

**JHARKHAND STATE ELECTRICITY REGULATORY
COMMISSION, RANCHI**

**JSERC (Levy and Collection of Fees and Charges by State Load Despatch
Centre) Regulations, 2020**

A Regulation for efficient functioning of SLDC, as the apex body to ensure efficient monitoring and integrated operation of the power system in the State of Jharkhand. In exercise of power under Section 181(2)(g) of the Act, the Commission has issued the JSERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2020).

CHAPTER I:

SCOPE, EXTENT AND DEFINITIONS

A 1. Short Title and Commencement

- 1.1 This Regulation may be called the “Jharkhand State Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2020”.
- 1.2 These Regulations shall extend to the whole State of Jharkhand.
- 1.3 These Regulations shall come into force on the date of its publication in the Jharkhand Gazette and unless reviewed earlier or extended by the Commission, shall be applicable from 1st April 2021 to 31st March 2026.
- 1.4 These Regulations shall supersede the JSERC (Levy of collection of fees and charges by SLDC) Regulations, 2010 read with all amendments thereto, as applicable to the subject matter of these Regulations.

A 2. Scope and Extent of Application

- 2.1 These Regulations shall be applicable for determination of fees and charges to be collected by State Load Despatch Centre from the Generating Companies, Transmission Licensees, Distribution Licensees, Buyers, Sellers and any other users.

A 3. Definitions and Interpretation

- 3.1 In this Regulation unless the context otherwise requires:
 - 1) “**Accounting Statement**” means for each financial year:
 - i. The Balance sheet, prepared in accordance with the form contained in Part I of Schedule III to The Companies Act, 2013 and its predecessors.

- ii. Cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) as notified by the Central Government within the provisions of section 133 of The Companies Act, 2013 and its predecessors.
 - iii. Cost Accounting Records prescribed by the Central Government under section 148 of The Companies Act, 2013 and its predecessors.
 - iv. Notes on accounts thereto, and such other supporting statements and information forming part of financial statements or as the Commission may direct from time to time.
 - v. Profit and loss account, complying with the requirements contained in Part II of Schedule III to The Companies Act, 2013 and its predecessors.
 - vi. Report of the statutory auditors and Comptroller and Auditor General, including any annexure and appendix thereto.
 - vii. Any or all the formats as notified by the Commission under these regulations for Tariff Regulation including Multi Year Tariff Regulations pertinent to the relevant year. Provided that in case of any local authority engaged in the business of distribution of electricity, the Accounting Statement shall mean the items, as mentioned above, prepared and maintained in accordance with the relevant Acts/law as applicable to such local authority;
- 2) **“Act”** means the Electricity Act, 2003 (36 of 2003) and subsequent amendments thereof;
 - 3) **“Additional Capitalization”** means the capital expenditure incurred or projected to be incurred, after the date of commercial operation of the project;
 - 4) **“Aggregate Revenue Requirement”** or **“ARR”** means the costs pertaining to the State Load Despatch Centre which are permitted, in accordance with these Regulations, to be recovered from the fees and charges determined by the Commission;
 - 5) **“Applicant”** means SLDC who has made an application for determination of Fees and Charges in accordance with these Regulations;
 - 6) **“Auditor”** means an auditor appointed by the SLDC, qualified for appointment as an auditor in accordance with the provisions of sections 224, or section 233B or section 619 of the Companies Act, 1956 (1 of 1956), as amended from time to time or Chapter X of the Companies Act, 2013 (18 of 2013), or any other law for the time being in force;

- 7) **“Bank Rate”** means the one-year marginal cost of lending rate (MCLR) of the State Bank of India from time to time or any replacement thereof for the time being in effect plus 350 basis points;
- 8) **“Base Year”** means the Financial Year 2020-21 and used for the purposes of these Regulations;
- 9) **“Buyer”** means a person buying power through medium term or long-term access and whose scheduling, metering and energy accounting is coordinated by the State Load Despatch Centre;
- 10) **“Capital Cost”** means the cost incurred in the schemes but not limited to the following:-
 - i. Supervisory control and data acquisition (SCADA) System, Wide Area Measurement System (WAMS), Renewable Energy Management Centre (REMC), Weather Portal and other such related information systems
 - ii. Computer systems, hardware and software, Cyber Security Systems, Multiple Video conferencing facilities, Voice Recording Systems
 - iii. Ergonomically designed office furniture/equipment
 - iv. Auxiliary power supply system comprising Uninterrupted Power Supply, Diesel Generating Set and DC power system,
 - v. Communication system including redundant communication infrastructure – Satellite communication in addition to conventional systems,
 - vi. Other infrastructure facilities, such as air-conditioning, fire-fighting and construction and renovation of buildings, roof-top solar units for energy efficiency etc.
 - vii. Any innovative schemes R&D projects and pilot projects for better system operation, such as Synchro-phasors, System Protection Scheme,
 - viii. Disaster Recovery (Main-I & Main-II) control centres for RLDCs and NLDC,
 - ix. Surveillance System,
 - x. Dual redundant internet connectivity for Web Servers of LDCs
 - xi. NMS (Network Management System) & Asset management tool for Network & IT Asset Monitoring
 - xii. Market Management System Software
 - xiii. Cyber Security System infrastructure facilities such as Anti-APT (Advanced Persistent Threat) monitoring, Vulnerability Assessment for Persistent Threat (VAPT) & control Device, Local Area Network (LAN) Zone & Layer, Secure Sockets Layer (SSL) Certificate, SSL Virtual Private Network (VPN) and Security Information & Event Management(SIEM)
 - xiv. Infrastructure to ensure high availability of the Information Technology (IT) and Operational Technology (OT) applications:

- xv. Redundant communication links / distribution path for IT / OT equipment
 - a. Redundant site infrastructure – Disaster Recovery
 - b. Multiple independent distribution path serving the equipment
 - c. Dual powered and fully compatible with the site topology
 - d. Cooling equipment dual powered including air-conditioning system
 - e. Fault tolerant site infrastructure with electrical power storage, standby power supply, distribution facility
 - f. Physical access security needs to be ensured for IT – OT infrastructure with biometric access, CCTV surveillance, fire alarm and firefighting system.
 - xvi. Additional infrastructure facilities like „Digital Signature“, „Instant Messaging for Business“, „Centralized Patch Management and Antivirus server“, „Syslog Server“ and Enterprise class Backup and replication software“ etc.
 - xvii. Future Technologies like Cloud Computing (e.g. PaaS (Platform as a Service), SaaS (Software as a Service) and DaaS (Desktop as a Service) are available on Public Cloud, Private Cloud and Hybrid Cloud), Big Data Analytics tools and Advanced data visualization tool (with GIS interfacing) etc.
 - xviii. (bb) Ergonomically designed office equipment.
- 11) **“Capital Expenditure (CAPEX) Plan”** means the plan submitted by SLDC for the Control Period, detailing the expenditure proposed to be incurred during the Control Period which are capital in nature for creation of capital assets of State Load Despatch Centre to ensure efficient work and integrated operation of the power system in the State of Jharkhand;
- 12) **“CERC”** means the Central Electricity Regulatory Commission referred to in subsection (1) of section 76 of the Act;
- 13) **“Charges”** means recurring payments on monthly basis to be collected from the Users by the State Load Despatch Centre for the services rendered;
- 14) **“Commission”** means the Jharkhand State Electricity Regulatory Commission (JSERC);
- 15) **“Conduct of Business Regulations”** means the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time;
- 16) **“Contracted Capacity”** means the capacity arranged through long term or medium-term open access;
- 17) **“Control Period”** means a multi-year period fixed by the Commission, from 1st April 2021 and up to 31st March 2026 unless reviewed earlier or extended by the Commission;
- 18) **“Day”** means the 24-hour period starting at 0000 hours;

- 19) **“Expenditure Incurred”** means the fund, whether the equity or debt or both, actually deployed and paid in cash or cash equivalent, for creation or acquisition of a useful asset and does not include commitments and the liabilities for which no payment has been made;
- 20) **“Fees”** means the non-refundable one-time payment or payment in a defined periodicity collected by the State Load Despatch Centre, for the services rendered for commencement of grid access and scheduling and on account of registration, membership or any other purpose as specified by the Commission from time to time;
- 21) **“Grid Access”** means the permission granted by the concerned RLDC for integration of the generating station including a stage or unit of the generating station, or licensees, buyers and sellers with the grid on meeting the technical requirements;
- 22) **“Licensee”** means a person or a company granted a licence under Section 14 of the Act;
- 23) **“Market Operation Function”** includes functions of scheduling, despatch, metering, data collection, energy accounting and settlement, transmission loss calculation and apportionment, operation of pool account and congestion charge account, administering ancillary services, information dissemination and any other functions assigned to the State Load Despatch Centre by the Electricity Act 2003 or by JSERC Regulations and Orders;
- 24) **“National Load Despatch Centre (NLDC)”** means the Centre established under sub-section (1) of Section 26 of the Act;
- 25) **“Open Access Consumer”** means any licensee or Consumer or buyer or a person engaged in generation who has been granted Open Access in accordance with the JSERC (Terms and Conditions for Intra-State Open Access) Regulations, 2016;
- 26) **“Regional Load Despatch Centre (RLDC)”** means the Centre established under sub-section (1) of Section 27 of the Act;
- 27) **“Seller”** means a person supplying power through medium term or long-term access and whose scheduling, metering and energy accounting is coordinated by State Load Despatch Centre;
- 28) **“State”** means the State of Jharkhand;
- 29) **“State Load Despatch Centre (SLDC)”** means the Centre established under subsection (1) of Section 31 of the Act;

- 30) **“System Operation Function”** includes monitoring of grid operations, supervision and control over the Intra-State Transmission System, real-time operations for grid control and Despatch, system restoration following grid disturbances, compiling and furnishing data pertaining to system operation, congestion management, black start coordination and any other function(s) assigned to the State Load Despatch Centre by the Electricity Act 2003 or by JSERC Regulations and orders;
- 31) **“State Transmission Utility (STU)”** means the Board or the Government Company specified as such by the State Government under sub-section (1) of Section 39 of the Act;
- 32) **“Tariff Period”** shall mean the period from 1st April 2021 to 31st March 2026 unless reviewed earlier or extended by the Commission, for which Tariff shall be determined by the Commission under these Regulations;
- 33) **“User”** means the generating companies, distribution licensees, buyers, Bulk consumers (SEZ), sellers and open access consumers, as the case may be, who use the intra–state transmission network or the associated facilities and services of State Load Despatch Centre;
- 34) **“Year”** means a financial year;
- 3.2 Words and expressions used respectively and not defined in these Regulations but defined in the Act shall have the meanings respectively assigned to them in the Act.
- 3.3 All proceedings under these Regulations shall be governed by the JSERC (Conduct of Business) Regulations, 2016 and the amendments thereof.

