|---------------|
| A. Capital Works in Progress (CWIP) | | | | |
| Opening CWIP | 17.29 | 17.29 | 17.29 | 17.29 |
| Add: Additions (Capex during FY) | 21.90 | 21.90 | 17.83 | 17.64 |
| Sub-total | 39.19 | 39.19 | 35.11 | 34.93 |
| Less: Capitalization (T/fed to GFA during FY) | 10.90 | 10.90 | 19.60 | 19.41 |
| Closing CWIP | 28.29 | 28.29 | 15.52 | 15.52 |
| B. Gross Fixed Assets(GFA) | | | | |
| Opening GFA | 367.43 | 467.00 | 467.00 | 467.00 |
| Add: Additions during FY | 10.90 | 10.90 | 19.41 | 19.41 |
| Closing GFA | 378.33 | 477.90 | 486.41 | 486.41 |

Depreciation

Petitioner's Submission

5.35 The Petitioner submitted that its computation of depreciation has been carried out on the basis of the rates as provided in Appendix -I to the Distribution Tariff Regulations 2010 as per the Straight Line Method of computation. Further, the depreciation costs proportionate to the extent of fixed assets being funded through Consumer Contribution amounting to Rs. 3.03 Cr had been deducted from the total depreciation in order to arrive at the net depreciation proposed for Rs.31.20 Cr for FY 2013-14.

Commission's Analysis

5.36 As per the Regulation 11.3 of the Distribution Tariff Regulations, 2010, the Depreciation and return on capital shall be trued up only at the end of the Control Period. Accordingly, the Commission has not trued up depreciation expense as per the actual expenditure incurred and shall undertake that exercise on completion of the control period. Meanwhile, as the value of opening GFA had incurred change due to impact of Order dt. 31.03.2015 and approval of revised capitalisation schedule, the Commission has passed this adjustment and revised depreciation charges only to that extent.

5.37 The following table summarizes the gross and net depreciation as approved by the Commission in the MYT order dated June 4, 2014, actual submitted by the Petitioner in present petition and now approved by the Commission for FY 2013-14.

Table 13 Depreciation for FY 2013-14 by the Commission (Rs Cr)

| Particulars | Approved in MYT Order | Submitted by TSL | Approved Now |
|---|-----------------------|------------------|--------------|
| Depreciation during the year | 23.02 | 34.23 | 29.43* |
| Less: Dep. on A/c of CC | 2.70 | 3.03 | 2.61* |
| Net Depreciation during the year | 20.32 | 31.20 | 26.83 |

* Adjusted based on Order on Review Petition to MYT Order dated June 04, 2014

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

5.38 The Petitioner submitted normative interest on loan at Rs. 28.11 Cr for FY 2013-14 as per the methodology prescribed by the Commission in previous Tariff Orders and considering the impact of Commission's Order dated 31st March 2015.

Commission's Analysis

- 5.39 In accordance with the Distribution Tariff Regulations, 2010, the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution while the normative repayment is deemed to be equal to the depreciation charge during the year.
- 5.40 Further, in accordance with the above mentioned regulations, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of 14.45% per annum as per the MYT Order dated June 04, 2014.
- 5.41 The following table summarises interest on loan as approved by the Commission in the MYT order dated June 4, 2014, actual now submitted by the Petitioner and approved by the Commission for trueing up of FY 2013-14.

Table 14 Interest on loan trueed up for FY 2013-14 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved now |
|-----------------------------------|---------------------------|-----------------------------|---------------|
| Opening Balance of Normative Loan | 143.76 | 204.25 | 210.27* |
| Deemed Addition during the year | 4.81 | 11.80 | 11.67 |
| Deemed Repayments | 20.32 | 31.20 | 26.83 |
| Closing Balance of Deemed Loan | 128.25 | 184.85 | 195.11 |
| Average balance during the Year | 136.00 | 194.55 | 202.69 |
| Interest Rate (%) | 14.45% | 14.45% | 14.45% |
| Interest Payment | 19.65 | 28.11 | 29.29 |

*Adjusted based on Order on Review Petition to MYT Order dated June 04, 2014

- 5.42 As can be seen from table above, the Petitioner has wrongly computed the opening balance of normative loan after considering the impact of Commission's Order dated 31st March 2015. The Commission has estimated the above value in line with the methodology prescribed in the Distribution Tariff Regulations, 2010 and the revised values for closing GFA for FY 2012-13 as per the Order dated 31st March 2015.

Interest on Security Deposits*Petitioner's Submission*

- 5.43 The Petitioner has projected interest on security deposits at an interest rate of 9.30%. Accordingly for FY 2013-14, the Petitioner has estimated the interest on security deposit to Rs.1.21 Cr.

Commission's Analysis

- 5.44 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that interest on security deposits is controllable and adjustment shall be done only at end of control period.

- 5.45 Accordingly the Commission has approved interest on security deposit as per the MYT Order dated June 04, 2014. The following table summarizes the interest on security deposits as approved in the previous tariff order, actual now submitted by the Petitioner and approved now by the Commission for FY 2013-14.

Table 15 Interest on Security Deposits for FY 2013-14 trued up by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved in now |
|------------------------------|---------------------------|-----------------------------|-----------------|
| Interest on Security Deposit | 1.27 | 1.21 | 1.27 |

Interest on Working Capital

Petitioner's Submission

- 5.46 The Petitioner submitted normative interest on working capital at Rs 8.20 Cr for FY 2013-14 as per the methodology prescribed by the Commission and considering an interest rate of 14.45%.

Commission's Analysis

- 5.47 The Commission has allowed interest on working capital for FY 2013-14 as per the methodology specified in the Distribution Tariff Regulations 2010. The interest rate of 14.45% p.a. as already approved in the Tariff Order for FY 2013-14 has been considered for the purposes of estimating interest on normative working capital.
- 5.48 The following table summarises the total interest on working capital as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2013-14:

Table 16 Interest on Working Capital trued up for FY 2013-14 (Rs Crore)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved in True up order |
|--|---------------------------|-----------------------------|---------------------------|
| Receivables for 2 months' sale @ existing tariff | 162.56 | 154.46 | 158.29 |
| O&M expenses for 1 month | 7.26 | 5.35 | 5.35 |
| Maintenance spares @ 1% of Op. GFA | 3.67 | 4.67 | 4.67 |
| Sub-total | 173.49 | 164.48 | 168.31 |
| Less: Security deposit | 14.16 | 13.66 | 14.16 |
| Less: Power purchase cost for 1 month | 77.89 | 94.11 | 94.17 |
| Total Working Capital | 81.44 | 56.72 | 59.98 |
| Interest Rate (%) | <i>14.45%</i> | <i>14.45%</i> | <i>14.45%</i> |
| Interest on Working Capital | 11.77 | 8.20 | 8.67 |

Return on Equity (RoE)

Petitioner's Submission

5.49 The Petitioner submitted that, the normative equity had been taken at 30% of the total CWIP capitalised during the FY 2013-14 net of Consumer Contribution being transferred to Capital Reserve. Accordingly, Petitioner submitted RoE for FY 2013-14 to Rs 30.65 Cr.

Commission's Analysis

5.50 In accordance with the Distribution Tariff Regulations, 2010, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.

5.51 The Commission has allowed a rate of return of 15.5% (post tax) on equity for FY 2013-14, which is as specified in the Clause 6.20 of the above mentioned regulations. Further, as per the audited accounts for FY 2013-14 the Power Business Division of the Petitioner has reported a negative Profit before tax (PBT), the Commission is of the view that income tax paid for other business of the Petitioner cannot be allocated to the licensed business. Accordingly, the Commission approves the RoE for FY 2013-14 @ post tax return of 15.50% only, which is in line with the methodology followed by the Commission in previous Tariff Orders. Moreover, the matter is pending before the Hon'ble APTEL in Appeal No. 203 of 2014.

5.52 The following table summarizes the return on equity as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2013-14.

Table 17 RoE approved by the Commission FY 2013-14 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved in True up order |
|-------------------------------------|---------------------------|-----------------------------|---------------------------|
| Opening Balance of Normative Equity | 98.13 | 128.00 | 128.00 |
| Deemed Additions | 2.06 | 5.06 | 5.00 |
| Closing Balance of Normative Equity | 100.19 | 133.06 | 133.00 |
| Average Equity | 99.16 | 130.53 | 130.50 |
| RoE (%) | 15.50% | 23.48% | 15.50% |
| RoE | 15.37 | 30.65 | 20.23 |

Non-Tariff Income (NTI)

Petitioner's Submission

5.53 The Petitioner submitted actual Non-tariff income for FY 2013-14 to be Rs. 3.66 Cr as per audited annual accounts which include meter rent, delayed payment surcharge, miscellaneous expenses and supervision charges, etc.

Commission's Analysis

- 5.54 The Non-tariff income includes meter rent, equipment charges, hire charges from electrical installations and supervision charges.
- 5.55 As per Regulation 5.28 of the Distribution Tariff Regulations, 2010 specifies that Non-Tariff Income is an uncontrollable element of the ARR. Regulation 5.30 of the said Regulations specifies that variation on account of uncontrollable items shall be treated as a pass through to be ultimately charged to the consumers subject to validation and approval of the Commission. Further Regulation 11.4 also provides for truing up for each year of variation on account of uncontrollable items based on actual/ audited information subject to prudence check by the Commission.
- 5.56 Accordingly, the Commission has approved the Non-tariff income as per the audited accounts for the FY 2013-14 at Rs.3.66 Cr.

Revenue from Existing Tariff

Petitioner's Submission

- 5.57 The Petitioner submitted the total revenue from sales during FY 2013-14 was Rs 926.79 Cr as per the audited annual accounts for FY 2013-14.

Commission's Analysis

- 5.58 The Commission scrutinised the accounts for verification of revenue from sale of power. The Commission noted that as per accounts, revenue from power sold to consumers other than JUSCO is Rs. 856.77 Crore and same has been approved by the Commission for FY 2013-14.
- 5.59 The revenue from power sold to JUSCO is estimated on basis of actual power sale to JUSCO and the average cost of power purchase during the year. The actual energy sold to JUSCO during FY 2013-14 is 220 MU and average power purchase rate for FY 2013-14 approved by the Commission is Rs. 4.24 per unit. Accordingly, revenue from power sale to JUSCO during FY 2013-14 is estimated at Rs. 93 Crore.
- 5.60 Accordingly, the Commission has approved the total revenue from energy sales as Rs. 949.77 Crore during FY 2013-14.

Incentive on loss reduction & O&M Expenses

Petitioner's Submission

- 5.61 The Petitioner has also claimed sharing of efficiency of gains on savings of power purchase cost due to loss reduction and O&M expense as well savings in income tax on the gain component. Accordingly, Petitioner has estimated incentive for loss reduction as Rs 7.77 Cr, Rs 13.82 Cr for savings in O&M expenses and income tax on savings of Rs 7.34 Cr.

Commission's Analysis

- 5.62 In the Tariff Order for FY 2013-14, the Commission had approved the distribution losses at 6.50% for FY 2013-14 as per the Distribution Tariff Regulations, 2010. The actual overall losses achieved estimated for FY 2013-14 are 4.72%. It is pertinent to mention here that projected losses are approved on the basis of assumption of sales growth and increase in service area, while during the year the Petitioner was unable to achieve projected increase in sales – actual energy sales was less by approx. 20% than the projected energy sales in previous Tariff Order. In addition, of the total energy sales excluding sales to other licensee/JUSCO, approx. 85% of the sales are to HT consumers which have low associated losses. Further, even after repeated directives to extend its service area to domestic and rural consumers, the Petitioner has been unable to do so.
- 5.63 In the previous Tariff Orders, the Commission had specified that the distribution loss reduction targets are only ceiling target as the Petitioner is still in pre-stabilisation stage and has a favourable LT:HT ratio. The relevant extract of the Order is summarised below:
- “However the Commission notes that the approved distribution loss of the Petitioner for FY 2011-12 at 5.51% is substantially lower than the target for the year i.e. 7% as the Petitioner is still in the pre-stabilization stage of network planning and strengthening and has a favourable LT:HT ratio. In such a case the Commission expects that the Petitioner should be able to maintain minimum distribution losses. Thus even though the Commission is approving the distribution loss for FY 2012-13 at 6.50% provisionally, it would only be a ceiling target subject to true up on the basis of actual losses.”*
- 5.64 The Petitioner has also compared its distribution losses with other private utilities such as NDPL, BRPL, BYPL, Torrent, Reliance, etc. The Commission clarifies making such a comparison is incorrect as the above utilities have brought down the losses from a substantial high distribution losses ranging between 50-60% and incurred huge capital expenditure for same. Moreover these utilities took under control the entire ambit of consumers in the area which included LT consumers having very high distribution losses. The Petitioner on the other hand has a favourable HT:LT ratio and has also failed to comply with its license condition of expanding its service area even after repeated directives. Thus, in view of above, the Commission does not find any merit in approving claim of the Petitioner for pass through of efficiency gains on account of loss reduction.
- 5.65 In case of O&M expenses, the Commission observes that the Petitioner has incurred an actual O&M expense of Rs 64.15 Cr as against the revised O&M expenses of Rs 100.15 Cr considered to be approved in the MYT Order dated June 4, 2014 due to impact of Order dated 31.03.2015. Regulation 5.34 provides for mechanism of sharing of aggregate gains/losses for controllable items on annual basis. The aggregate gain is to be shared in the ratio of 60:40 between the licensee and customers; while the aggregate loss is to be borne by the Petitioner.
- 5.66 Based on the above methodology, the aggregate gain on account of savings in O&M expenses is estimated at Rs 36.00 Cr (100.15 – 64.15) for FY 2013-14. The entitlement of the Petitioner towards savings in O&M Cost is approved as 21.60 Cr for FY 2013-14. However, the Commission has not allowed any income tax savings on above amount as the Petitioner has not paid any income tax for its licensed business.

