

Office Report

The petition dated 28.11.2018 of Jharkhand Bijli Vitran Nigam Limited (JBVL) for True-up of FY 2016-17 & FY 2017-18, Annual Performance Review for FY 2018-19 and Determination of Aggregate Revenue Requirement and Tariff for FY 2019-20 has been scrutinized and several deficiencies have been found in the petition as indicated below :-

A. General

1. The Petitioner should submit the Financial Model and formats of the Petition in Ms Excel format with proper linkages and formula.

B. Sales and Power Purchase

2. The Petitioner should furnish the source-wise monthly schedule and actual CTU loss (injection and drawal) along with actual intra-state transmission loss (JUSNL) for FY 2016-17, FY 2017-18 and for first six months of FY 2018-19.
3. It is observed from the power purchase details provided that no power has been purchased from DVC for FY 2017-18, however, power is being proposed to be procured in FY 2018-19. The Petitioner should provide reason for the same.
4. The Petitioner should justify the reason for claiming DPS paid to DVC of Rs. 352.85 Crore as a part of ARR for FY 2017-18.
5. The Petitioner should submit the approval of the Commission for procurement of power from PTC (Trading Company) and IEX on short term basis for FY 2016-17 & FY 2017-18 as required under Regulation 5.20- 5.22 of the JSERC Distribution Tariff Regulations, 2015.
6. It is observed that the Transmission losses of 9.64% and 9.71% for FY 2016-17 and FY 2017-18 has been considered by the Petitioner as against the approved Transmission Loss of 2.23% based on the data submitted by JUSNL in its load flow study by third party in the MYT Order dated 24 February, 2018. The Petitioner should justify its claim with substantial evidence.

7. It is observed that the Intra-State Transmission Charges paid by the Petitioner for FY 2016-17 is on MW basis as against the Order of the Commission dated 14 December 2015 to pay JUSNL Charges at Rs. 0.19/kWh (per unit basis).
8. The Petitioner should submit the basis for the intra-state transmission charges claim of Rs. 204.07 Crore for FY 2017-18 as it does not reconcile with the Intra-State Transmission Charges calculated considering the Tariffs approved by the Commission vide Orders dated 14 December, 2015 and 24 February, 2018.
9. The Petitioner should provide the basis for projection of source wise power purchase quantum for FY 2018-19 and FY 2019-20.
10. The Petitioner should provide the basis for projecting power purchase cost (per unit basis) for FY 2019-20 (Categorised as Fixed Cost in Rs. Crore and Variable Cost in Rs./kWh and Rs. Crore).
11. The Petitioner should further submit the actual variable charges in Rs/kWh for all its Thermal generating stations for power procured during April 2018 to September 2018 with appropriate supporting documents.
12. It is observed that the Petitioner has not met the RPO targets for FY 2016-17 & FY 2017-18. The Petitioner should provide justification for the non-compliance.
13. The Petitioner should provide justification for considering the Transmission Losses for FY 2018-19 and FY 2019-20 to be 5%.

C. Other Components of ARR:

14. The Petitioner has claimed that the increase in the A&G Expenses is due to outsourcing tasks and capacity building, however as per audited accounts the major increase in the A&G Expenses is observed due to increase in Telephone Charges, Legal Charges, Travelling Expenses, Electricity Charges and computer billing. The Petitioner should provide justification for increase in the expenses in each of the abovementioned heads.
15. It is submitted by the Petitioner that about 2 Lakh farmers would be benefitted by Tilka Manjhi Krishi Pump Yojana. The Petitioner should submit the basis of estimation of 2 lakh farmers.
16. It is observed by the Commission that the Capital Expenditure of Rs. 428.60 Crore and Rs. 1076.03 Crore was incurred against the approved value of Rs. 304.10 Crore and Rs.

218.85 Crore towards ADP+Misc works for FY 2016-17 and FY 2017-18 respectively. The Petitioner should provide justification for the same.