A 4. State Load Despatch Centre

General

- 4.1 The State Load Despatch Centre shall be a Centre established by the State Government to be operated by a Government company or any Authority or Corporation established or constituted by or under the State Act, as may be notified by the State Government.

provided that until a State Government notify or any authority or corporation is notified by the State Government, the State Transmission Utility shall operate the State Load Despatch Centre:

Provided further that no State Load Despatch Centre shall engage in the business of trading in electricity.

Registration

- 4.2 The users shall register through application with the State Load Despatch Centre (SLDC) for commencement of Grid Access for availing system operation services of SLDC as under:

- a. All generating stations, distribution licensees, intra-State transmission licensees or any other user defined under Regulation 3.1 and sub-clause 33 of these Regulations intending to avail the Grid Access shall register themselves with State Load Despatch Centre responsible for scheduling, metering, energy accounting and switching operations, not less than 30 days prior to intended date of commencement of Grid access, by filing an application in the format prescribed as **Appendix-II** to these Regulations;

Provided that when a unit is added to a generating station or an element is added to a transmission system, the generating company or transmission licensee, as the case may be, shall send an intimation to the SLDC within two days of such addition for updating its records;

- b. The buyers and sellers who intend to avail grid access shall register themselves with the State Load Despatch Centre not less than 30 days prior to intended date of commencement of grid access by filing an application in the format prescribed as **Appendix-II** to these Regulations;
- c. The Power exchanges and traders who intend to avail the services of SLDC shall register themselves with the SLDC by filing an application in the format prescribed as **Appendix-II** to these Regulations;

- 4.3 The application for registration shall be accompanied by a one-time fee of Rs 2 Lakh either through cheque or demand draft. The existing users shall register themselves with the SLDC by filing an application along with the fees of Rs 2 Lakh within a month of coming into force of these Regulations.
- 4.4 Upon submission of the application for registration, acknowledgement for receipt of application shall be issued by the SLDC promptly.
- 4.5 After scrutiny, SLDC shall intimate the deficiencies in the application, if any, to the applicant within one week of receipt of application. The applicant shall rectify the deficiency within one week thereafter, failing which the application shall be closed.
- 4.6 The SLDC, after scrutinizing applications for registration and on being satisfied with correctness of the information furnished in the application shall register the applicant and send a written intimation to the applicant.
- 4.7 SLDC shall maintain a list of registered users on its website along with their date of registration.
- 4.8 SLDC may, after issuing notice of at least one month, de-register a user in case of persistent default in payment of SLDC Fees and Charges for more than 90 days or termination of connectivity. A user can subsequently re-register once the default has been cured or connectivity re-established by paying 50% of the original registration charges.

Functions, Duties and Obligations of SLDC

- 4.9 In discharge of functions, obligations and duties under Section 32 and Section 33 of the act, the State Load Dispatch Centre shall be guided by the relevant regulations of the Commission, approved PPA's, principles and methodologies in respect of wheeling and scheduling and dispatch etc. as the Central Commission has specified in Indian Electricity Grid Code.by the Central Commission.
- 4.10 The SLDC shall not give any preferential treatment to any of the Open Access Consumers.
- 4.11 The State Load Despatch Centre shall upload on its website as well as submit the following reports to the Commission:
- a. Monthly Energy Accounting Statement indicating source-wise input and Discom/Open Access Consumer wise output of energy
 - b. The reports on its operation as specified in

- i. Commission's various Orders on Generation Tariff and Transmission Tariff;
- ii. Or other Regulations.

Prohibited Activities

4.12 State Load Despatch Centre shall not engage in the business of trading in electricity.

Accounts of SLDC

4.13 Unless otherwise permitted by the Commission the financial year shall be from first (1st) April to the following thirty-first (31st) March.

4.14 From the date the SLDC is established by the Government of Jharkhand under Section 31 of the Electricity Act, 2003, SLDC shall maintain its financial accounts separately.

CHAPTER II:

TARIFF FRAMEWORK AND GUIDING PRINCIPLES

A 5. MYT Framework

- 5.1 The MYT Framework shall commence from 1st April 2021 and unless reviewed earlier or extended by the Commission, shall be applicable till 31st March 2026 shall. The ARR filings for the Control Period shall be done in accordance with the MYT framework contained in these Regulations;
- 5.2 The SLDC shall file MYT Application and other documents with the Commission as per the timelines specified in Section A 25 of these Regulations.
- 5.3 The Application shall include statements containing Aggregate Revenue Requirement (ARR) for the Previous Year, Base Year and the projections for Control Period. The information for the Previous Year should be based on audited accounts.
- 5.4 The Guiding Principles for MYT framework are described in Section A 6 of these Regulations.
- 5.5 The principles for determination of ARR for the Control Period is described in Chapter III of these Regulations and the procedure for annual filing during the control period is described in Chapter IV of these Regulations.

A 6. Guiding Principles for MYT Framework

- 6.1 The Commission in specifying these Regulations is guided by the principles contained in Sections 61 and 62 of the Act to encourage competition, efficiency, economical use of resources, good performance and optimum investments.
- 6.2 The Commission shall adopt Multi Year Tariff Framework for approval of ARR and expected revenue from fees and charges. The ARR, fees and charges would be determined for the Control Period.
- 6.3 The Multi Year Tariff framework shall be based on the following:
 - a. **Business Plan** of the SLDC for the entire Control Period shall be filed by the SLDC before the Commission as per the timelines specified in **Section A 25** for approval, prior to the start of the Control Period;
 - b. Applicant's **forecast of expected fees and charges** for each year of the Control Period, based on reasonable assumptions of the underlying financial and operational parameters, as submitted in the Business Plan;

- c. Trajectory for specific parameters shall be stipulated by the Commission, where the performance of the Applicant is sought to be improved through incentives and disincentives;
- d. **Annual Review** of performance will be conducted vis-à-vis the approved forecast and the fees and charges shall be revised based on submissions made by the Petitioner during the Annual Review;

Base Year Values

- 6.4 The values of the Base Year for the Control Period will be determined based on the audited accounts available for the previous year, best estimate for the relevant year and other factors considered relevant by the Commission and after applying the tests for determining the controllable or uncontrollable nature of various items.