Summary of ARR for FY 2013-14 and Revenue Gap

5.67 The following table contains a summary of ARR as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2013-14.

Table 18 Summary of True up for FY 2013-14 (Rs Cr)

| Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|--|-------------------------|-------------------------|-----------------|
| Power Purchase Cost | 934.63 | 1,130.10 | 1,129.99 |
| O&M Expenses | 87.18 | 64.15 | 64.15 |
| Interest & Other Finance Charges | | | |
| Interest on Loan | 19.65 | 28.11 | 29.29 |
| Interest on consumer security deposit | 1.27 | 1.21 | 1.27 |
| Interest on Working Capital | 11.77 | 8.20 | 8.67 |
| Depreciation | 20.32 | 31.20 | 26.83 |
| CGRF/ DSM Expenses | | | |
| Total Costs | 1,074.82 | 1,262.96 | 1,260.20 |
| Add: Return on Equity | 15.37 | 30.65 | 20.23 |
| Less: Non-tariff income | 3.77 | 3.66 | 3.66 |
| Annual Revenue Requirement | 1,086.42 | 1,289.95 | 1,276.77 |
| Add: Sharing of Gains – O&M Expenses | - | 13.82 | 21.60 |
| Add: Sharing of Gains – Distribution Loss | - | 7.77 | - |
| Add: Sharing of Gains – Income Tax on Sharing of Gains | - | 7.34 | - |
| Less: Revenue @ Existing tariff | 975.33 | 926.79 | 949.77 |
| Revenue Gap / (Surplus) | 111.09 | 392.09 | 348.60 |

A6: ANNUAL PERFORMANCE REVIEW FOR FY 2014-15

6.1 The Petitioner, in its Tariff petition submitted revised estimates of for FY 2014-15 based on provisional estimations and figures available in its records and books of accounts for first six months (H1) of FY 2014-15.

6.2 Regulation 10.1 to 10.4 of the JSERC Multi Year Distribution Tariff Regulations specify the principles for annual review of performance of the licensee during the control period:

“10.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees’ performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise;

10.2 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 12 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 latest available audited/actual accounts and the tariff worked out in accordance with these Regulations;

10.3 The Licensee shall also submit the revised Aggregate Revenue Requirement and corresponding tariff adjustments as per the timelines specified in the Section 12 of these Regulations. The revised estimates shall be required to true-up the costs on account of uncontrollable variations, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets;

10.4 The Commission may also specify any modifications to the forecast of the Licensee for the remainder of the Control Period, with detailed reasons for the same.”

6.3 Accordingly based on the principles specified in the aforesaid Regulations and the information made available by the Petitioner, the Commission has analysed all the components of revenue and expenditure for FY 2014-15 and has undertaken the annual performance review exercise of various components after a prudence check.

6.4 The component-wise description of the Petitioner’s submission and the Commission’s analysis thereof is provided hereunder.

Energy Balance

Petitioner’s Submission

6.5 The Petitioner projected the energy sales, distribution losses and power purchase as per the actual energy purchase and the actual distribution loss for the first half of FY 2014-15. For projecting the energy requirement during second half of FY 2014-15, the Petitioner has considered the distribution loss approved by the Commission for FY 2014-15 in the MYT order dated 4th June 2014.

- 6.6 Accordingly, the Petitioner submitted that the energy available from all sources during FY 2014-15 is estimated at 2930 MU while the energy sales (including sales to steel works) for FY 2014-15 is 2809 MU. The Petitioner estimated distribution loss to be 4.86% for FY 2014-15.

Commission's Analysis

- 6.7 The Commission projected the energy sales for FY 2014-15 based on the actual data submitted by the Petitioner for the first half of FY 2014-15 and revised projections of sales for remainder period. Accordingly, energy sales approved now by the Commission is 2810 MU for FY 2014-15.
- 6.8 During FY 2014-15, the Petitioner has projected to procure power from Tata Power Company Ltd (TPCL), Damodar Valley Corporation (DVC), Tata Steel Works - captive (TSW Captive) and variations in demand through short term power procurement for meeting its energy requirement in its licensed area. Accordingly, the Commission has approved energy available from all sources during FY 2014-15 at 2930 MU as projected by the Petitioner.
- 6.9 Based on approved energy sales and energy availability, the approved distribution losses for FY 2014-15 are estimated at 4.81%.
- 6.10 The following table details the energy sales, distribution losses and power purchase as approved by Commission in previous Tariff Order, actual now submitted by the Petitioner and approved by now by the Commission for FY 2014-15.

Table 19 Energy Balance approved for FY 2014-15 (MU)

| Particulars | As approved in MYT | Petitioners submission | Approved now |
|--|--------------------|------------------------|--------------|
| A. ENERGY REQUIREMENT (MUs) | | | |
| Sales to Other Licensee | 55 | 269 | 271 |
| Dist. Losses on Sales to Other Licensee | 0.00% | 0.00% | 0.00% |
| Units Lost on Sales to Other Licensee | - | - | - |
| Energy Req. for Sales to Other Licensee | 55 | 269 | 271 |
| | | | |
| Sales to Steel Works (HT IV) | 98 | 156 | 156 |
| Dist. Losses on Steel Works | 0.00% | 0.00% | 0.00% |
| Units Lost on Sales to Steel Works | - | - | - |
| Energy Req. for Steel Works | 98 | 156 | 156 |
| | | | |
| Sale to other consumers | | | |
| Sales to LT consumers | 387 | 401 | 401 |
| Sales to HT consumers | 2,181 | 1,983 | 1,982 |
| Total Sales to Other Consumers | 2,568 | 2,384 | 2,383 |
| Dist. Losses on Sales to Other Consumers | 5.75% | 4.86% | 4.81% |
| Units Lost on Sales to Other Consumers | 156 | 122 | 120 |
| Energy Req. for Sales to Other Consumers | 2,724 | 2,506 | 2,503 |
| | | | |

| Particulars | As approved in MYT | Petitioners submission | Approved now |
|---|--------------------|------------------------|--------------|
| Overall Sales | 2,721 | 2,809 | 2,810 |
| Overall Distribution Losses % | 5.47% | 4.15% | 4.11% |
| Overall Distribution Losses | 156 | 122 | 120 |
| TOTAL ENERGY REQUIREMENT | 2,877 | 2,930 | 2,930 |
| B. ENERGY AVAILABILITY | | | |
| TPCL | 1,608 | 1,601 | 1,601 |
| Damodar Valley Corporation 132kV | 438 | 261 | 261 |
| Damodar Valley Corporation 400kV | 547 | 1,038 | 1,038 |
| TSW - Captive | 169 | 28 | 28 |
| RPO | 115 | - | - |
| Open access/ other sources | - | 2 | 2 |
| Total Pooled Energy Availability | 2,877 | 2,930 | 2,930 |

Power Purchase Cost

Petitioner's Submission

- 6.11 The Petitioner has projected the power purchase cost on the basis of actual for first half of FY 2014-15 and projections for remaining period considering cost escalation as per CERC notification, revision of fuel prices in international markets, revised tariff orders, etc.
- 6.12 Accordingly, the Petitioner has projected the rate of power purchase from Unit 2 and Unit 3 of TPCL at Rs. 3.89 per unit and Rs. 3.91 per unit, respectively, from DVC 132 kV at Rs. 4.69 per unit, from DVC 400 kV at 4.79 per unit and from TSL Captive at Rs. 3.90 per unit. In addition, Petitioner has submitted rate of power purchase from open access and short term sources at Rs. 5.52 per unit.
- 6.13 The Petitioner further submitted that during the first half of FY 2014-15, the Petitioner could not meet the RPO Obligations due to financial crisis. However, the Petitioner projected to purchase the shortfall in RPO during FY 2013-14 and for FY 2014-15 in the second half of the year. The rate of power purchase from Solar and Non-solar sources has been considered as per the MYT order dated 4th June 2014. Accordingly, the Petitioner submitted it shall procure 79 MU of equivalent RECs (both solar & non-solar) at total cost of Rs. 63 Crore.

Commission's Analysis

- 6.14 The Commission has scrutinised the information submitted by the Petitioner as part of its Tariff Petition, the FPPPA petitions for the period April 2014 to September 2014 and actual power purchase bills up to September 2014.
- 6.15 For power purchase from TPCL – Unit 2 and Unit 3, the Commission has approved the cost of power purchase as per the actual bills for first six months. In addition, the Commission has considered recovery of Rs. 2.90 Crore allowed to TPCL as per its Order dt. 28th April 2014.

- 6.16 Similarly, the power purchase cost from DVC at 132 kV and DVC 400 kV the Commission has been approved at the average rate of power purchase for the first six months as per the actual power purchase bills.
- 6.17 Further, the rate of purchase of power from TSL Captive has been considered at lowest rate of power purchase during the year and the rate of purchase of power from other sources/ open access has been considered as per the actual short term power procurement rate during previous month in the power exchanges as published by the CERC.
- 6.18 As mentioned above, the Commission has not considered any increase in power purchase rates during the second half of FY 2014-15. The Commission observes that any increase in power purchase rate shall be pass through subject to claim made as per the subsequent FPPPA petition by the Petitioner and verification by the Commission in line with provisions of Distribution Tariff Regulations, 2010.
- 6.19 The total RPO for FY 2014-15 (including shortfall for FY 2013-14) has been estimated by the Commission as 136 MU (which includes 49 MU towards solar obligation and 87 MU towards non-solar obligation). The Commission asked the Petitioner to submit the actual bills for supporting its claims of meeting the entire RPO shortfall during FY 2014-15. On scrutiny of bills, it was noticed that there is a shortfall in solar obligation by 22 MU and in non-solar obligation of 35 MU. As the year under review is completed, **the Commission directs the Petitioner to procure equivalent amount of RECs/ or purchase power from RES plants to meet its entire obligation during FY 2015-16 and no carry forward shall be allowed beyond the control period. In view of above, the Commission has approved the cost of actual RECs purchased i.e. Rs. 17.36 Crore during FY 2014-15.**
- 6.20 The following table summarises Power Purchase cost for FY 2014-15 approved by the Commission in the MYT order dated June 4, 2014, the actual Power Purchase Cost submitted by the Petitioner in the present petition and now approved by the Commission for FY 2014-15:

Table 20 Power Purchase Cost approved for truing up of FY 2014-15 (Rs Cr)

| Sl. No. | Particulars | Approved in MYT | Petitioner's submission | Approved Now |
|----------|--|-----------------|-------------------------|--------------|
| A | Tata Power Co. Ltd. - Regulated | | | |
| | Units Purchased (MU's) | | | |
| | <i>Unit II</i> | 804 | 797 | 797 |
| | <i>Unit III</i> | 804 | 804 | 804 |
| | <i>Total</i> | 1,608 | 1,601 | 1,601 |
| | Per Unit Price (Rs. / kWh) | | | |
| | <i>Unit II</i> | 2.89 | 3.89 | 3.87 |
| | <i>Unit III</i> | 2.82 | 3.91 | 3.86 |
| | <i>Total</i> | 2.86 | 3.90 | 3.86 |
| | Power Purchase Cost (Rs. Crs) * | | | |
| | <i>Unit II</i> | 233 | 310 | 308 |
| | <i>Unit III</i> | 227 | 314 | 310 |
| | <i>Total</i> | 459 | 624 | 618 |

| Sl. No. | Particulars | Approved in MYT | Petitioner's submission | Approved Now |
|----------|--|-----------------|-------------------------|--------------|
| B | Damodar Valley Corporation - 132 kV | | | |
| | Units Purchased (MU's) | 438 | 261 | 261 |
| | Per Unit Price (Rs. / kWh) | 4.06 | 4.69 | 4.18 |
| | Power Purchase Cost (Rs. Crs) | 178 | 123 | 109 |
| C | Damodar Valley Corporation - 400 kV | | | |
| | Units Purchased (MU's) | 547 | 1,038 | 1,038 |
| | Per Unit Price (Rs. / kWh) | 4.96 | 4.79 | 4.57 |
| | Power Purchase Cost (Rs. Crs) | 272 | 497 | 475 |
| D | TSL Captive | | | |
| | Units Purchased (MU's) | 169 | 28 | 28 |
| | Per Unit Price (Rs. / kWh) | 2.76 | 3.90 | 3.86 |
| | Power Purchase Cost (Rs. Crs)) | 48 | 11 | 11 |
| E | RPO | | | |
| | RECs purchased (MU's) | 115 | - | - |
| | Power Purchase Cost (Rs. Crs) | 52 | 63 | 17 |
| F | Other Sources/Open Access | | | |
| | Units Purchased (MU's) | - | 2 | 2 |
| | Per Unit Price (Rs. / kWh) | - | 5.52 | 4.00 |
| | Power Purchase Cost (Rs. Crs) | - | 1 | 0.80 |
| G | Net Power Purchase | | | |
| | Units Purchased (MU's) | 2,877 | 2,930 | 2,930 |
| | Per Unit Price (Rs. / kWh) | 3.51 | 4.50 | 4.20 |
| | Net Power Purchase Cost (Rs. Crs) | 1,009 | 1319 | 1,231 |

*Includes impact of TPCL Order dated 28th April 2014

Operation and Maintenance Expenses

Petitioner's Submission

- 6.21 The Petitioner has submitted separate projections for O&M cost comprising of employee costs, A&G costs and R&M costs based on the guidelines prescribed in the Distribution Tariff Regulations, 2010 and the methodology adopted by the Commission in the MYT Order dated 4th June 2014.
- 6.22 In case of employee and A&G costs, the Petitioner has applied inflation rate as approved by the Commission in the MYT order and accordingly has claimed revised cost of Rs 21.44 Crore for employee expenses and Rs 16.08 Crore for A&G costs during FY 2014-15. Similar approach is applied for projections of Golmuri substation expenses at Rs 8.35 Crore.
- 6.23 The Petitioner has estimated the R&M expenses at 13% of opening GFA in line with the MYT Order methodology and accordingly projected R&M cost of Rs 63.23 Crore for FY 2014-15.
- 6.24 Thus, the total O&M expenses as submitted by the Petitioner for FY 2014-15 is Rs 109.11 Crore.