17. The Petitioner should submit the detailed scheme-wise comparison of capitalization approved by the Commission vis-à-vis actuals as submitted for FY 2016-17 and FY 2017-18 and that projected for FY 2018-19 and FY 2019-20 respectively.
18. It is observed that the Capital Expenditure and the Capitalisation claimed for FY 2016-17 & FY 2017-18 is much lesser than the values proposed for FY 2018-19 & FY 2019-20. The Petitioner should justify how amounts of Rs. 3427.35 Crore and Rs. 5880.72 are proposed to be capitalised for FY 2018-19 and FY 2019-20 against the approved capitalisation of Rs. 1860.54 and Rs. 1892.22 Crore respectively as it is also observed that only ~26% of the approved capitalisation is actually capitalised for FY 2017-18 and only ~18% and ~45% of the approved Capex are incurred in FY 2016-17 and FY 2017-18 respectively.
19. The addition in Grants and Consumer Contribution for FY 2017-18 does not match with the Audited Accounts. It is observed that the same is Rs. 2160 Crore as per the Audited Accounts while the Petitioner has considered only Rs. 1904 Crore. This mismatch should be rectified.
20. It is observed that the Opening GFA for FY 2016-17 excluding Consumer Grants and Consumer Contribution does not match the closing GFA excluding Grants and Consumer Contribution for FY 2015-16 approved by the Commission vide its True-up Order dated 27.04.2018. The Petitioner should reconcile the same and submit the depreciation calculations.
21. The Petitioner should submit the details of the actual loan portfolio on 1 April, 2017 borrowed by JBVNL, if applicable, for calculation of weighted average rate of interest as per Regulation 6.24 of the Tariff Regulations.
22. The Petitioner has claimed interest on receivables financing on the receivables against DPS. The Petitioner should submit the basis for calculation of the Receivables claimed against DPS as Rs. 1785.16 Crore, Rs. 1701.46, Rs. 1666.67 and Rs. 1666.67 for FY 2016-17, FY 2017-18, FY 2018-19 and FY 2019-20 respectively.
23. The Petitioner should separately submit the Terminal Benefits claimed for FY 2016-17 and FY 2017-18 respectively. It is also observed that the Employee Expenses including Terminal Benefits for FY 2017-18 is escalated for calculation of Employee Expenses

(excluding Terminal Benefits) for FY 2018-19 and FY 2019-20, which is not as per the Distribution Tariff Regulations, 2015. The Petitioner should justify the same.

D. Revenue, Gap/Surplus and Treatment:

24. The Petitioner should submit the reason for reduction in the collection efficiency from 90.69% in FY 2016-17 to 84.86% in FY 2017-18.
25. It is observed that the carrying cost on the gap created during the year is calculated on the total gap during the year while it should be calculated only on the average addition during the year. The Petitioner should provide necessary justification for the same.
26. It is observed that the Petitioner has proposed to move from kWh based metering in LTIS to kVAh based metering. The Petitioner should submit preparedness for implementing the same viz., metering and billing infrastructure availability, for this transition and implementation of kVAh based metering.
27. It is also proposed by the Petitioner that the unmetered category be completely abolished. The Petitioner should submit the reason for proposing calculation of tariffs for unmetered consumers based on assessment formula as it should have completed 100% metering by December 2018.
28. The Petitioner should provide justification for recategorization of consumer categories proposed in the Petition and further submit the cross-subsidy for each category/sub-category of consumers considering the average cost of supply at the present tariff and the proposed tariffs for FY 2019-20 in Excel format.
29. The Petitioner has proposed an increase in the Miscellaneous Charges in FY 2019-20. The same increase is not reflected in the Non-Tariff Income of the Petitioner considering that the same is considered as non-tariff income.

E. Compliance to Directives:

30. It is observed that the Petitioner has submitted the meter procurement status. The Petitioner should submit the actual metering status till date as against the committed target of 100% metering by December 2018.
31. The Petitioner should submit the status of Solar Power Procurement, the strategy to meet the RPO targets for FY 2018-19 and FY 2019-20 and also the strategy to comply with the RPO targets from FY 2010-11 to FY 2017-18.

32. The Petitioner has submitted that it has performed Division-wise energy audit and circle-wise T&D loss reduction plan to the Commission. The Petitioner should submit the audit reports.
33. It is observed that the Petitioner is yet to comply with an earlier directive of the Commission on Consumer Awareness Programme in its MYT Order dated 21 June 2017. The Petitioner should provide justification for non-compliance of the same.
34. The Commission has also observed that the Petitioner has not provided satisfactory compliance for the directives on Interest on Consumer Security Deposit and Voltage-wise Cost of Supply. The Petitioner should justify the reason for non-compliance as it is observed that these directives have not been complied to for a long time.
35. It is observed that in spite of repeated directions by the Commission, the Petitioner has not completely complied to the directives on Power Purchase Cell, Quality of power/ Reliability Indices and Standard of Performance (SOP), Strengthening of Distribution Network (Safety Manual), Energy Audit & T&D Loss Reduction Plan, Employee Performance Appraisal and Monitoring of compliance to directives. The Petitioner should submit detailed justification with conclusive date for compliance of the above directives.


19/12/18
Secretary