Provided that in case the audited values are not available, the Commission based on the petition filed by SLDC and prudence check approves the value for the Base Year.

Business Plan

- 6.5 The SLDC shall file for the Commission's approval, a Business Plan approved by the Board of Directors, as per the timelines specified in Section A 25 of these Regulations. The Business Plan shall be for the entire Control Period and shall, inter alia, contain;
- a. **CAPEX plan:** This should submitted by SLDC for the Control Period details the expenditure proposed to be incurred during the Control Period which are capital in nature for creation of capital assets of State Load Despatch Centre to ensure efficient work and integrated operation of the power system in the State of Jharkhand. The CAPEX plan should also include corresponding capitalisation schedule and financing plan;
 - b. The appropriate **capital structure and cost of financing** (interest on debt) and return on equity, terms of the existing loan agreements, etc;
 - c. **HR Plan:** This shall include, designation-wise existing man power, designation-wise man power recruitment during the Control Period, source of recruitment (deputation, permanent or contractual) and Training of such man power.
 - d. **Operation and Maintenance (O&M) expenses:** This shall include the costs estimated for the Base Year, the actual expenses incurred in the previous years and the projected values for each year of the Control Period based on

the proposed norms for O&M cost, including indexation and other appropriate mechanisms;

- e. **Depreciation:** This shall include the depreciation schedule based on the fair life of the asset and capitalisation schedules for each year of the Control Period;
- f. **Other Information:** This shall include any other details considered appropriate by the SLDC for consideration during determination of fees and charges.

CAPEX Plan

- 6.6 The Commission may approve the Capital Expenditure and asset Capitalisation after carrying out due Prudence Check of the plan submitted by the SLDC, based on the load growth forecast during the Control Period. The same would be considered for computation of ARR, wherein the amount of electricity handled by the SLDC shall be projected considering the estimated growth plan of its Beneficiaries and any plans of new transmission system, based on network expansion plans within the State.
- 6.7 CAPEX plan submitted by the SLDC shall also provide details of ongoing projects that will spill into the Control Period and new projects that will commence during the Control Period but may extend beyond the Control Period.
- 6.8 The CAPEX plan shall be in conformity with the plans made by the STU and with the capital investment plans of the Distribution Licensees and the Generating Companies. The CAPEX plan shall inter-alia include:
 - a. Purpose of investment (i.e. replacement of existing assets, meeting load growth, technical loss reduction, meeting reactive energy requirements, improvement in quality and reliability of supply, etc);
 - b. Capital Structure;
 - c. Capitalization Schedule;
 - d. Financing Plan;
 - e. Cost-benefit analysis;
 - f. Improvement in operational efficiency envisaged in the control period;
- 6.9 For the Annual Performance Review, SLDC shall submit the actual capital expenditure incurred and capitalisation during the year under review along with the Annual Performance Review Filing.

- 6.10 The Commission shall review the actual capital expenditure incurred and capitalisation at the end of each year of the Control Period vis-à-vis the approved capital expenditure and capitalisation schedule.

Provided that the actual capital expenditure incurred shall be only for the schemes as per the approved CAPEX plan.

- 6.11 In case the capital expenditure is required for emergency work which has not been approved in the CAPEX plan, the SLDC shall submit a petition (containing all relevant information along with reasons justifying emergency nature of the proposed work seeking approval by the Commission wherever possible. The SLDC may however, take up the work prior to the approval of the Commission provided that the emergency nature of the scheme has been certified by the Board of Directors provided that the SLDC gets the same approved by the Commission at the earliest.

A 7. Truing-up

- 7.1 The SLDC shall submit along with the application for truing up, details of capital expenditure including additional capital expenditure, sources of financing, human resource expenditure, operation and maintenance expenditure, etc incurred for each year of the Control Period, true up duly audited and certified by the auditors during the control period for true up as per the Timelines stipulated in the Section A 25.
- 7.2 Where after the truing up the tariff recovered exceeds the tariff approved by the Commission under these Regulations the SLDC shall refund to the users, the excess amount so recovered shall be as specified in Regulation 7.4 of these Regulations.
- 7.3 Where after the truing up the tariff recovered is less than the tariff approved by the Commission under these Regulations SLDC shall recover from the users, the under-recovered amount as specified in Regulation 7.4 of these Regulations.
- 7.4 The amount under-recovered or over-recovered, along with interest at the rate equal to Bank Rate as on 1st April of the respective year, shall be recovered or refunded from/to the Users by SLDC, in six equal monthly instalments starting within three months from the date of the tariff order issued by the Commission after the truing up exercise.

Provided that no interest rate on delay shall be allowed on unrecovered gap if the SLDC fails to submit the Petitions as per the timelines stipulated in Section A 25.

A 8. Annual Performance Review and Determination of Fees & Charges

- 8.1 The SLDC shall submit along with the application for Annual Performance Review, details of capital expenditure including additional capital expenditure, sources of

financing, operation and maintenance expenditure, etc incurred for the year under review, as per the Timelines stipulated in Section A 25.