Commission's Analysis

- 6.25 Note 1 under Regulation 6.8 of the Distribution Tariff Regulations, 2010 specifies that the Commission will consider the actual values in the Inflation factor at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation for the Control Period. Accordingly the Commission has revised the projections for employee expenses, A&G expenses and Golmuri substation expenses on the basis of actual value of inflation factor for FY 2014-15.
- 6.26 For purpose of projecting R&M expenses, the Commission has considered the actual opening value of Gross Fixed Assets for FY 2014-15 and the 'K' factor as per the MYT Order dated 4th June 2014.
- 6.27 The following table summarises the O&M expenses as approved by the Commission in the MYT order dated June 4, 2014, the actual O&M expenses submitted by the Petitioner in the present petition and now approved by the Commission for FY 2014-15:

Table 21 O&M expenses for FY 2014-15 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT | Submitted by TSL | Approved Now |
|---------------------------------|---------------------|------------------|---------------|
| Employee Expenses | 15.13 | 21.44 | 17.47 |
| R&M Expenses | 58.51 | 71.58 | 72.31 |
| A&G Expenses | 18.00 | 16.08 | 14.65 |
| Total O & M Expenses | 91.64 | 109.11 | 104.43 |

Capital Works In Progress (CWIP) & Gross Fixed Asset (GFA)*Petitioner's Submission*

- 6.28 The Petitioner has proposed a reduction in capital expenditure and capitalisation for FY 2014-15 in comparison to approved in MYT Order dated 4th June 2014 based on actual incurred during first half of the year and phasing schedule for the remaining period. Accordingly, Petitioner has projected capital expenditure during the year at Rs 10.82 Cr and additions to GFA at Rs 7.35 Cr.

Commission's Analysis

- 6.29 Note 1 under Regulation 6.16 of the Distribution Tariff Regulations, 2010 provides for re-look at the capitalisation on account of deferment in actual capitalisation falling within the original scope of work and same can be serviced in the normative debt-equity ratio.
- 6.30 On scrutiny of the information submitted by the Petitioner, the Commission observed that the works carried out by the Petitioner were within the original scope of work approved by the Commission in its MYT Order dated June 04, 2014, while change in the phasing of works have been observed. Accordingly, the Commission has approved the GFA, CWIP and capital expenditure projected for FY 2014-15 in line with the actual incurred during first half of FY 2014-15 and projections in phasing schedule for remaining half of the year.

- 6.31 The following table summarises the GFA & CWIP as approved by the Commission in the MYT Order dated June 4, 2014, the revised approval on basis of Order dt. 31.03.2015, the actual submitted by the Petitioner in present petition and now approved by the Commission for FY 2013-14.

Table 22 CWIP and GFA for FY 2014-15 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|---|---------------------------|-----------------------------|---------------|
| Capital Works in Progress (CWIP) | | | |
| Opening CWIP | 28.29 | 15.52 | 15.52 |
| Add: Additions (Capex during FY) | 27.77 | 10.82 | 10.82 |
| Sub-total | 56.06 | 26.34 | 26.34 |
| Less: Capitalization (T/fed to GFA during FY) | 16.82 | 7.35 | 7.35 |
| Closing CWIP | 39.24 | 18.99 | 18.99 |
| Gross Fixed Assets(GFA) | | | |
| Opening GFA | 378.33 | 486.41 | 486.41 |
| Add: Additions during FY | 16.82 | 7.35 | 7.35 |
| Closing GFA | 395.15 | 493.76 | 493.76 |

Depreciation

Petitioner's Submission

- 6.32 The Petitioner submitted that its computation of depreciation is based on projected GFA and utilising the rates as provided in Appendix I to the JSERC MYT Distribution Tariff Regulations 2010 as per the Straight Line Method (SLM). Further, the depreciation cost proportionate to the extent of fixed assets being funded through Consumer Contribution have been deducted from the total depreciation in order to arrive at the net depreciation allowable to be charged in the ARR. The Petitioner has claimed net depreciation of Rs 31.74 Cr for FY 2014-15.

Commission's Analysis

- 6.33 The Commission has determined the gross depreciation amount as per the opening and closing values of Gross Fixed Assets and the depreciation rates as per the JSERC MYT Distribution Tariff Regulations 2010. Further, the depreciation has been considered as net of depreciation on account of consumer contribution. The depreciation on account of consumer contribution has been calculated as per the methodology adopted in the MYT Order dated June 4, 2014.
- 6.34 The following table summarizes the depreciation as approved by the Commission in the MYT Order dated June 4, 2014, projections submitted by the Petitioner and approved by the Commission for review of FY 2014-15.

Table 23 Depreciation for FY 2014-15 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|------------------------------|---------------------------|-----------------------------|--------------|
| Depreciation during the year | 23.88 | 34.87 | 30.26 |

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|----------------------------------|---------------------------|-----------------------------|--------------|
| Less: Dep. on A/c of CC | 2.95 | 3.14 | 2.90 |
| Net Depreciation during the year | 20.93 | 31.74 | 27.36 |

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

6.35 The Petitioner has projected the normative interest on loan at Rs. 25.24 Cr for FY 2014-15 considering the rate of interest of 14.75% per annum on the basis of the methodology prescribed by the Commission in Distribution Tariff Regulations, 2010.

Commission's Analysis

6.36 In accordance with the Distribution Tariff Regulations, 2010 and the principles adopted in the previous tariff order, the Commission has computed the normative loan for the year equal to 70% of the closing value of GFA. The GFA has been considered net of consumer contribution while the normative repayment is deemed to be equal to the depreciation charge during the year.

6.37 Further, in accordance with the above mentioned regulations, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of 14.75% p.a. for FY 2014-15.

6.38 The following table summarises interest on loan as approved by the Commission in the MYT order dated June 4, 2014, projections submitted by the Petitioner and approved by the Commission for truing up of FY 2014-15.

Table 24 Interest on loan for FY 2014-15 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved in now |
|-----------------------------------|---------------------------|-----------------------------|-----------------|
| Opening Balance of Normative Loan | 128.24 | 184.85 | 195.11 |
| Deemed Addition during the year | 8.67 | 4.22 | 2.13 |
| Deemed Repayments | 20.93 | 31.74 | 27.36 |
| Closing Balance of Deemed Loan | 115.98 | 157.33 | 169.89 |
| Average balance during the Year | 122.11 | 171.09 | 182.50 |
| Interest Rate (%) | 14.75% | 14.75% | 14.75% |
| Interest Payment | 18.01 | 25.24 | 26.92 |

6.39 The Commission has also considered the impact of revision of closing GFA for FY 2012-13 as approved by it in its Order dated 31 March 2015 and revised capitalisation approved now. This has resulted in increase in normative loan balance in comparison to that submitted by the Petitioner.

Interest on Security Deposits

Petitioner's Submission

6.40 The Petitioner has projected the interest on security deposits at interest rate of 9.00% p.a. and accordingly estimated the interest on security deposit at Rs.1.30 Cr. for FY 2014-15.

Commission's Analysis

6.41 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that interest on security deposit is a controllable element of the ARR and any truing up under this head shall be carried out at end of control period. Accordingly the Commission has approved interest on security deposit as per MYT Order dated June 04, 2014. The following table summarizes interest on security deposits as approved in MYT order, actual now submitted by the Petitioner and approved now by the Commission for FY 2014-15.

Table 25 Interest on Security Deposits for FY 2014-15 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved now |
|------------------------------|---------------------------|-----------------------------|--------------|
| Interest on Security Deposit | 1.61 | 1.30 | 1.61 |

Interest on Working Capital

Petitioner's Submission

6.42 The Petitioner submitted that interest on working capital has been projected on the basis of the methodology specified in the Distribution Tariff Regulations, 2010. Accordingly, the normative interest on working capital projected by Petitioner for FY 2014-16 is Rs 11.98 Crore.

Commission's Analysis

6.43 The Commission has approved the normative working capital for FY 2014-15 on the basis of the methodology specified in the Distribution Tariff Regulations, 2010. The interest on normative working capital has been considered at the interest rate of 14.75% per annum. The following table summarises the total interest on working capital as approved in the MYT Order dated June 4, 2014, Petitioners submission and approval by the Commission for FY 2014-15:

Table 26 Interest on Working Capital approved for FY 2014-15

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|--|---------------------------|-----------------------------|--------------|
| Receivables for 2 months' sale @ existing tariff | 172.79 | 192.12 | 216.76 |
| O&M expenses for 1 month | 7.64 | 9.09 | 8.70 |
| Maintenance spares @ 1% of Op. GFA | 3.78 | 4.43 | 4.86 |
| Sub-total | 184.21 | 205.64 | 230.32 |
| Less: Security deposit | 17.90 | 14.46 | 17.90 |

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|---------------------------------------|---------------------------|-----------------------------|---------------|
| Less: Power purchase cost for 1 month | 84.06 | 109.94 | 102.58 |
| Total Working Capital | 82.25 | 81.25 | 109.84 |
| Interest Rate (%) | 14.75% | 14.75% | 14.75% |
| Interest on Working Capital | 12.13 | 11.98 | 16.20 |

Return on Equity (RoE)

Petitioner's Submission

- 6.44 The Petitioner submitted that, the normative equity had been considered at 30% of the total capitalisation projected during the FY 2014-15 net of Consumer Contribution being transferred to Capital Reserve.
- 6.45 The Petitioner also submitted that it has filed Appeal No. 203 of 2014 before the Hon'ble APTEL on the issue of grossing up of Return on Equity rate with prevailing income tax rate. The Petitioner submitted that it has projected Return on Equity at Rs 31.46 Cr for FY 2014-15 after grossing up return on equity with income tax rate.

Commission's Analysis

- 6.46 In accordance with the Distribution Tariff Regulations, 2010, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.
- 6.47 The Commission has allowed a rate of return of 15.5% (post tax) on equity for FY 2014-15, which is as per Regulation 6.20 of the above mentioned regulations and methodology adopted in MYT order.
- 6.48 The following table summarizes the return on equity as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2014-15.

Table 27 RoE approved by the Commission FY 2014-15 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|-------------------------------------|---------------------------|-----------------------------|---------------|
| Opening Balance of Normative Equity | 100.19 | 133.06 | 133.00 |
| Deemed Additions | 3.71 | 1.81 | 0.91 |
| Closing Balance of Normative Equity | 103.90 | 134.87 | 133.91 |
| Average Equity | 102.05 | 133.96 | 133.46 |
| RoE (%) | 15.50% | 23.48% | 15.50% |
| RoE | 15.82 | 31.46 | 20.69 |

Non-Tariff Income (NTI)

Petitioner's Submission

- 6.49 The Petitioner has considered Non-tariff income for FY 2014-15 at Rs. 4.06 Cr as per the approval granted in the MYT Order dated June 4, 2014.

Commission's Analysis

- 6.50 The Commission has approved NTI as per the approval granted in its previous MYT Order dated June 4, 2014 and submission made by the Petitioner as Rs 4.06 Cr subject to true-up based on audited annual accounts for FY 2014-15 and provisions of Distribution Tariff Regulations, 2010.

Revenue from Existing Tariff

Petitioner's Submission

- 6.51 The Petitioner submitted the total revenue from sales during FY 2014-15 at Rs 1152.71 Crore. The Petitioner submitted that the revenue has been estimated on the basis of actual revenue in the first half of the year and estimated revenue for second half of the year on the basis of Average Billing Rate post implementation of new tariff with effect from June 2014.

Commission's Analysis

- 6.52 The Commission has scrutinized the submissions of the Petitioner and is concerned with the non-submission of complete information in the Regulatory formats submitted along with Tariff Petition detailing slab-wise/consumer category-wise number of consumers, connected load, energy sales, revenue from fixed charges, revenue from energy charges, surcharge and meter hire charges, details of rebates, etc. for year preceding the review year, the current year and projected for ensuing year. Accordingly, the Commission directs the Petitioner to submit detailed regulatory formats providing full details of above mentioned parameters along with all completed formats, failing which its Petition will not be accepted by the Commission.
- 6.53 In absence of above, the Commission has projected revenue from existing tariff for FY 2014-15 based on projected number of consumers, connected load and energy sales as approved for FY 2014-15 now and the tariff rates as approved in MYT order dated 4th June 2015. Accordingly, the approved revenue from sale of power to consumers other than JUSCO for FY 2014-15 is considered at Rs. 1186.97 Crore. In addition, the Commission has considered revenue from sale of power to JUSCO at average power purchase rate for FY 2014-15 i.e. Rs. 4.20 per unit which works out to Rs. 113.69 Crore.

Summary of ARR for FY 2014-15 and Revenue Gap

- 6.54 The following table contains a summary of ARR for FY 2014-15 as approved in the MYT Order dated June 04, 2014, projections submitted by the Petitioner and approved now by the Commission:

Table 28 Summary of ARR and Revenue Gap for FY 2014-15 (Rs Cr)

| Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|---------------------------------------|-------------------------|-------------------------|-----------------|
| Power Purchase Cost | 1,008.68 | 1,319.32 | 1,230.97 |
| O&M Expenses | 91.64 | 109.11 | 104.43 |
| Interest & Other Finance Charges | | | |
| Interest on Loan | 18.01 | 25.24 | 26.92 |
| Interest on consumer security deposit | 1.61 | 1.30 | 1.61 |
| Interest on Working Capital | 12.13 | 11.98 | 16.20 |
| Depreciation | 20.93 | 31.74 | 27.36 |
| Total Costs | 1,153.00 | 1,498.79 | 1,407.49 |
| Add: Return on Equity | 15.82 | 31.46 | 20.69 |
| Less: Non-tariff income | 4.06 | 4.06 | 4.06 |
| Annual Revenue Requirement | 1,164.76 | 1,526.19 | 1,424.12 |
| Revenue @ Existing tariff | - | 1,152.71 | 1,300.66 |
| Revenue Gap / (Surplus) | - | 373.48 | 123.46 |

A7: REVISED ARR FOR FY 2015-16

- 7.1 The Petitioner, in its Tariff petition submitted revised estimates of ARR for FY 2015-16. However in line with the provisions of Distribution Tariff Regulations, 2010, the Commission has only passed on the impact of change in GFA as per its Order dated 31st March 2015, the revised phasing of capitalisation and indexation change in controllable parameters and considered revised projections for uncontrollable parameters.
- 7.2 Accordingly based on the principles specified in the aforesaid Regulations and the information made available by the Petitioner, the Commission has analysed the revised revenue and expenditure for FY 2015-16.
- 7.3 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Sales*Petitioner's Submission*

- 7.4 The Petitioner has considered the energy sales approved in the MYT Order dated June 04, 2014 and accordingly considered Sales of 2904 MU's in FY 2015-16.

