

A1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission (JSERC)

- 1.1 The Jharkhand State Electricity Regulatory Commission (herein after referred to as 'JSERC' or 'the Commission') was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational 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the Electricity Act, 2003 being brought into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of JSERC are now defined as per Section 86 of the Act.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 co-generation 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 (NTP) as brought out by GoI in compliance to Section 3 of the Act. The objectives of the NTP 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, formerly known as Tata Iron and Steel Company Limited (TISCO), is a company incorporated under the provisions of the Companies Act, 1956. TSL is distributing electricity in the township of Jamshedpur under the license granted u/s 14 of the Act since 1923 through a sanction/license granted under section 28(1) of the erstwhile Indian Electricity Act, 1910. After this Act was repealed by the introduction of the EA, 2003, TISCO 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 TSL to continue operating under the provisions of the repealed Act till the time regulations regarding the same are notified by the Commission.
- 1.9 After notification of JSERC (Terms and Conditions for Distribution Tariff) Regulation, 2004, action for issue of license was initiated and subsequently the license was issued to TSL on January 12, 2006 w.e.f. March 24, 2004.
- 1.10 The area of licensee 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

- 1.11 This Order relates to the Annual Revenue Requirement (ARR) and Tariff Petitions filed by TSL at different points of time before the Commission for approval of its:
- (a) ARR and tariff determination for FY 2007-08;
 - (b) ARR and tariff determination for FY 2008-09; &
 - (c) ARR for FY 2007-08, FY 2008-09 and FY 2009-10 and tariff determination for FY 2009-10.
- 1.12 This Order is issued in accordance with Sections 61, 62 and 64 of the Act and provisions of the JSERC (Terms and Conditions for Distribution Tariff) Regulation, 2004 (hereinafter referred to as 'Distribution Tariff Regulations, 2004')
- 1.13 While determining tariff for the licensed area of TSL, 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 NTP, and
 - (d) Principles for tariff determination laid down in the 'Distribution Tariff Regulations, 2004'