- 8.2 Along with Annual Performance Review Filing, the SLDC shall also claim revised ARR for the following year based on the truing up and annual performance review of previous years.
- 8.3 Based on the analysis of Annual Performance Review and Truing up, the Commission, shall revise the ARR, SLDC Fees and Charges for the following year of the Control Period.

The Commission may review the ARR set vide the MYT Order during Annual Performance Review if it deems necessary.

CHAPTER III:
DETERMINATION OF TARIFF

A 9. Principles for Determination of Tariff

9.1 The Transmission Licensee shall segregate its accounts into SLDC activity and Transmission Business not later than 31st March 2021. The Transmission Licensee may file its Business Plan and MYT Petition, supported by an Allocation Statement duly approved by the Board of the Transmission Licensee containing the apportionment of all costs, revenues, assets, liabilities, reserves and provisions between the Transmission Business, SLDC activity and any Other Business of the Transmission Licensee or the Segregated Audited Accounts as certified by the Statutory Auditor. The Allocation Statement/ Audited Accounts shall also contain the methodology used for the apportionment between different businesses as specified in the JSERC (Power Regulatory Accounting) Regulations, 2016, and its amendments thereof.

Capital Cost

9.2 The capital cost as admitted by the Commission after prudence check for the SLDC shall form the basis for determination of annual charges.

9.3 The capital cost shall be computed in the following manner:-

- i. The Capital cost as admitted by the Commission based on the submission made by the SLDC for the Base Year based on its Annual Accounts excluding undischarged liability, if any;
- ii. Expenditure on account of additional capitalization determined in accordance with the Regulation 6.6;
- iii. The fixed assets which have been replaced during control period shall be de-capitalized;
- iv. Interest during construction and incidental expenditure during construction;
- v. Any grant received from the Central or State Government or any statutory body or authority for execution of the project which does not carry any liability of repayment shall be excluded from the Capital Cost for the purpose of computation of interest on loan, return on equity and depreciation;

9.4 The Capital cost shall be admitted after prudence check which may include scrutiny of the reasonableness of the capital expenditure, financing plan, Interest During Construction (IDC), Incidental Expenditure During Construction (IEDC), financing

charges, any gain or loss on account of Foreign Exchange Rate Variation (FERV), cost over-run and time over-run and such other matters as may be considered appropriate by the Commission:

Provided that interest during construction shall be computed corresponding to the loan from the date of infusion of debt fund, and after taking into account the prudent phasing of funds duly adjusting IDC on account of time overrun if any;

- 9.5 Provided further that incidental expenditure during construction shall be computed after prudence check duly adjusting the IEDC on account of time over run, if any, interest on deposits or advances, or any other receipts and liquidated damages recovered or recoverable corresponding to the delay.
- 9.6 SLDC shall submit Auditor Certificate for the capital expenditure incurred as on 1st April 2020 and a Management Certificate duly signed by an authorised person, not below the level of Director of the company, for the projected capital expenditure for respective years of the control period:
- 9.7 Provided that the value of the assets not in use shall not form part of the capital cost;

Additional Capitalisation

- 9.8 The capital expenditure capitalised or projected to be capitalised for the assets already in service and the additional assets projected to be procured during tariff period may be admitted, by the Commission, subject to prudence check.
- 9.9 In case of de-capitalization of assets replaced or otherwise, the original cost of such asset as on the date of de-capitalization shall be deducted from the value of gross fixed asset along with corresponding adjustment in equity, outstanding loan, cumulative repayment of loan and depreciation in the year such de-capitalization takes place.

Debt-Equity ratio

- 9.10 The Commission shall consider the normative debt equity ratio of the capital incurred as 70:30 for determination of tariff.
- 9.11 In case the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of charges:

Provided further that the equity invested in foreign currency shall be designated in Indian rupees on the date of each investment

A 10. Computation of Annual Charges

10.1 The annual charges of SLDC shall contain but not limited to the following items:

- a. Return on equity;
- b. Interest on loan;
- c. Depreciation;
- d. Operation & maintenance expenses; and
- e. Interest on working capital.
- f. Non-Tariff Income

Return on equity

10.2 Return on equity shall be computed in rupee term on equity base determined in accordance with Regulation 9.10 & Regulation 9.11 of these Regulations.

10.3 Return on equity shall be computed on pre-tax base rate of 14.00%/15.50% to be grossed up as per the Regulation 10.5 of this Regulation.

10.4 The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate applicable to the SLDC as per details shown as under:

Base rate to be grossed by the applicable tax rate for FY 2020-21.

Provided that return on equity with respect to the actual tax rate applicable to the SLDC, in line with the provisions of the relevant Finance Acts of the respective year during the Control period shall be trued up separately for each year of the Control period.

10.5 Rate of return on equity shall be rounded off to three decimal points and be computed as per the formula given below:-

Rate of pre-tax return on equity = Base rate / (1-t)

Where,

‘t’ is the applicable tax rate as per Regulation 10.4 of these Regulations.

Illustration-

- a. In case of SLDC paying Minimum Alternate Tax (MAT) @ 21.5488% including surcharge and cess:

Rate of pre-tax return on equity = $15.50 / (1 - 0.215488) = 19.758\%$

- b. In case of SLDC paying normal corporate tax @ 34.944% including surcharge and cess:

Rate of pre-tax return on equity = $15.50 / (1 - 0.34944) = 23.826\%$.