Commission's Analysis

- 7.5 The Commission has revised the sales to other licensee/ JUSCO based on verification with the projections made by JUSCO in its power purchase projections for FY 2015-16.
- 7.6 The energy sales to other consumer categories have been considered as per the approval granted in the MYT Order dated June 4, 2014.
- 7.7 The following table shows consumer category wise approved sales as per the MYT Order, as submitted by the Petitioner and now approved by the Commission

Table 29 Energy Sales approved for ARR of FY 2015-16 (MU)

| Sales | Approved in MYT Order | Submitted by Petitioner | Approved Now |
|------------------------|-----------------------|-------------------------|--------------|
| Domestic-LT | 238 | 238 | 238 |
| Domestic-DSHT | 99 | 99 | 99 |
| Commercial | 69 | 69 | 69 |
| High Tension I | 29 | 29 | 29 |
| High Tension II | 115 | 115 | 115 |
| High Tension III | 2097 | 2,097 | 2,097 |
| High Tension IV | 113 | 113 | 113 |
| Utilities/Street Light | 106 | 106 | 106 |
| Other Licensee/Jusco | 35 | 35 | 173 |
| Temporary Supply | 3 | 3 | 3 |
| Total | 2904 | 2,904 | 3,042 |

Energy Balance

Petitioner's Submission

- 7.8 The Petitioner submitted that it has projected the net energy requirement for FY 2015-16 by grossing up the energy sales projections with distribution loss trajectory approved by the Commission in the MYT Order dated June 04, 2014.
- 7.9 The Petitioner submitted that to meet the projected energy requirement for FY 2015-16, power would be sourced from various sources including TPCL (total from Unit II & Unit III), DVC at 132 kV, DVC at 400 kV and open access/ other sources and from TSW-Captive.

Commission's Analysis

- 7.10 The Commission has projected the energy requirement for FY 2015-16 after grossing up the approved energy sales by the approved distribution loss target of 5.50%. Accordingly the energy requirement approved by the Commission for FY 2015-16 works out to 3203 MU.
- 7.11 The total energy required is projected to be met through the approved sources of power procurement in line with the MYT Order dated 4th June 2014.
- 7.12 In case of TPCL, the Commission approves 1612 MU to be available from Unit 2 & 3 for FY 2015-16. In case of DVC 132 kV and 400 kV, the Commission has approved 391 MU and 1005 MU, respectively to be available during FY 2015-16. In addition, the Commission approves 25 MU to be available from TSL Captive.
- 7.13 In case of RPO, the Commission approved total obligation for FY 2015-16 at 4% of approved energy requirement net of power purchase from DVC 132 kV which works out to 112 MU. In addition, the Petitioner is also required to meet the shortfall in RPO during FY 2014-15 as summarised in Para 6.19 of this Order during FY 2015-16. Thus, revised targets for FY 2015-16 works out to 50 MU towards solar obligation and 120 MU towards non-solar obligation. **The Commission directs the Petitioner to meet the 100% obligation during FY 2015-16 and no carry forward shall be allowed beyond the control period and any shortfall shall invite penalty by the Commission.**
- 7.14 The following table shows the Energy balance as approved in the MYT order dated June 4, 2014, as submitted by the Petitioner and as approved now by the Commission:

Table 30 Energy Balance approved for FY 2015-16 (MU)

| Particulars | As approved in MYT | Petitioners submission | Approved now |
|---|--------------------|------------------------|--------------|
| A. ENERGY REQUIREMENT (MUs) | | | |
| Sales to Other Licensee | 35 | 35 | 173 |
| Dist. Losses on Sales to Other Licensee | 0.00% | 0.00% | 0.00% |
| Units Lost on Sales to Other Licensee | - | - | - |
| Energy Req. for Sales to Other Licensee | 35 | 35 | 173 |
| Sales to Steel Works (HT IV) | 113 | 113 | 113.00 |

| Particulars | As approved in MYT | Petitioners submission | Approved now |
|--|--------------------|------------------------|--------------|
| Dist. Losses on Steel Works | 0.0% | 0.00% | 0.00% |
| Units Lost on Sales to Steel Works | - | - | - |
| Energy Req. for Steel Works | 113 | 113 | 113 |
| Sale to other consumers | | | |
| Sales to LT consumers | 416 | 416 | 416 |
| Sales to HT consumers | 2,340 | 2,340 | 2,340 |
| Total Sales to Other Consumers | 2,756 | 2,756 | 2,756 |
| Dist. Losses on Sales to Other Consumers | 5.50% | 5.50% | 5.50% |
| Units Lost on Sales to Other Consumers | 160 | 160 | 160 |
| Energy Req. for Sales to Other Consumers | 2,916 | 2,916 | 2,916 |
| Overall Sales | 2,904 | 2,904 | 3,042 |
| Overall Distribution Losses % | 5.27% | 5.23% | 5.01% |
| Overall Distribution Losses | 160 | 160 | 160 |
| TOTAL ENERGY REQUIREMENT | 3,064 | 3,064 | 3,203 |
| B. ENERGY AVAILABILITY | | | |
| TPCL | 1,612 | 1,601 | 1,612 |
| Damodar Valley Corporation 132kV | 438 | 391 | 391 |
| Damodar Valley Corporation 400kV | 722 | 1,042 | 1,005 |
| TSW - Captive | 169 | 25 | 25 |
| RPO | 123 | 0 | 170 |
| Open access/ other sources | - | 5 | - |
| Total Pooled Energy Availability | 3,064 | 3,064 | 3,203 |

Power Purchase Cost

Petitioner's Submission

- 7.15 The Petitioner submitted that for projecting power purchase costs for FY 2015-16, and average increase of 9% in projected power purchase rates has been considered over the previous year.
- 7.16 The Petitioner submitted that average rate of power purchase from TPCL is considered at Rs. 4.25 per unit and the total power purchase cost from TPCL comes out to Rs 680 Cr.
- 7.17 The Petitioner projected the power purchase cost from DVC 132 kV at Rs 200 Cr and that of DVC 400 kV at Rs 544 Cr.
- 7.18 The Petitioner also submitted that it has considered a small quantum of 25 MUs at an average rate of Rs 4.25 per unit to be purchased from Tata Steel Works (TSW). The cost of power from TSW has been projected at Rs 11 Cr by the Petitioner.

- 7.19 In addition, the Petitioner has also proposed to purchase 5 MU from short term/open access at an average rate of Rs. 5.50 per unit.
- 7.20 The cost of meeting RPO obligation has been considered as per the rates approved by the Commission in MYT Order and projected as Rs. 48 crore.
- 7.21 Based on above, the Petitioner has submitted total power purchase cost at Rs. 1486 Crore at an average rate of Rs. 4.69 per unit.

Commission's Analysis

- 7.22 The Commission has approved the power purchase cost from Unit 2 and Unit 3 of TPCL on the basis of actual power purchase cost in the first half of FY 2014-15. The Commission has also adjusted the surplus of Rs 13.69 crore as per the true-up of FY 2011-12 and 2012-13 in the APR Tariff Order for TPCL dated May 31, 2015.
- 7.23 For power procurement from DVC at 132kV and DVC at 400 kV the power purchase cost has been approved on the basis of actual power purchase cost from respective sources in the first half of FY 2014-15.
- 7.24 The Commission has approved the power purchase cost from TSL-Captive units as per the principles approved in the previous Tariff Orders by considering the lower per unit power procurement cost from TPCL source.
- 7.25 The Commission has considered the procurement for meeting RPO after adjusting for shortfall in the RPO compliance in FY 2013-14 and FY 2014-15. The cost of power procurement for meeting solar RPO has been approved on the basis of generic tariff for solar power approved by CERC for FY 2015-16, while the cost of power for meeting non solar RPO has been considered as per the approval granted in the MYT Order dated June 04, 2014.
- 7.26 The following table summarises the Power Purchase cost for FY 2015-16 as approved by the Commission in the MYT order dated June 4, 2014 the actual Power Purchase Cost submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16:

Table 31 Power Purchase Cost approved for ARR of FY 2015-16 (Rs Cr)

| Sl. No. | Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|----------|--|-------------------------|-------------------------|--------------|
| A | Tata Power Co. Ltd. – Regulated | | | |
| | Units Purchased (MU's) | 1,612 | 1,601 | 1,612 |
| | <i>Unit II</i> | 806 | 800 | 806 |
| | <i>Unit III</i> | 806 | 801 | 806 |
| | Per Unit Price (Rs. / kWh) | | | |
| | <i>Unit II</i> | 2.94 | 4.24 | 3.76 |
| | <i>Unit III</i> | 2.86 | 4.26 | 3.80 |
| | Power Purchase Cost (Rs. Crs)* | | | |
| | <i>Unit II</i> | 236.75 | 339.00 | 302.86 |

| Sl. No. | Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|----------|--|-------------------------|-------------------------|-----------------|
| | <i>Unit III</i> | 230.25 | 341.00 | 306.00 |
| | Total | 467.00 | 680.00 | 608.86 |
| B | Damodar Valley Corporation - 132 kV | | | |
| | Units Purchased (MU's) | 438 | 391 | 391 |
| | Per Unit Price (Rs. / kWh) | 4.06 | 5.11 | 4.18 |
| | Power Purchase Cost (Rs. Crs) | 177.98 | 200.00 | 163.47 |
| C | Damodar Valley Corporation - 400 kV | | | |
| | Units Purchased (MU's) | 722 | 1,042 | 1,005 |
| | Per Unit Price (Rs. / kWh) | 4.96 | 5.22 | 4.57 |
| | Power Purchase Cost (Rs. Crs) | 358.28 | 544.00 | 459.35 |
| D | TSL Captive | | | |
| | Units Purchased (MU's) | 169 | 25 | 25 |
| | Per Unit Price (Rs. / kWh) | 2.76 | 4.40 | 3.78 |
| | Power Purchase Cost (Rs. Crs) | 48.83 | 11.00 | 9.44 |
| E | RPO | | | |
| | Units Purchased (MU's) | 122.56 | 107 | 169.79 |
| | Power Purchase Cost (Rs. Crs) | 55.09 | 48 | 74.83 |
| | | | | - |
| F | Other Sources/Open Access | | | |
| | Units Purchased (MU's) | - | 5.00 | - |
| | Per Unit Price (Rs. / kWh) | - | 5.50 | - |
| | Power Purchase Cost (Rs. Crs) | - | 2.75 | - |
| G | Net Power Purchase | | | |
| | Units Purchased (MU's) | 2,941.00 | 3,171.00 | 3,202.50 |
| | Per Unit Price (Rs. / kWh) | 3.76 | 4.69 | 4.11 |
| | Net Power Purchase Cost (Rs. Crs) | 1,107.18 | 1,486 | 1,315.95 |

**Includes Adjustment of surplus based on True up for FY 2011-12 and FY 2012-13 approved for TPCL in Tariff Order dated 31st May 2015*

Operation and Maintenance Expenses

Petitioner's Submission

7.27 The Petitioner submitted that for Employee cost and A&G costs, the inflation rate has been considered as per the MYT order dated 4th June 2014. Accordingly, the Employee Costs have been claimed at Rs 23.10 Cr and A&G costs at Rs 17.33 Cr. Similarly, the Petitioner has projected the common Infrastructure O&M expenses based on inflation rate, which works out to Rs 9.00 Cr.

7.28 The R&M expenses have been computed as per Distribution Tariff Regulations, 2010. The Petitioner has projected the R&M expenses considering a rate of 13% on Opening GFA for the year and hence projected the R&M expenses at Rs 64.19 Cr.

7.29 Thus, the Total O&M expenses submitted by the Petitioner amount to Rs 113.62 Cr.

Commission's Analysis

7.30 Note 1 under Regulation 6.8 of the Distribution Tariff Regulations, 2010 specifies that the Commission will consider the actual values in the Inflation factor at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation for the Control Period. Accordingly the Commission has revised the projections for employee expenses, A&G expenses and Golmuri substation expenses for FY 2015-16 on the basis of actual value of inflation factor for FY 2014-15.

7.31 For purpose of projecting R&M expenses, the Commission has considered the actual opening value of Gross Fixed Assets for FY 2015-16 and the 'K' factor as per the MYT Order dated 4th June 2014.

7.32 The following table summarises the O&M expenses as approved by the Commission in the MYT order dated June 4, 2014, the actual O&M expenses submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16:

Table 32 O&M expenses for FY 2015-16 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by TSL | Approved Now |
|---------------------------------|---------------------------|------------------|---------------|
| Employee Expenses | 19.38 | 23.10 | 18.28 |
| R&M Expenses | 61.42 | 73.19 | 73.65 |
| A&G Expenses | 16.31 | 17.33 | 15.29 |
| Total O & M Expenses | 97.11 | 113.62 | 107.22 |

Capital Works In Progress (CWIP) & Gross Fixed Asset (GFA)

Petitioner's Submission

7.33 The Petitioner submitted that it had not proposed to revise the approved capital expenditure and capitalization as approved in the MYT Order dated June 04, 2014. Accordingly the Petitioner projected Rs 25.49 Cr as capital expenditure and additions to GFA at Rs 19.42 Cr during FY 2015-16.

Commission's Analysis

7.34 The Commission approves the additions to CWIP and GFA as per the approval granted in the MYT Order dated June 04, 2014.

7.35 The following table summarises the GFA & CWIP as approved by the Commission in the MYT Order dated June 4, 2014, the projections submitted by the Petitioner in present petition and now approved by the Commission for FY 2015-16.

Table 33 CWIP and GFA for FY 2015-16 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|---|---------------------------|-----------------------------|---------------|
| Capital Works in Progress (CWIP) | | | |
| Opening CWIP | 39.24 | 18.46 | 18.99 |
| Add: Additions (Capex during FY) | 25.49 | 25.49 | 25.49 |
| Sub-total | 64.73 | 43.95 | 44.48 |
| Less: Capitalization (T/fed to GFA during FY) | 19.42 | 19.42 | 19.42 |
| Closing CWIP | 45.31 | 24.53 | 25.06 |
| | | | |
| Gross Fixed Assets(GFA) | | | |
| Opening GFA | 395.14 | 493.76 | 493.76 |
| Add: Additions during FY | 19.42 | 19.42 | 19.42 |
| Closing GFA | 414.56 | 513.18 | 513.18 |

Depreciation

Petitioner's Submission

7.36 The Petitioner submitted that its computation of depreciation is based on projected GFA and utilising the rates as provided in Appendix-I to the Distribution Tariff Regulations, 2010 as per the Straight Line Method. The Petitioner has claimed net depreciation of Rs. 32.63 Cr for FY 2015-16.

