

A10: NEW DIRECTIVES

Improvement in performance of Operational parameters

- 10.1 The Commission notes with concern that the operational performance of the petitioner is very low. In particular, the SHR and PLF can be improved further to the extent of CERC approved operational norms. The Commission directs the petitioner to submit an improvement plan for both its units within three months of the issue of this order.

Issues in accounting treatment of expenses

- 10.2 The Commission has observed from the scrutiny of the petitions for FY 2008-09 & FY 2009-10 that the accounting treatment of various revenue and capital expenditure items is not in accordance standards and generally accepted accounting policies. The Commission directs the petitioner to henceforth prepare its accounts as per the applicable accounting standards.
- 10.3 The Commission also feels that the petitioner should arrange training for its accounting personnel so as to update them with the prevalent accounting standards and policies.

Loan restructuring

- 10.4 The Commission observes that the interest on long term loans paid by the petitioner is very high for both the Units of the petitioner. It is pertinent to mention that many funding agencies are offering lower interest rates in the market as compared to the interest on loan paid by the petitioner. The Commission directs the petitioner to ascertain the interest rates of other Banks and conduct a cost benefit analysis for restructuring of its outstanding loans. The Commission directs the petitioner to submit a report in this regard within three months of the issue of this order.
- 10.5 The petitioner has informed that it has approached GoJ for conversion of loan from Bihar Government into equity. The Commission directs the petitioner to pursue its case with GoJ for conversion and fulfil all the requirement of GoJ in this regard.

Adjustment of Bills & payments/receipt as per revised cost of power sold to JSEB

- 10.6 The Commission directs the petitioner to reconcile the payment due/receipts with JSEB, in lieu of the revised Generation Tariff for power sold to JSEB, as determined by the Commission in this order, within three months of the issue of this order. The Generation Company is required to generate a supplementary bill for the reconciled billed amount and submit the same to JSEB.

Investment in Fixed Deposits