Interest on loan

- 10.6 The loans determined in accordance with Regulation 9.10 & Regulation 9.11 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.
- 10.7 During Control Period, the normative loan outstanding as on 1st April 2021 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31st March 2021 from the gross normative loan.
- 10.8 The repayment for respective year of the Tariff Period shall be deemed to be equal to the depreciation allowed for that year.
- 10.9 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year.
- Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered;
- Provided further that if the State Load Despatch Centre does not have actual loan, then the rate of interest shall be considered on normative basis and shall be equal to the One Year Marginal Cost of Lending Rate (MCLR) of State Bank of India plus 200 basis points as on 1st April of the respective year of the Control Period;
- 10.10 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest, as approved by the Commission in accordance to Regulation 10.9 of this Regulation.
- 10.11 The SLDC shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such re-financing shall be borne by the users and the net savings shall be shared between the users and the SLDC, as the case may be, in the ratio of 2:1.
- 10.12 The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

10.13 In case of dispute, any of the parties may make an application in accordance with the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time, including statutory re-enactment thereof for settlement of the dispute:

Provided that the users shall not withhold any payment on account of the interest claimed by the users and the SLDC during the pendency of any dispute arising out of refinancing of loan;

Depreciation

10.14 The value base for the purpose of depreciation shall be the capital cost of the asset admitted by the Commission.

Provided that depreciation shall not be allowed on assets funded by any capital subsidy /grant;

10.15 The salvage value of the asset (excluding IT equipment and Software) shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset. The salvage value for IT equipment and Software shall be considered as NIL and 100% value of the assets shall be considered depreciable.

10.16 Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the capital cost of the asset.

10.17 Depreciation shall be calculated annually based on ‘Straight Line Method’ and at rates as specified in **Appendix-I** to these Regulations.

10.18 Assets fully depreciated shall be shown separately. Value of the assets not in use or declared obsolete shall be taken out from the capital cost for the purpose of calculation of depreciation.

10.19 The balance depreciable value as on the date of transfer shall be worked out by deducting the cumulative depreciation from the gross depreciable value of the assets appearing in the books of accounts of the State Transmission Utility for the SLDC as on the date of transfer.

Operation and Maintenance Expenses

10.20 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a. Salaries, wages, pension contribution and other employee costs;
- b. Administrative and General costs;
- c. Repairs and maintenance expenses; and

- d. Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

10.21 The SLDC shall submit details on O&M expenses as required by the Commission. The O&M expenses for the Base Year shall be approved by the Commission taking into account the audited accounts, business plan filed by the SLDC, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.

10.22 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) + \text{Terminal liabilities}$$

Where, $R\&M_n = K * GFA$;

$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1})$; and

$$INDX = 0.55 * CPI + 0.45 * WPI$$

Where

$R\&M_n$ – Repair and Maintenance Costs of the SLDC for the nth year;

$A\&G_n$ – Administrative and General Costs of the SLDC for the nth year;

EMP_n – Employee Costs of the SLDC excluding terminal liabilities for the nth year;

‘K’ is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;

‘GFA’ is the opening value of the gross fixed asset of the nth year;

$INDX_n$ – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

Note 1: For the purpose of estimation, the same $INDX_n$ value shall be used for all years of the control period. However, the Commission will consider the actual values in the $INDX_n$ 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;

Note 2: Any variation due to changes recommended by the Pay Commission etc will be considered separately by the Commission.

Note 3: Terminal Liabilities will be approved as per actual submitted by the SLDC or be established through actuarial studies.

Working Capital

- 10.23 The Commission shall determine the Working Capital requirement containing the following components:
- a. Operation and Maintenance expenses for one month
 - b. Receivables equivalent to two months of annual fixed cost; and
 - c. Less: Interest on amount, if any, held as security deposits from the users.

Interest on Working Capital

- 10.24 Rate of interest on working capital shall be on normative basis and shall be considered equal to the one-year marginal cost of lending rate (MCLR) of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which truing up exercise has been undertaken.
- 10.25 The interest on working capital shall be payable on normative basis notwithstanding that the SLDC has not taken working capital loan from any outside agency.

Non-Tariff Income

- 10.26 All incomes being incidental to electricity business and derived by SLDC, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, income from investments, miscellaneous receipts etc. shall constitute Non-Tariff Income of the Licensee.
- Provided that the interest earned from investments made out of Return on Equity shall not be included in Non-Tariff Income.
- 10.27 The amount received by SLDC on account of Non-Tariff Income shall be deducted from the Aggregate Revenue Requirement in calculating the net revenue requirement.

A 11. Levy and Collection of Fees and Charges

- 11.1 The SLDC Fees and Charges shall comprise State Load Despatch Centre Fees to be recoverable by SLDC towards registration for commencement of grid access and scheduling and annual charges to be collected in the form of Annual LDC Charges from users.

- 11.2 The Annual SLDC Charges shall correspond to the expenditure proposed to be incurred by the SLDC and as approved by the Commission. The Annual LDC Charges (ALC) as approved by the Commission shall be recovered on monthly basis.
- 11.3 The Monthly SLDC Charges shall be collected from the users as per the norms given below:-

$$\text{Monthly LDC Charges} = \text{Annual LDC Charges} / 12 / (\text{Total Contracted Capacity})$$

Where,

Monthly LDC Charges is in Rs./MW/month

Annual LDC Charges is in Rs. (as approved by the Commission)

Total Contracted Capacity is the sum of the Average Transmission Capacity Contracted by the users during the month (in MW).