Commission's Analysis

7.37 The Commission has determined the gross depreciation amount as per the opening and closing values of Gross Fixed Assets and the depreciation rates as per the JSERC MYT Distribution Tariff Regulations 2010. Further, the depreciation has been considered as net of depreciation on account of consumer contribution. The depreciation on account of consumer contribution has been calculated as per the methodology adopted in the MYT Order dated June 4, 2014.

7.38 The following table summarizes the depreciation as approved by the Commission in the MYT Order dated June 4, 2014, projections submitted by the Petitioner and approved by the Commission for FY 2015-16.

Table 34 Depreciation for FY 2014-15 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|----------------------------------|---------------------------|-----------------------------|--------------|
| Depreciation during the year | 25.00 | 35.83 | 31.09 |
| Less: Dep. on A/c of CC | 3.24 | 3.19 | 3.16 |
| Net Depreciation during the year | 21.76 | 32.63 | 27.93 |

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

7.39 The Petitioner projected the normative interest on loan at Rs. 21.55 Cr considering an interest rate of 14.75% per annum for FY 2015-16.

Commission's Analysis

7.40 In accordance with the Distribution Tariff Regulations, 2010, the Commission has computed the normative loan for the year equal to 70% of the closing value of Gross Fixed Assets (GFA). The GFA has been considered at net of consumer contribution while the normative repayment is deemed to be equal to the depreciation charge during the year.

7.41 Further, in accordance with the above mentioned regulations, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of 14.75% per annum.

7.42 The following table summarises interest on loan approved by the Commission in the MYT order dated June 4, 2014, projections submitted by the Petitioner and approved now by the Commission for FY 2015-16.

Table 35 Interest on loan for FY 2015-16 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved now |
|-----------------------------------|---------------------------|-----------------------------|---------------|
| Opening Balance of Normative Loan | 115.98 | 157.33 | 169.89 |
| Deemed Addition during the year | 10.18 | 10.18 | 10.28 |
| Deemed Repayments | 21.76 | 32.63 | 27.93 |
| Closing Balance of Deemed Loan | 104.40 | 134.87 | 152.24 |
| Average balance during the Year | 110.19 | 146.10 | 161.06 |
| Interest Rate (%) | 14.75% | 14.75% | 14.75% |
| Interest Payment | 16.25 | 21.55 | 23.76 |

Interest on Security Deposits

Petitioner's Submission

7.43 The Petitioner has projected interest on security deposits at an interest rate of at 9.00% per annum and estimated the interest on security deposit to Rs.1.45 Cr for FY 2015-16.

Commission's Analysis

- 7.44 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that interest on security deposit is a controllable element of the ARR and any truing up under this head shall be carried out at end of control period. Accordingly the Commission has approved interest on security deposit as per MYT Order dated June 04, 2014.
- 7.45 The following table summarizes interest on security deposits as approved in MYT order, actual now submitted by the Petitioner and approved now by the Commission for FY 2015-16.

Table 36 Interest on Security Deposits for FY 2015-16 approved by the Commission (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved now |
|------------------------------|---------------------------|-----------------------------|--------------|
| Interest on Security Deposit | 1.98 | 1.45 | 1.98 |

Interest on Working Capital*Petitioner's Submission*

- 7.46 The Petitioner submitted that it had considered an interest rate of 14.75% per annum and projected the normative interest on working capital at Rs 12.95 Cr for FY 2015-16 as per the methodology provided in the Distribution Tariff Regulations, 2010.

Commission's Analysis

- 7.47 The Commission has approved the normative working capital for FY 2014-15 on the basis of the methodology specified in the Distribution Tariff Regulations, 2010. The interest on normative working capital has been considered at the interest rate of 14.75% p.a. The following table summarises the total interest on working capital as approved in the MYT Order dated June 4, 2014, Petitioners submission and approval by the Commission for FY 2015-16:

Table 37 Interest on Working Capital trued up for FY 2015-16 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|--|---------------------------|-----------------------------|--------------|
| Receivables for 2 months' sale @ existing tariff | 184.41 | 213.28 | 232.78 |
| O&M expenses for 1 month | 8.09 | 9.47 | 8.93 |
| Maintenance spares @ 1% of Op. GFA | 3.95 | 4.94 | 4.94 |
| Sub-total | 196.45 | 227.68 | 246.65 |
| Less: Security deposit | 22.02 | 16.07 | 22.02 |
| Less: Power purchase cost for 1 month | 92.27 | 123.83 | 109.66 |
| Total Working Capital | 82.16 | 87.78 | 114.97 |
| Interest Rate (%) | 14.75% | 14.75% | 14.75% |
| Interest on Working Capital | 12.12 | 12.95 | 16.96 |

Return on Equity (RoE)

Petitioner's Submission

- 7.48 The Petitioner submitted that, the normative equity had been taken at 30% of the total projected CWIP capitalised during the FY 2015-16 net of Consumer Contribution being transferred to Capital Reserve.
- 7.49 The Petitioner also submitted that it has filed Appeal No. 203 of 2014 before the Hon'ble APTEL on the issue of grossing up of Return on Equity rate with prevailing income tax rate. The Petitioner submitted that it has projected Return on Equity at Rs. 32.18 Cr for FY 2015-16 after grossing up return on equity with income tax rate.

Commission's Analysis

- 7.50 In accordance with the Tariff Regulations, 2010, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.
- 7.51 The Commission has allowed a rate of return of 15.5% (post tax) on equity for FY 2015-16, which is as per Regulation 6.20 of the Distribution Tariff Regulations, 2010.
- 7.52 The following table summarizes the return on equity as approved in the previous tariff order, actual now submitted by the Petitioner and approved by the Commission for FY 2015-16:

Table 38 RoE approved by the Commission FY 2015-16 (Rs Cr)

| Particulars | Approved in the MYT order | Submitted by the Petitioner | Approved Now |
|-------------------------------------|---------------------------|-----------------------------|--------------|
| Opening Balance of Normative Equity | 103.91 | 134.87 | 133.46 |
| Deemed Additions | 4.36 | 4.36 | 4.86 |
| Closing Balance of Normative Equity | 108.27 | 139.23 | 138.32 |
| Average Equity | 106.09 | 137.05 | 135.89 |
| RoE (%) | 15.50% | 23.48% | 15.50% |
| RoE | 16.44 | 32.18 | 21.06 |

Non-Tariff Income (NTI)

Petitioner's Submission

- 7.53 The Petitioner submitted Non-tariff income for FY 2015-16 at Rs. 4.37 Cr as per the approval granted in the MYT Order dated June 4, 2014.

Commission's Analysis

- 7.54 The Commission in its previous MYT Order dated June 4, 2014 had approved Rs 4.37 Cr as the Non-tariff income for FY 2015-16 subject to true-up based on the actual as per the audited annual accounts for FY 2015-16.

Revenue from Existing Tariff

Petitioner's Submission

7.55 The Petitioner projected the total revenue from sales during FY 2015-16 at Rs 1207.74 Cr. The basis for these projections was the projected number of consumers, connected load and sales for FY 2015-16 and the prevailing retail tariff.

Commission's Analysis

7.56 The Commission has scrutinized the submissions of the Petitioner and is concerned with the non-submission of complete information in the Regulatory formats submitted along with Tariff Petition detailing slab-wise/consumer category-wise number of consumers, connected load, energy sales, revenue from fixed charges, revenue from energy charges, surcharge and meter hire charges, details of rebates, etc. for year preceding the review year, the current year and projected for ensuing year. Accordingly, the Commission directs the Petitioner to submit detailed regulatory formats providing full details of above mentioned parameters along with all completed formats, failing which its Petition will not be accepted by the Commission.

7.57 In absence of above, the Commission has projected revenue from existing tariff for FY 2015-16 based on projected number of consumers, connected load and energy sales as approved for FY 2015-16 now and the tariff rates as approved in MYT order dated 4th June 2015. Accordingly, the approved revenue from sale of power to consumers other than JUSCO for FY 2015-16 is considered at Rs. 1325.55 Crore. In addition, the Commission has considered revenue from sale of power to JUSCO at average power purchase rate for FY 2015-16 i.e. Rs. 4.11 per unit which works out to Rs. 71.13 Crore.

Summary of ARR for FY 2015-16 and Revenue Gap

7.58 The following table contains a summary of ARR for FY 2015-16 as approved in the MYT Order dated June 4, 2014, projections submitted now by the Petitioner and approved now by the Commission:

Table 39 Summary of ARR and Revenue Gap for FY 2015-16 (Rs Cr)

| Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|----------------------------------|-------------------------|-------------------------|-----------------|
| Power Purchase Cost | 1,107.18 | 1,485.94 | 1,315.95 |
| O&M Expenses | 97.11 | 113.62 | 107.22 |
| Interest & Other Finance Charges | | | |
| Interest on Loan | 16.25 | 21.55 | 23.76 |
| Interest on consumer | 1.98 | 1.45 | 1.98 |
| Interest on Working Capital | 12.12 | 12.95 | 16.96 |
| Depreciation | 21.76 | 32.63 | 27.93 |
| CGRF/ DSM Expenses | | | |
| Total Costs | 1,256.40 | 1668.14 | 1,493.79 |
| Add: Return on Equity | 16.44 | 32.18 | 21.06 |

| Particulars | Approved (previous T.O) | Petitioner's submission | Approved Now |
|----------------------------|----------------------------|----------------------------|-----------------|
| Less: Non-tariff income | 4.37 | 4.37 | 4.37 |
| Annual Revenue Requirement | 1,268.47 | 1,695.95 | 1,510.49 |
| Revenue @ Existing tariff | | 1,207.40 | 1,396.68 |
| Revenue Gap / (Surplus) | - | 488.21 | 113.81 |

A8: TREATMENT OF REVENUE GAP*Petitioner's submission*

- 8.1 The Petitioner proposed revenue from existing tariff to be Rs 1207.74 Crores and projected the revenue gap for current year i.e. FY 2015-16 at Rs 488.21 Cr. Further, the Petitioner has estimated cumulative revenue gap including carrying cost upto FY 2015-16 at Rs 1,968.61 Cr.
- 8.2 The Petitioner proposed that the entire revenue gap along with the carrying cost for relevant years should be met in the next two years. Accordingly, the Petitioner proposed an average increase of 55% during FY 2015-16 which is expected to generate additional revenue of Rs 704.31 Cr.

Views of the Commission

- 8.3 In the MYT order dated 4th June 2014, the Commission has approved regulatory assets of Rs. 88.44 Crore pertaining to Final True up for FY 2011-12 and FY 2012-13. Further, the Commission had also estimated an unmet revenue gap for FY 2013-14 based on revised estimates for the year at Rs. 111.09 Crore. Accordingly, total gap approved in MYT Order was Rs. 199.53 Crore.
- 8.4 However, in light of the Commission's Order dated 31st March 2015 in case of review petition filed against the MYT Order dated 4th June 2014, the Commission approved additional gap for FY 2012-13 for Rs. 7.29 Crore. Accordingly, the revised revenue gap upto FY 2012-13 has been summarised in following table.

Table 40 Revised Revenue Gap upto FY 2012-13 (Rs Cr)

| Particulars | Approved Now |
|--|--------------|
| Approved Revenue Gap upto FY 2012-13 based on Final True up for FY 2011-12 and FY 2012-13 as approved in MYT Order dated 4 th June 2014 | 88.44 |
| Add: Adjustment as per Order dated 31 March 2015 on account of following heads: | |
| Depreciation | 10.43 |
| Interest on normative loan | 4.37 |
| Interest on normative working capital | 0.25 |
| Return on equity | 2.31 |
| Revenue from sale of power to JUSCO | (10.07) |
| Sub-total | 7.29 |
| Revised Approved Revenue Gap upto FY 2012-13 | 95.73 |

- 8.5 Accordingly, the Commission approves the opening revenue gap for FY 2013-14 as Rs. 95.73 Crore.
- 8.6 Based on the True up for FY 2013-14, now the gap for the year has been revised to Rs. 348.60 Crore instead of Rs. 111.09 Crore provisionally approved in the MYT Order. Further, the provisional gaps for the year FY 2014-15 and FY 2015-16 are approved at Rs. 123.46 Crore and Rs. 113.81 Crore, respectively.

- 8.7 Further, in accordance with the Distribution Tariff Regulations, 2010, provisions of the National Tariff Policy and as per methodology approved by the Commission in MYT Order, the Commission has allowed carrying cost on the gaps approved as per the prevailing SBI PLR rates.
- 8.8 Accordingly, the Commission has estimated the cumulative revenue gap for FY 2015-16 along with carrying cost as Rs. 902.38 Crore which has been summarised below.

Table 41: Cumulative Revenue gap and carrying cost for FY 2015-16

| Particular | FY 14 | FY 15 | FY 16 |
|---|---------------|---------------|---------------|
| Opening Revenue Gap as on 1st April | 95.73 | 483.35 | 687.21 |
| Revenue Gap / (Surplus) created during the Year | 348.60 | 123.46 | 113.81 |
| Closing Gap at end of the Year | 444.33 | 606.81 | 801.02 |
| Rate of Interest (As per prevailing SBI PLR rate) | 14.45% | 14.75% | 14.75% |
| Carrying Cost on Opening Balance | 13.83 | 71.29 | 101.36 |
| Carrying Cost on Additional Gap Created | 25.19 | 9.11 | - |
| Total Carrying Cost | 39.02 | 80.40 | 101.36 |
| Total Gap including carrying cost | 483.35 | 687.21 | 902.38 |

- 8.9 The Commission is of the view passing on the tariff hike to meet the entire cumulative revenue gap will result in tariff hike of 65% which would amount to Tariff shock. **Accordingly in order to safeguard the interest of consumers, the Commission approves an average tariff increase of 18.06% during FY 2015-16 which is expected to generate additional revenue of Rs. 252.24 Cr in FY 2015-16.**
- 8.10 The applicable tariff schedule for the Petitioner as proposed by the Petitioner and as approved by the Commission is shown in table below.

