

## **A1: INTRODUCTION**

### **Jharkhand State Electricity Regulatory Commission (JSERC)**

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational w.e.f. April 24, 2003. The Electricity Act, 2003 (hereinafter referred to as “the Act” or “EA, 2003”) came into force w.e.f. 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 22.08.2002 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the Electricity Act, 2003 being brought into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of JSERC are now defined as per Section 86 of the Act.
- 1.4 In accordance with 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 Power Company Limited (TPCL)**

- 1.8 The Tata Power Company Limited (TPCL) (hereinafter referred to as 'TPCL' or the 'petitioner'), is a company incorporated under the Indian Companies Act, VII of 1913 and is engaged in electricity generation, transmission and distribution in the country.
- 1.9 The petitioner has submitted that it operates two Units (Units II and III) of Jojobera Power Plant that are the subject of tariff determination in this Tariff Order. Both Units have a capacity of 120 MW each. Unit II commenced its operations on February 1, 2001 and Unit III on February 1, 2002.
- 1.10 TSL Limited (TSL), which is engaged in the production of iron and steel and related activities in Jamshedpur since 1907, obtained permission from the Government of Bihar to establish power plants in Jojobora in 1991 through its subsidiary company named Jamshedpur Power Company Ltd. (JAPCOL) which was subsequently transferred to Tata Power Company Limited. TPCL thereafter commissioned the two Units of 120MW at Jojobera for supply of power to TSL Ltd. and for distribution in Jamshedpur.

### **Scope of the present order**

- 1.11 This Order relates to the ARR and Tariff petitions filed by TPCL before the JSERC for approval of its
- (a) ARR and determination of tariff for FY 2007-08;
  - (b) ARR and determination of tariff for FY 2008-09; and
  - (c) ARR for FY 2007-08, FY 2008-09 and FY 2009-10 and determination of tariff for FY 2009-10

in accordance with Sections 61, 62 and 64 of the Act and provisions of the JSERC (Terms and Conditions for Thermal Generation Tariff) Regulation, 2004 ( hereinafter referred to as 'Generation Tariff Regulations, 2004')

- 1.12 While determining tariff for FY 2007-08, FY 2008-09 & FY 2009-10, the Commission has taken into consideration the following:
- (a) Provisions of section 86 of the Act,
  - (b) Provisions of the National Electricity Policy,
  - (c) Provisions of the National Tariff Policy;
  - (d) Principles laid down in the 'Generation Tariff Regulations, 2004'; and
  - (e) Power Purchase Agreement between TPCL & TSL.