A 12. Billing

- 12.1 Bills shall be raised for the SLDC Charge on monthly basis by the SLDC in accordance with these Regulations, and payments shall be made by the users directly to the SLDC.
- 12.2 Persistent default in payment of SLDC fees and charges would be brought to the notice of the Commission.
- 12.3 In case the payment of any bill for charges payable under these Regulations is delayed by a user beyond a period of 60 days from the date of billing, a late payment surcharge at the rate of 1.25% per month, calculated on daily basis shall be levied by the SLDC.
- 12.4 For payment of bills through letter of credit on presentation, a rebate of 2% shall be allowed. Where payments are made other than through letter of credit within a period of one month of presentation of bills, a rebate of 1% shall be allowed.

CHAPTER IV:

PROCEDURE FOR FILING OF ARR

A 13. Multi Year Tariff Filing Procedure

- 13.1 The Multi Year Tariff filing shall be in such form and in such manner as may be decided by the Commission and as per the provisions of JSERC (Conduct of Business) Regulations, 2016, as amended from time to time.
- 13.2 The Applicant shall also submit the Multi Year Tariff filing in electronic format to the Commission.
- 13.3 The SLDC shall file petition for the fees and charges to be applicable for the Control Period in accordance with the MYT framework contained in these Regulations failing which, the return on equity may be zero for entire duration of the Control Period unless specifically allowed by the Commission;
- 13.4 The SLDC shall file Business Plan and MYT Petition for the Commission's approval, not later than the time stipulated under Regulation A 25 ;
- 13.5 The MYT filing for the SLDC fees and charges shall contain the following:
- a. The network usage forecast for each year of the Control Period, consistent with the Business Plan;
 - b. Estimated budget for the Control Period;
 - c. Proposals for fees and charges for each year of the Control Period, and the procedure thereof;
 - d. Proposal for allocation of fees and charges applicable to each of the beneficiaries for the Control Period; and
 - e. Expected revenue from the fees and charges.
- 13.6 SLDC from the succeeding year shall file the annual application for Truing up , Annual Performance Review and Determination of Revised ARR for approval of fees and charges consistent with the CAPEX Plan, not than the timelines specified in Regulation A 27.

A 14. Disposal of Business Plan and MYT Application

- 14.1 The Commission shall process the filings made by the SLDC in accordance with these Regulations and the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time.

- 14.2 Based on the SLDC filings, objections/ suggestions from public and other stakeholders, the Commission may accept the application with such modifications and/or such conditions as may be deemed just and appropriate and issue, within 120 days of the receipt of the application and after considering all suggestions and objections from public and other stakeholders, an Order containing inter alia, trued up cost components for the year preceding the base year, estimation of parameters for the Base Year and determination of fees and charges for the Control Period. The Order shall also contain the approved Business plan for the Control Period.

A 15. Periodic Reviews

Review during Control period

- 15.1 To ensure smooth implementation of the Multi Year Tariff (MYT) framework, the Commission may undertake periodic truing up and annual performance review of SLDC performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise.
- 15.2 The SLDC shall submit information as part of annual performance review. This shall include annual statements of its performance and accounting statements and the fees and charges worked out in accordance with these Regulations.
- 15.3 During the Annual Performance Review, the Commission shall monitor the year wise progress of the actual capital expenditure incurred by the SLDC vis-à-vis the approved capital expenditure. SLDC shall submit the actual capital expenditure and capitalisation incurred along with the Annual Performance Review Filing.
- 15.4 The Commission shall considering the impact of truing up and annual performance review of previous years shall determine the revised ARR and calculate the fees and charges of ensuing year.
- 15.5 The Commission may also direct any modifications to the forecast of the SLDC for the remainder of the Control Period, with detailed reasons for the same.

Review at the end of the Control Period

- 15.6 Towards the end of the Control Period, the Commission shall seek to review if the implementation of the principles laid down in these Regulations has achieved their intended objectives. While doing this, the Commission shall take into account, among other things, the industry structure, requirement of sector, consumer and other stakeholder expectations and Applicant's requirements at that point in time. Depending on the requirements of the sector to meet the objects of the Act, the Commission may revise the principles for the next Control Period.

- 15.7 The end of the Control Period shall be the beginning of the next Control Period and the SLDC shall follow the same procedure unless required otherwise by the Commission. The Commission shall analyse the performance of the SLDC and based on the actual performance and other factors prevalent, determine the initial values for the next Control Period.

CHAPTER V:
MISCELLANEOUS PROVISIONS

A 16. Issue of Orders and Practice Directions

- 16.1 Subject to the provision of the Act and these Regulations, the Commission may, from time to time, issue Orders and Practice directions in regard to the implementation of these Regulations and procedure to be followed on various matters, which the Commission has been empowered by these Regulations to direct, and matters incidental or ancillary thereto.
- 16.2 Notwithstanding anything contained in these Regulations, the Commission shall have the authority, either suo motu or on a petition filed by any interested or affected party, to determine the tariff of any Applicant.

A 17. Non-Compliance of Directions

- 17.1 State Load Despatch Centre may give such directions and exercise such supervision and control as may be required for ensuing integrated operation of the power system for achieving maximum economy and efficiency and every licensee, generating company, sub-station and any other person connected with the operation of the power system shall comply with such directions.
- 17.2 If any licensee, generating company or any other person fails to comply with the directions issued, shall be liable to a penalty not exceeding Rs. 5 Lakh.

A 18. Dispute Resolution

- 18.1 In case of dispute, any of the parties may make an application in accordance with the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time, including statutory re- enactment thereof, for settlement of the dispute.