Table 42: Category-wise Existing, Proposed and Approved Tariff Rates for FY 2015-16

| Consumer Category | Fixed Charges (Rs/month or Rs/kW/month or Rs/kVA/month or part thereof) | | | | Energy Charges (Rs/kWh) | | | |
|-------------------|---|----------|----------|----------|-------------------------|----------|------------------|----------|
| | Slab | Existing | Proposed | Approved | Slab | Existing | Proposed | Approved |
| Domestic | | | | | | | | |
| Domestic DS-I | 220 V single phase up to 5 kW | 11 | 25 | 12 | 0-100 | 1.90 | 2.40 | 2.10 |
| Domestic DS-II | 415 V three phase up to 5 kW | 22 | 50 | 24 | 101-400 | 3.20 | 101-200: 4.70* | 3.50 |
| Domestic DS-III | | | | | Above 400 | 3.50 | Above 200: 5.60* | 3.90 |
| Domestic DS HT | For all units | 300 | 450 | 375 | For all units | 3.40 | 5.30 | 4.25 |
| Commercial | 220 V single phase up to 5 kW | 30 | 50** | 40 | For all units | 5.00 | 7.20 | 5.85 |
| | 415 V three phase up to 5 kW | 80 | 100** | 100 | For all units | | | |
| High Tension - 1 | For all units (Rs/kVA/month) | 225 | 325 | 270 | For all units | 4.50 | 6.75 | 5.25 |

| Consumer Category | Fixed Charges (Rs/month or Rs/kW/month or Rs/kVA/month or part thereof) | | | | Energy Charges (Rs/kWh) | | | |
|--------------------------|---|----------|----------|----------|-------------------------|----------|----------|----------|
| | Slab | Existing | Proposed | Approved | Slab | Existing | Proposed | Approved |
| High Tension – II | For all units (Rs/kVA/month) | 225 | 325 | 270 | For all units | 4.35 | 6.50 | 5.20 |
| High Tension – III | For all units (Rs/kVA/month) | 210 | 310 | 265 | For all units | 4.15 | 6.30 | 5.15 |
| High Tension – IV | For all units (Rs/kVA/month) | 210 | 310 | 265 | For all units | 4.15 | 6.30 | 5.15 |
| Utilities / Street Light | For all units | 25 | 40 | 30 | For all units | 3.40 | 5.10 | 4.10 |
| Temporary supply | For all units | 35 | 50 | 40 | For all units | 6.00 | 9.00 | 6.60 |

Note: * Proposed revised slabs by the Petitioner; ** Proposed demand based charges i.e. Rs/kW/month

8.11 Based on the above, the consumer category-wise comparison of average cost of supply and average revenue at existing and proposed tariff as submitted by the Petitioner and approved by the Commission is summarised in following table.

Table 43: Average CoS, Average Revenue & Tariff hike for FY 2015-16

| Consumer Categories | Submitted by Petitioner | | | | Approved by the Commission | | | |
|---------------------|--|--|--|--------------------------|--|--|--|--------------------------|
| | Average Cost of Supply for FY 2015-16 (Rs/kWh) | Average Revenue @ Existing Tariff (Rs/kWh) | Average Revenue @ Proposed Tariff (Rs/kWh) | Proposed tariff hike (%) | Average Cost of Supply for FY 2015-16 (Rs/kWh) | Average Revenue @ Existing Tariff (Rs/kWh) | Average Revenue @ Approved Tariff (Rs/kWh) | Approved tariff hike (%) |
| Total Domestic LT | 5.84 | 2.88 | 4.50 | 56% | 4.97 | 2.99 | 3.33 | 11% |
| Domestic - DS HT | 5.84 | 3.15 | 5.31 | 69% | 4.97 | 3.40 | 4.26 | 25% |
| Commercial | 5.84 | 4.89 | 7.71 | 58% | 4.97 | 5.08 | 5.96 | 17% |
| High Tension I | 5.84 | 5.46 | 8.37 | 53% | 4.97 | 5.80 | 6.75 | 17% |
| High Tension II | 5.84 | 4.70 | 7.33 | 56% | 4.97 | 5.10 | 6.00 | 18% |
| High Tension III | 5.84 | 4.25 | 6.78 | 60% | 4.97 | 4.46 | 5.36 | 20% |
| High Tension IV | 5.84 | 5.43 | 8.37 | 54% | 4.97 | 5.86 | 6.93 | 18% |
| Street Lights | 5.84 | 3.26 | 5.30 | 63% | 4.97 | 3.40 | 4.10 | 21% |
| Temporary supply | 5.84 | 4.54 | 9.00 | 98% | 4.97 | 6.00 | 6.60 | 10% |
| Total | 5.84 | 4.16 | 6.58 | 55% | 4.97 | 4.59 | 5.42 | 18.06% |

A9: TARIFF RELATED OTHER ISSUES

Tariff Rationalization

Petitioner's submission

- 9.1 The Petitioner has proposed following changes in tariff slabs:
- (a) The Petitioner has proposed change in existing slab for 101-400 unit consumption in Domestic LT to include consumption upto 200 units i.e. 101-200 unit slab and slab for above 400 units to above 200 units.
 - (b) The Petitioner also proposed a change in the tariff structure for commercial supply category for fixed charge component from Rs./consumer/month to Rs/kVA/Month.
 - (c) Change in character of service for utilities/street lights category as AC 50 Hz three phase at 415 V or 6.6kV or 220V within the specified variation limits as far as practicable.

View of the Commission

- 9.2 The Commission has scrutinized the proposals submitted by the Petitioner for changes in the categorization /tariff Structure. The Commission observes that the proposals of the Petitioner with respect to change in categorization/ tariff structure are not supported by suitable justification. For the proposed changes in the categorization/ tariff structure, the Petitioner has to furnish adequate reason for proposed changes, financial impact analysis of change in tariff structure on the consumer, revenue forecast in existing and proposed scenario, overall impact of revenue on the Petitioner, anticipated change in consumption pattern /load profile etc. for proper scrutiny of the Commission.
- 9.3 The Commission finds that the Petitioner has failed to submit the complete information as required in the Regulatory formats. In the absence of slab wise information on consumers, connected load, sales, surcharges and rebates any proposal for change in tariff structure cannot be accepted by the Commission.
- 9.4 In view of the above, the Commission does not consider it appropriate to accept the proposal of changes in the categorization/ structuring of tariff at this stage.

A10: TARIFF SCHEDULE**APPLICABLE FROM 1ST JUNE 2015¹**

This tariff will come into effect from 1st June 2015 and apply to all consumers availing power supply from Tata Steel within its licensed area.

The consumers classified under different categories will be charged different tariff for energy supplied to them as given below, based on the nature of use of energy, supply voltage and demand of power.

Low & Medium Tension (LT & MT) Supply:

The tariff for LT & MT Supply will be charged under following categories:

| Demand in kVA | Voltage of supply to be provided by Tata Steel | Consumer Category | Nature of use of energy |
|---------------|---|---------------------------|---|
| Upto 100 kVA | 415 V or 220 V as per availability and discretion of Tata Steel | DS Domestic Category | Domestic & Households, Educational Institutions and Hostels, Charitable & Social Welfare Institutions, Hospitals, municipal Services etc. |
| Upto 100 kVA | 415 V or 220 V as per availability and discretion of Tata Steel | CS Commercial Category | Trade, Business, Shops, Cinemas, Clubs, Hotels, Public Offices, Private Hospital. Business establishments in the premises of Educational Institutions, Hostels, Religious Institutions & Other Commercial or business establishments. |

High Tension (HT) Supply:

The tariff for HT Supply will be charged under following categories:

| Demand in kVA | Voltage of supply to be provided by Tata Steel | Consumer Category |
|---|---|-------------------|
| For demand more than 100 kVA upto 500 kVA | 6.6 kV/11 kV as per availability and discretion of Tata Steel | HT-1 |
| For demand more than 500 kVA but less than 5000 kVA | 6.6 kV/11kV/33kV as per availability and discretion of Tata Steel | HT-2 |
| For demand 5000 kVA or more | 33kV/132kV | HT-3 |
| For power supplied to Steel Works of the Tata Steel | For power supplied to Steel Works of the Tata Steel | HT-4 |

¹ This schedule shall remain in force till the next tariff schedule is issued by the Commission.

A. Domestic Supply, (DS Category)**1. Applicability:**

This schedule is applicable to Domestic & Households, Educational Institutions and Hostels, Charitable & Social Welfare Institutions and Govt & Industrial Hospitals.

2. Character of Service:

AC 50 Hz three phase at 415V or 220V at single phase within the specified variation limits as far as practicable.

3. Tariff**Energy Charge**

| Description (Units/month) | Energy Charges |
|------------------------------|----------------|
| | <i>Rs/unit</i> |
| 0-100 | 2.10 |
| 101-400 | 3.50 |
| Above 400 | 3.90 |

Fixed Charges

| Description | Fixed Charges |
|------------------------------|-----------------------------------|
| | <i>(Rs/month or part thereof)</i> |
| 220V single phase up to 5 kW | 12 |
| 415 V three phase above 5 kW | 24 |

4. Meter Hire Charges

| Description | Meter Hire Charge |
|------------------------------|-------------------|
| | <i>Rs/month</i> |
| 220 V single phase upto 5 kW | 15 |
| 415 V three phase above 5 kW | 35 |

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Interest on delayed payment: In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.

B. Domestic Supply, HT category (DSHT Category)**1. Applicability:**

This schedule is applicable to Domestic & Households and Housing Co-operative societies.

2. Character of Service:

AC 50 Hz three phase at 6.6 KV/11KV within the specified variation limits as far as practicable in line with the IE Rules 1956 and grid constraints.

3. Tariff**Energy Charge:**

| Description (Units/month) | Rs/unit |
|---------------------------|---------|
| Energy Charge | 4.25 |

Fixed Charge

| Description | Rs/Consumer/month |
|--------------|-------------------|
| Fixed Charge | 375 |

4. Meter Hire Charges per month: Rs 35

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

5. Interest on delayed payment: In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.**C. Commercial Supply (CS category)****1. Applicability:**

This schedule applicable for Trade, Business, Shops, Cinemas, Clubs, Hotels, Public Offices, Private Nursing Homes and Hospitals, Business establishments in the premises of Educational Institutions, Hostels, Religious Institutions, and any other Commercial or business establishments

2. Character of Service:

AC 50 Hz three phase at 415V or 220V at single phase within the specified variation limits as far as practicable in line with the IE Rules 1956 and grid constraints.

3. Tariff**Energy Charge**

| Description (units/month) | Rs/unit |
|---------------------------|---------|
| Energy Charges | 5.85 |

Fixed Charge

| Description | Fixed Charges |
|-----------------------------|-----------------------|
| 220 V single phase upto 5kW | Rs 40/Consumer/month |
| 415 V three phase above 5kW | Rs 100/Consumer/month |

4. Meter Hire Charges

| Description | Meter Hire Charge |
|-----------------------------|--------------------------|
| | <i>Rs/consumer/month</i> |
| 220 V single phase upto 5kW | 15 |
| 415 V three phase above 5kW | 75 |

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

- 5. Interest on delayed payment:** In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.

D. High Tension Supply, (HT category)**I. HT-1 Category****1. Applicability:**

This schedule is applicable to Industrial and Commercial establishments and where contract demand agreement is more than 100 kVA but less than 500 kVA.

2. Character of Service:

AC 50 Hz three phase at 6.6 kV/11 kV within the specified variation limits as far as practicable, in line with IE rules 1956 and grid constraints.

3. Tariff**Energy charge**

| Description (Units/month) | <i>Rs/unit</i> |
|------------------------------|----------------|
| Energy Charges | 5.25 |

Demand charge

| Description | <i>Rs/kVA/month</i> |
|---------------|---------------------|
| Demand Charge | 270 |

Note: The billing demand shall be as per Clause I, as provided in section on Terms and Conditions of Supply of the present Tariff Order.

4. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

6. Power Factor Penalty/Rebate: In accordance with Clause II as provided in section on Terms and Conditions of Supply the present Tariff Order.**7. Electricity Duty:** In accordance with Clause III as provided in section on Terms and Conditions of Supply of the present Tariff Order.**5. Interest on delayed payment:** In accordance with Clause IV as provided in section on **Error! Reference source not found.** of the present Tariff Order.**6. Voltage Rebate:** In accordance with Clause VI as provided in section on Terms and Conditions of Supply of the present Tariff Order.**II. HT-2 Category****1. Applicability**

This schedule is applicable to Industrial and Commercial establishments and where contract demand agreement is more than 500 kVA but less than 5000 kVA.

2. Character of Service

AC 50 Hz three phase at 6.6KV/11kV/33kV within the specified variation limits as far as practicable, in line with IE rules 1956 and grid constraints.

3. Tariff**Energy charge**

| Description (Units/month) | Rs/unit |
|------------------------------|---------|
| Energy Charges | 5.20 |

Demand charge

| Description | Rs/kVA/Month |
|---------------|--------------|
| Demand charge | 270 |

Note: The billing demand shall be as per Clause I, as provided in section on **Error! Reference source not found.** of the present Tariff Order.

4. Load factor Rebate

| Description | Rebate % |
|---|----------|
| For all Energy consumption above 65 % and upto 70 % load factor | 5% |
| For all Energy consumption above 70 % load factor | 7.5% |

Note: The above rebate will be applicable only on energy charges on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

5. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

6. Power Factor Penalty/Rebate: In accordance with Clause II as provided in section on Terms and Conditions of Supply of the present Tariff Order.**7. Electricity Duty: In accordance with Clause III as provided in section on Terms and Conditions of Supply of the present Tariff Order.****8. Interest on delayed payment: In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.****9. Voltage Rebate: In accordance with Clause VI as provided in section on Terms and Conditions of Supply of the present Tariff Order.****III. HT-3 Category****1. Applicability**

This schedule is applicable to Industrial establishments and where contract demand agreement is more than 5000 kVA or more.

2. Character of Service

AC 50 Hz three phase at 33kV / 132kV within the specified variation limits as far as practicable.

3. Tariff**Energy charge**

| Description (Units/month) | Rs/unit |
|------------------------------|---------|
| Energy Charges | 5.15 |

Demand charge

| Description | Rs/kVA/month |
|-----------------------|--------------|
| Maximum demand charge | 265 |

Note: The billing demand shall be as per Clause I, as provided in section on Terms and Conditions of Supply of the present Tariff Order.

4. Load factor Rebate

| Description | Rebate |
|--|--------|
| For all Energy consumption above 70% load factor | 7.5% |

NOTE: The above rebate will be applicable only on energy charges on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

5. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

6. **Power Factor Penalty/Rebate:** In accordance with Clause II as provided in section on Terms and Conditions of Supply of the present Tariff Order.
7. **Electricity Duty:** In accordance with Clause III as provided in section on Terms and Conditions of Supply of the present Tariff Order.
8. **Interest on delayed payment:** In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.
9. **Voltage Rebate:** In accordance with Clause VI as provided in section on Terms and Conditions of Supply of the present Tariff Order.

IV. HT-4 Category

1. Applicability

This schedule is applicable for consumption of Steel Works of Tata Steel.

2. Character of Service

AC 50 Hz three phase at 132kV/220kV/ 400kV within the specified variation limits as far as practicable.

3. Tariff

| Energy charge | |
|------------------------------|--------------|
| Description (Units/month) | Rs/unit |
| Energy Charges | 5.15 |
| Demand charge | |
| Description | Rs/kVA/month |
| Maximum demand charge | 265 |

The billing demand shall be as per Clause I, as provided in section on Terms and Conditions of Supply of the present Tariff Order.

4. Load factor Rebate

| Description | Rebate |
|--|--------|
| For all Energy consumption above 70% load factor | 7.5% |

NOTE: The above rebate will be applicable only on energy charges on monthly basis and consumer with arrears shall not be eligible for the above rebate. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

5. Meter Hire Charges: Rs 500 per month

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

6. **Power Factor Penalty/Rebate:** In accordance with Clause II as provided in section on Terms and Conditions of Supply of the present Tariff Order.
7. **Electricity Duty:** In accordance with Clause III as provided in section on Terms and Conditions of Supply of the present Tariff Order.
8. **Interest on delayed payment:** In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.
9. **Voltage Rebate:** In accordance with Clause VI as provided in section on Terms and Conditions of Supply of the present Tariff Order.

E. Utilities/Street Light Category

1. Applicability:

The schedule is applicable to all utilities and municipal services like water and waste water, sewage treatment, street lights etc.

2. Character of Service

AC 50 Hz three phase at 415V or 220V within the specified variation limits as far as practicable.

3. Tariff

| Energy charge | |
|------------------------------|---------|
| Description (Units/month) | Rs/unit |
| Energy Charges | 4.10 |

Fixed charge

| Description (Units/month) | <i>Rs/month or part thereof</i> |
|------------------------------|---------------------------------|
| Fixed Charge | 30 |

Meter Hire charge

| Description (Units/month) | Meter Hire Charges |
|------------------------------|--------------------|
| | <i>Rs/month</i> |
| 220V Single phase upto 5kW | 15 |
| 415V three phase above 5 kW | 35 |

Note: The meter hire charge is applicable only in case the meter is purchased and installed by the licensee. No meter hire charges applicable in case of consumer purchased meters.

4. **Interest on delayed payment:** In accordance with Clause IV as provided in section on Terms and Conditions of Supply of the present Tariff Order.

F. Temporary Supply**1. Applicability**

Temporary supply connections are to be provided on request for an initial period of 3 (three) months maximum from the date of payment of estimated amount in advance and thereafter on discretion of the Petitioner. Temporary Connection shall be provided on request for an initial period of 3 (three) months maximum from the date of payment of estimated amount in advance and thereafter on discretion of Tata Steel.

2. Tariff Rates**Fixed Charge**

| Description | <i>Rs/month</i> |
|---------------|-----------------|
| Fixed Charges | 6.60 |

Energy Charge

| Description (Units/month) | <i>Rs/unit</i> |
|------------------------------|----------------|
| Energy Charges | 40 |

Note: However for Durga Puja and other religious functions energy charge for temporary connections will be the highest slab of the prevailing domestic tariff i.e. Rs 3.90/kWh.

Schedule for Miscellaneous Charges

| S.No | Purpose | Scale of Charges | Manner in which payment will be realized |
|----------|--|---------------------------------|--|
| 1 | Application fee | | |
| | Agriculture | 10 | Application should be given in standard requisition form of the Board which will be provided free of cost. Payable in cash in advance along with the intimation |
| | Street light | 20 | |
| | Domestic | 15 (Kutir Jyoti) 20 (Others) | |
| | Commercial | 20 | |
| | Other LT categories | 50 | |
| | HTS | 100 | |
| | HTSS, EHTS, RTS | 100 | |
| 2 | Revision of estimate when a consumer intimates changes in his requirement subsequent to the preparation of service connection estimate based on his original application | | |
| | Agriculture | 10 | Payable in cash in advance along with the intimation for revision |
| | Domestic | 30 | |
| | Commercial | 30 | |
| | Other LT categories | 50 | |
| | HT Supply | 150 | |
| 3 | Testing of consumers Installation | | |
| | First test and inspection free of charge but should any further test and inspection be necessitated by faults in the installation or by not compliance with the conditions of supply for each extra test or inspection | 100 | (Payable in cash in advance along with the request for testing) |
| 4 | Meter test when accuracy disputed by consumer | | |
| | Single phase | 40 | To be deposited in cash in advance. If the meter is found defective within the meaning of the Indian Electricity Rules 1956, the amount of advance will be refunded and if it is proved to be correct within the permissible limits laid down in the Rules, the amount will not be refunded. |
| | Three phase | 100 | |
| | Trivector of special type meter | 650 | |
| 5 | Removing/ Refixing of meter | | |
| | Single phase | 50 | Payable in cash in advance along with the intimation for revision |
| | Three phase | 100 | |
| | Trivector of special type meter | 300 | |
| 6 | Changing of meter /meter equipment/fixing of sub meter on the request of the consumer/fixing of sub meter | | |
| | Single phase | 50 | Payable in cash in advance along with the intimation for revision |
| | Three phase | 100 | |
| | Trivector of special type meter | 300 | |
| 7 | Resealing of meter when seals are found broken | | |

| S.No | Purpose | Scale of Charges | Manner in which payment will be realized |
|------|--|------------------|---|
| | Single phase | 25 | Payable with energy bill |
| | Three phase | 50 | |
| | Trivector of special type meter | 100 | |
| 8 | Replacement of meter card, if lost or damaged by consumer | 10 | Payable with energy bill |
| 9 | Fuse call – Replacement | | |
| | Board fuse due to fault of consumer | 15 | Payable with energy bill |
| | Consumer fuse | 15 | |
| 10 | Disconnection/ Reconnection | | |
| | Single phase | 30 | Payable in cash in advance along with the request by the consumer. If the same consumer is reconnected/ disconnected within 12 months of the last disconnection/ reconnection, 50% will be added to the charges |
| | Three phase | 75 | |
| | LT Industrial Supply | 300 | |
| | HT Supply | 500 | |
| 11 | Security Deposit | | As per clause 10.0 of the JSERC (Electricity Supply code) Regulations, 2005 |

A11: TERMS AND CONDITIONS OF SUPPLY

Besides the terms & conditions provided in the JSERC (Electricity Supply Code), Regulations, 2005, the Commission approves the following additional terms & conditions of supply:

Clause I: Billing Demand

The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. In case of the actual demand exceeding 110% of the contract demand, the consumer shall pay penal charges for the exceeded demand. The penal charges would be charged as follows:

If the recorded demand exceeds 110% of Contract Demand, then the demand charge upto 110% of contract demand will be charged as per the normal tariff rate. The remaining recorded demand over and above 110% will be charged @ 1.5 times the normal tariff rate.

In case actual demand is higher than the contract demand for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will have to get into a new agreement for the revised contract demand with the licensee.

Once the actual demand is recorded to be higher than contract demand for two continuous months, the licensee would serve notice to the consumer after the end of the second month for enhancement of the contract demand. The consumer would be liable to respond within 15 days of receipt of such notice and submit application for enhancement of contract demand to the licensee. The licensee would, within 15 days of receipt of response from the consumer, finalise the new agreement after making necessary changes at consumer's installations.

In case the consumer fails to respond within 15 days, the licensee would have the right to initiate enhancement of load as per the last recorded contract demand. While, in case the consumer provides an undertaking that the actual demand shall not exceed the contract demand again for a period of atleast six months from the last billing, the licensee shall continue to bill the consumer as per the existing contract demand and billing demand.

Provided that if the consumer fails to adhere to the undertaking and the actual demand exceeds the contract demand within the subsequent six months of the undertaking, the consumer shall have to pay a penal charge of 2 times the normal tariff for a period of three consecutive months and the licensee shall, after serving 7 days notice to the consumer, enhance the contract demand of the consumer as per the last recorded actual demand.

Clause II: Power factor Penalty/Rebate

Power Factor Penalty:

Power Factor Penalty will be applicable in case of maximum demand meters.

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.01 fall below 0.60 to 0.30

(up to and including 0.30) shall be levied on demand and energy charges; plus 3% for every 0.01 fall below 0.30.

Further, all consumers having aggregate inductive load greater than 3 HP (2.2 kW) and above (except domestic and street lights), shall install capacitors of required KVAR rating provided in the following table:

| Rating of individual Inductive Load in HP | kVAR rating of LT capacitors |
|---|------------------------------|
| 3 to 5 | 1 |
| 5 to 7.5 | 2 |
| 7.5 to 10 | 3 |
| 10 to 15 | 4 |
| 15 to 20 | 6 |
| 20 to 30 | 7 |
| 30 to 40 | 10 |
| 40 to 50 | 10 – 15 |
| 50 to 100 | 20 – 30 |

For existing consumer, the Petitioner should first serve one month's notice to all such consumers who do not have or have defective shunt capacitors. In case the consumers does not get the capacitor installed/replaced within the notice period, the consumer shall be levied a surcharge at 5% on the total billed amount charge (metered or flat), till they have installed the required capacitors.

No connection shall be released for any consumer having aggregate inductive load greater than 3 HP (2.2 kW) unless the capacitors of suitable rating are installed.

Power Factor Rebate:

Power Factor rebate will be applicable in case of maximum demand meters.

In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

Clause III: Jharkhand Electricity Duty

The charges in this tariff schedule do not include charges on account of Electricity Duty/ Surcharge to the consumers under the Jharkhand Electricity Duty Act, 1948 and the rules framed there under as amended from time to time and any other Statutory levy which may take effect from time to time after making corrections for the loss in the distribution system.

Clause IV: Interest on Delayed payment

The Delayed Payment Surcharge will be levied for all consumers at the rate of 1.5% per month and part thereof for all consumer categories. The due date for making payment of energy bills or other charges shall be fifteen days from the date of serving of bill. The bill should be generated and delivered on monthly basis. In case, the licensee defaults in generating and delivering bills on monthly basis, DPS will not be charged for the period of default by licensee.

Clause V: Electricity Supply Code

The Jharkhand State Electricity Regulatory Commission (Electricity Supply Code) Regulation 2005 as amended from time to time will be followed wherever applicable.

Clause VI: Voltage Rebate

Voltage rebate to the High Tension consumers will be applicable as given below:

| Consumer Category | Voltage Rebate |
|-------------------|----------------|
| HTS - 33 kV | 3.00% |
| HTS - 132 kV | 5.00% |
| HTS - 220 kV | 5.50% |
| HTS - 400 kV | 6.00% |

The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebates. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

Clause VII: Other Terms & Conditions**Point of Supply**

The Power supply shall normally be provided at a single point for the entire premises. In certain categories like coal mines power may be supplied at more than one point on request of consumer subject to technical feasibility. But in such cases metering and billing shall be done separately for each point.

Dishonoured Cheques

In the event of dishonored cheque for payment against a particular bill, the Licensee shall charge a minimum of 300 Rs or 0.5% of the billed amount, whichever is higher. The DPS shall be levied extra as per the applicable terms and conditions of DPS for the respective category.

Stopped/ defective meters

In case of existing consumers with previous consumption pattern, the provisional average bill shall be issued on the basis of average of previous twelve months consumption.

In case of meter being out of order from the period before which no pattern of consumption is available, the provisional average bill shall be issued on the basis of sanctioned/ contract load on following load factor applicable to respective categories, as shown below:

| Category | Load Factor |
|-------------------|-------------|
| Domestic Supply | 0.10 |
| Commercial Supply | 0.20 |

| Category | Load Factor |
|---------------------|-------------|
| Domestic Supply HT | 0.15 |
| High Tension Supply | |
| 11 KV | 0.25 |
| 33 KV | 0.30 |
| 132/220/400 KV | 0.50 |

Sale of energy

No consumer shall be allowed to sell the electricity purchased from the Licensee to any other person/ entity.

Release of new connections

No new connections shall be provided without appropriate meter. The tariff for un-metered connections shall be applicable only to the existing un-metered connections, until they are metered.

Conversion factors

The following shall be the conversion factors, as and where applicable

(PF=0.85):

1 Kilowatt (KW) = 1.176 Kilovolt ampere (kVA)

1 Kilowatt (KW) = 1 / 0.746 Horse Power (HP)

1 Horse Power (1 HP) = 0.878 Kilovolt ampere (KVA)

Fuel Price & Power Purchase Adjustment (FPPPA)

Applicable as per the Clause 6.59 to 6.65 of the Distribution Tariff Regulations, 2010 and as amended by the Commission from time to time

A12: STATUS FOR EARLIER DIRECTIVES

12.1 The following table summarizes the status of compliance of earlier directives by the Commission and the views of the Commission:

| Directives as per MYT order dated June 4, 2014 | Status submitted by the Petitioner | Views of the Commission |
|--|--|---|
| <p>Separation of Accounts:</p> <p>The Commission has noted that despite repeated directives for separation of accounts in full and giving break up of O&M and other common costs, the breakup of many cost elements such as O&M expenses, Depreciation, Golmuri station expenses etc are not shown separately for Power Business Division in the accounts submitted by the Petitioner. This shows that the Separation of Accounts have not been done in full. The</p> <p>Commission makes it clear that from FY 2013-14 onwards for purposes of true up, it would not accept accounts which are not fully segregated.</p> <p>Thus, the Commission again directs the Petitioner to segregate its accounts in full and submit the same with the next tariff petition.</p> | <p>The Petitioner submitted that:</p> <p>The Petitioner has deployed maximum efforts to separate accounts. Further the Petitioner has submitted segregated the expenses into employee costs, R&M, A&G as per the Petitioner's books of accounts in line with regulation.</p> | <p>The Commission observes that the Petitioner has made efforts to separate accounts. However complete separation of accounts as directed has still not been carried out by the Petitioner. Expenses such as O&M on Golmuri substation etc. need to be accounted for under the appropriate accounting head. Further, proper accounting of capital expenditure, component wise break up of fixed assets, depreciation, etc. for the licensed business should also be updated. The Commission directs the Petitioner to complete the segregation of accounts in full and submit the same along with the auditor's report specifying any anomaly in practice of booking expenses, etc. with the next Tariff Petition.</p> |
| <p>Sales Estimation and Projections:</p> <p>The Commission directed the Petitioner to get the a detailed study for load research and demand forecast study completed within three months of the issue of the Tariff Order for FY 2012-13and submit the report to the Commission within one month thereafter.</p> | <p>The Petitioner submitted that the study has been completed by M/s TCE which will be submitted very shortly.</p> | <p>The Commission directs the Petitioner to submit such study within 30 days from this Order.</p> |
| <p>Status of CGRF & DSM Initiatives:</p> <p>The Commission notes that the Petitioner is not submitting the quarterly reports regularly. Hence the Petitioner is directed to submit quarterly reports.</p> | <p>Petitioner submitted the status of CGRF and DSM initiatives through quarterly reports to the Hon'ble Commission.</p> | <p>The Commission directs the Petitioner to continue to submit the quarterly reports.</p> |
| <p>Adjustment of Bills</p> <p>The Commission directs the Petitioner</p> | <p>Petitioner submits that adjustments of the bills have been carried out by the Petitioner as per directives of the tariff</p> | <p>The Petitioner has complied with the Directive. However as it is a recurring process, the Petitioner is again</p> |

| Directives as per MYT order dated June 4, 2014 | Status submitted by the Petitioner | Views of the Commission |
|--|--|--|
| to reconcile the payment due/receipts with TPCL, in lieu of the revised Generation tariffs determined by the Commission for FY 2010-11, FY 2011-12 & FY 2012-13 in comparison to the Commission's Tariff Order for TPCL for FY 2010-11 & FY 2012-13, within three month of the issue of this Order. | order. | directed to submit status of adjustment of bills for future period. |
| <p>O&M expenses</p> <p>The Commission notes that the Petitioner has submitted account wise segregated information. However the Commission again directs to segregate clearly O&M expenditure so that such expenditure is identifiable from books of accounts itself.</p> | The Petitioner submitted that major O&M activities are outsourced to JUSCO and the Petitioner has segregated O&M costs into Employee costs, A&G expense and R&M expense in the format required by the regulations. | The Commission notes that the Petitioner has submitted such information. However, component wise break up of employee costs, A&G and R&M expenses should be submitted by the Petitioner. The Commission again directs to segregate clearly O&M expenses so that such expenses may be clearly identifiable from books of accounts itself. |
| <p>Technical Study for Service Area</p> <p>The Commission directs the Petitioner to submit a timeframe for releasing all pending connections as per the relevant provisions of JSERC (Distribution Licensees' Standards of Performance), Regulations 2005. The Petitioner should also submit quarterly report to the Commission the status of consumer applications pending and the reasons thereof.</p> | The Petitioner submitted that such study has been conducted and compilation of different reports is going on and they shall submit the final report shortly. | The Commission again directs the Petitioner to submit such study and finalize the report within 30 days from this order. |
| <p>Data Adequacy :</p> <p>The Commission has observed that the Petitioner did not submit the reply / responses to the data gaps / discrepancy notes raised by the Commission within the stipulated time. It is pertinent to mention that delay in filing of ARR or the additional information not only impacts the revenues of the Petitioner but is also a hindrance in regulatory stability from the consumer's perspective. The Commission directs the Petitioner to adhere to the timelines in the future.</p> | The Petitioner submits that it has made all efforts to ensure data adequacy. | <p>The Commission noted with concern that the Petitioner has failed to provide complete information in the regulatory formats submitted by the Petitioner.</p> <p>The Commission directs the Petitioner to submit the complete formats along with the next Tariff Petition in absence of which its Tariff Petition may not be accepted by the Commission.</p> |
| <p>Typographical mistakes in the Petition:</p> <p>The Commission has observed that in</p> | The Petitioner submits that utmost care has been taken with the Petition to avoid such mistakes | Commission notes compliance of the Petitioner and directs the Petitioner to take extreme care in future too in |

| Directives as per MYT order dated June 4, 2014 | Status submitted by the Petitioner | Views of the Commission |
|--|--|---|
| <p>the MYT tariff petition filed on 31st December 2012, various typographical errors were found. The Commission is concerned about the mistakes being committed by the Petitioner in the Petition as this increases the possibility of errors while reviewing the petition. The Commission thus directs the Petitioner to take extreme care in the future in order to avoid such mistakes.</p> | | <p>order to avoid mistakes.</p> |
| <p>Report on Distribution Loss</p> <p>The Petitioner is directed to proactively take measures for reduction of distribution losses and controlling theft in its licensed area and quarterly report on the same should be submitted to the Commission from the next quarter. The Petitioner should also report the distribution losses to the Commission on a quarterly basis</p> | <p>Petitioner submitted that they had been submitting the reports in time to the Commission for the initiatives taken to reduce losses through Quarterly Compliance Report. The quarterly reports of FY 2012-13 and FY 2013-14 have been submitted along with the petition</p> | <p>The Commission directs the Petitioner to continue submitting the quarterly reports at the end of every quarter.</p> |
| <p>Power Purchase Cost</p> <p>The Commission directed to submit all power purchase agreements (to take advantage of the lower market rates in short term and feasible plan for purchase of power in long term) of the Petitioner for its approval.</p> | <p>Petitioner submitted that the power purchase agreement (PPA) with DVC has been submitted earlier to the Commission and the PPA with TATA Power Company Limited will be submitted shortly</p> | <p>The Petitioner has only partly complied with this Directive. The remaining PPAs should be submitted to the Commission within 30 days of date of issue of this Order.</p> <p>Further, considering the changing power scenario in the country with the Central Government undertaking coal auctions, growth in energy supply from upcoming generating stations, dipping of prices in short term markets, etc. will result in power available from various sources at lower rates. Accordingly, the Commission directs Petitioner to evaluate options for reduction of its power purchase costs through short term and long term options and submit same to the Commission for approval within 3 months of issue of this Tariff Order.</p> |

A13: NEW DIRECTIVES

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

RPO Compliance

13.2 The Commission **directs the Petitioner to comply with the renewable purchase obligation as stipulated for FY 2015-16 along with shortfall for FY 2014-15. The Commission shall not allow for any carry forward of RPO beyond the control period and failure to comply shall attract penalty.**

Details of Depreciation

13.3 Several objectors raised issue related to details of depreciation submitted by the Petitioner. The Commission also views it is essential to submit asset-head wise details of actual depreciation incurred supported by the audited annual accounts prepared in line with provisions of the Companies Act 2013. Accordingly, the Commission **directs the Petitioner to submit report on reasons for amount of depreciation claimed under various heads specially related to foreign exchange variation within 1 month of issue of this Tariff Order.**

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this the 31st day of May, 2015.

This Order shall come into effect from 1st day of June, 2015 and shall remain in force till the next Tariff Order is issued by the Commission.

Date: 31st May 2015

Place: Ranchi

**Sd/-
(SUNIL VERMA)
MEMBER (F)**

**Sd/-
(N.N. TIWARI, J)
CHAIRPERSON**

ANNEXURE**Annexure-I****List of participating members of public in the public hearing**

| Sl. No. | Name | Address / Organization if any |
|---------|----------------------|---------------------------------------|
| 1 | Koustar | Sonari |
| 2 | Arindam | Sonari |
| 3 | S. Anand Rao | H No. 24 Foujabagan, Baridih cno 4824 |
| 4 | B.R. Singh | Hno. 36 Foujabagan, Bandih, JSR |
| 5 | S.K. Bhattacharya | 199, H/6 |
| 6 | Sumeet Ranjan Sinha | Kadma |
| 7 | Rajesh Kumar | Sonari |
| 8 | S. Chatterjee | Sonari |
| 9 | R. Mallide | Sonari |
| 10 | R. Singh | Ramdev Bagan |
| 11 | Aushad Alam | Mango |
| 12 | K.C. Jha | JUSCO |
| 13 | Vijay Prakash Singh | JUSCO |
| 14 | K. Maujuralla | JUSCO |
| 15 | A.K. Banerjee | JUSCO |
| 16 | D. K. Dutta Ray | JCHBS Ltd. |
| 17 | Karan S. Jajesh | Feedback |
| 18 | N. Leena | JUSCO |
| 19 | S.K. Singh | Sidhganj |
| 20 | Sagar Kumar | JUSCO |
| 21 | Harihar Sahu | Bhuiyadih |
| 22 | Dileep Kumar Jha | Sidhganj |
| 23 | Sandeep Prasad | JUSCO |
| 24 | A.K. Enterprises | JUSCO P.S.D. |
| 25 | Naresh Thakur | Kadma |
| 26 | R.K. Singh | Bistupur |
| 27 | A.N. Choudhary | JUSCO |
| 28 | Uday Kumar | Manifit |
| 29 | Rupesh Kumar | Sonari |
| 30 | Santosh Pragmatic | Sonari |
| 31 | A.K. Singh | Sakchi |
| 32 | Rohit Solanki | Baradwari |
| 33 | Jitendra Shrivastava | Baridih |
| 34 | Ashok Kumar Bihany | SCCI |
| 35 | Piyush Goyal | Bistupur |
| 36 | H.S. Kanja | Baridih |
| 37 | Prakash Singh | Tinplat |
| 38 | Arvind Kumar Singh | Tata Steel |
| 39 | D. Singh | Sakchi |

| Sl. No. | Name | Address / Organization if any |
|---------|---------------------|-------------------------------|
| 40 | Mukesh Singh | B. Colony |
| 41 | S.K. Basu Mallick | Tata Steel |
| 42 | U.K. Pandey | Kadma |
| 43 | Ajay Kumar | Tata Steel |
| 44 | Prakash Kumar Barua | Badhi Society, JSR |
| 45 | Atanu Bose | Baridih |
| 46 | S.K. Gupta | Fouza Bagan |
| 47 | A. K. Tripathi | Sakchi |
| 48 | Sanjay Goutam | JUSCO |
| 49 | A. Mathur | JUSCO |
| 50 | R. Ravi Kumar | Golmuri |
| 51 | Z.A. Khan | JUSCO |
| 52 | Capt. D. Mishra | JUSCO |
| 53 | Arvind Kumar Sinha | TSL |
| 54 | D. M. Choudhary | Tata Steel |
| 55 | Bishwajeet Kumar | Tata Steel |
| 56 | A.P. Singh | ISWP |
| 57 | C. Banerjee | JUSCO |
| 58 | Manmohan Singh | JUSCO |
| 59 | Kiran Kumar | JUSCO |
| 60 | U.S. Ojha | USD JUSCO |
| 61 | Mani Panday | JUSCO |
| 62 | Nagendra Kumar | CGRF, Chairman |
| 63 | S.C. Jha | CGRF (TSL) |
| 64 | Saurabh Goyal | Tata Steel |
| 65 | M.K. Panda | Kadma |
| 66 | Ritesh Gupta | Bistupur |
| 67 | Nirmal Kr. | Adityapur |
| 68 | Rajesh | Kadma |
| 69 | Brajesh Singh | Sonari |
| 70 | R. Vyas | Tata Steel |
| 71 | Banti Sharma | Sonari |
| 72 | Suraj Harpal | Sonari |
| 73 | Shyama | Sonari |
| 74 | Dilip | Sonari |
| 75 | Vickey | Sonari |
| 76 | Bikrama Singh | Sonari |
| 77 | Raju Sinha | Sonari |
| 78 | Indu Devi | Sonari |
| 79 | Jiwan | Sonari |
| 80 | Ashok | Kadma |
| 81 | Durgesh | Sonari |
| 82 | Sandip Kumar | Kadma |
| 83 | Sudip Bhattacharya | Kadma |

| Sl. No. | Name | Address / Organization if any |
|---------|---------------------|-------------------------------|
| 84 | Dharmesh Kumar | Sidhganj |
| 85 | Nirmal Kr. | Hindustan News |
| 86 | Mahesh Agarwal | Bistupur |
| 87 | Vinod | Jugshalai |
| 88 | A.K. Singh | Tata Steel |
| 89 | B.D. Mukherjee | Rajesh Electrical |
| 90 | A.K. Negi | A. Pur |
| 91 | V.K. Sharma | JSFI |
| 92 | S.Kumar | SCCI HGI |
| 93 | Nitesh Dhoot | SCCI |
| 94 | Sunil Kumar Singh | JUSCO |
| 95 | Y Prasad | JUSCO |
| 96 | Pankaj Kumar Tiwari | JUSCO Ltd. |
| 97 | B. K. Ojha | Danik jagran |
| 98 | Rasmi Manjee Lenka | TSL |
| 99 | S. Kumar Mohan | Kadma |
| 100 | Baljeet Singh | Sakchi |
| 101 | S.S. Dubey | Sakchi |
| 102 | Majid Akhtar | Kadma |
| 103 | Imteyaz Ahmed | Dhatkidih |
| 104 | Rajesh | Hindustan Press |
| 105 | K. M. Pandey | Kadma |
| 106 | D. Singh | JUSCO |
| 107 | S. Ray | Sonari |
| 108 | K.K. Singh | Baridih |
| 109 | S. R. Singh | JUSCO |
| 110 | Surendra Kumar | JUSCO |
| 111 | Shiv Kumar | Sonari |
| 112 | S.N. Banerjee | Dhatkidih |
| 113 | A.K. Gupta | Sakchi |
| 114 | Dinesh Pandey | Sonari |
| 115 | Sanjay Pandey | Sonari |
| 116 | Paramdeep Singh | Sonari |
| 117 | Sudhir | Akshay Steel works P. Ltd. |
| 118 | Mohan Saw | Barmamines |
| 119 | S.C. Shukla | Sakchi |
| 120 | Sumant Singh | Hompair |
| 121 | Subhash Sahu | Sonari |