A 19. Power to remove difficulties

- 19.1 In case of any difficulty in giving effect to any of the provisions of this Regulation, the Commission may by general or special order, issue appropriate directions to Generators, Transmission Licensee(s), Distribution Licensee(s) etc., to take suitable action, not being inconsistent with the provisions of the Act, which appear to the Commission to be necessary or expedient for the purpose of removing the difficulty.
- 19.2 The generators, Licensees may make an application to the Commission and seek suitable orders to remove any difficulties that may arise in implementation of these Regulations.

A 20. Power of relaxation

20.1 The Commission may in public interest and for reasons to be recorded in writing, relax any of the provision of these Regulations.

A 21. Interpretation

21.1 If a question arises relating to the interpretation of any provision of these Regulations, the decision of the Commission shall be final.

A 22. Enquiry and Investigation

22.1 All enquiries, investigations and adjudications under these Regulations shall be done by the Commission through the proceedings in accordance with the provisions of the JSERC (Conduct of Business) Regulations, 2016, as amended from time to time.

A 23. Power to amend

23.1 The Commission may from time to time add, vary, alter, suspend, modify, amend or repeal any provisions of this Regulation.

A 24. Savings

24.1 Nothing in these Regulations shall be deemed to limit or otherwise affect the inherent power of the Commission to make such orders as may be necessary to meet the ends of justice or to prevent abuses of the process of the Commission.

24.2 Nothing in this Regulations shall bar the Commission from adopting in conformity with the provisions of the Act a procedure, which is at variance with any of the provisions of these Regulations, if the Commission, in view of the special circumstances of a matter or class of matters and for reasons to be recorded in writing, deems it necessary or expedient for dealing with such a matter or class of matters.

24.3 Nothing in these Regulations shall, expressly or impliedly, bar the Commission dealing with any matter or exercising any power under the Act for which no Regulations or Regulations have been framed, and the Commission may deal with such matters, powers and functions in a manner it thinks fit.

(By order of the Commission)

(-----)

Secretary

Jharkhand State Electricity Regulatory Commission

A 25. Summary of Timelines

Sr. No.	Description	Filing of the Document by	Furnishing additional information as sought by the Commission	Disposal of the Application
1.	Business Plan for the Control Period and MYT Petition for the Control Period for FY 2020-21 to FY 2025-26	November 30, 2020	Within 30 days of filing of document	Within 120 days of acceptance of the filing
2.	True-Up for the previous year, Annual Performance Review for the current year and ARR & Fees and Charges Determination for the next year of the Control Period	30 th November 30 of the financial year to be for which APR has been sought	Within 30 days of filing of document	Within 120 days of acceptance of the filing

Appendix-I: Depreciation Schedule

S. No.	Asset Particulars	Depreciation Rate (SLM)
Land		
1.	Land owned under full ownership	0.00%
2.	Land Under Lease	
	i. For investment in land	3.34%
	ii. For cost of clearing site	3.34%
Other Assets		
3.	Building & Civil Engineering Works	
	i. Offices and Residential	3.34%
	ii. Temporary erection such as wooden structures	100.00%
	iii. Roads	3.34%
4.	Transformers, kiosk sub-station equipment & other fixed apparatus (including plant foundations)	5.28%
5.	Switchgear including cable connections	5.28%
6.	Lightning Arrestors	5.28%
7.	Batteries	5.28%
8.	Underground Cable including joint boxes and disconnected boxes	5.28%
9.	Overhead lines including cable support systems	5.28%
10.	Meters	5.28%
11.	Self-Propelled Vehicles	9.50%
12.	Air Conditioning Plants	
	i. Static	5.28%
	ii. Portable	9.50%
13.	Office Furniture & Fitting	
	i. Office Furniture and other Furnishings	6.33%
	ii. Streetlight Fittings	5.28%
14.	Apparatus on hire	
	i. Other than Motors	9.50%
	ii. Motors	5.28%
15.	Communication Equipment	6.33%
16.	IT Equipment	15.00%
17.	Software	30.00%
18.	Any Other Asset not covered above	5.28%

Appendix-II: Registration Form

(in compliance of Regulation 4.2 of the Regulations)

1. Name of the entity (in bold letters):

2. Registered office address:

3. User category:

(i) Generating Station

(ii) Seller

(iii) Buyer

(iv) Transmission Licensee

(v) Distribution Licensee

4. User details (as on 31st March of last financial year):

(i). Category – Generating Station

a. Total Installed Capacity:

b. Maximum Contracted Capacity (MW) using Intra State Transmission System:

c. Points of connection to the Intra State Transmission System:

S. No.	Point of Connection	Voltage Level (kV)	Number of Special Energy Meters (Main) installed at this location

(ii). Category- Seller/ Buyer/ Distribution Licensee

a. Maximum Contracted Capacity (MW) using Intra State Transmission System:

b. Points of connection to the Intra State Transmission System:

S. No.	Point of Connection	Voltage Level (kV)	Number of Special Energy Meters (Main) installed at this location

(iii). Category- Transmission Licensee

a. Sub-stations

S. No.	Point of Connection	No. of Transformer	Total Transformation capacity or Design MVA handling capacity if switching station

b. Transmission lines

S. No.	Point of Connection	No. of Transmission Lines	Total (Ckt-kms)

11. Contact person(s) details for meters related to SLDC:

(i) Name:

(ii) Designation:

(iii) Landline Telephone No.:

(iv) Mobile No.:

(v) E-mail address:

(vi) Postal address:

The above information is true to the best of my knowledge and belief.

Signature of Authorised Representative

Place:

Name:

Date:

Designation:

Contact No.: