

Before
The Hon'ble Jharkhand State
Electricity Regulatory
Commission, Ranchi



Petition for **True-up** of Erstwhile **JSEB**
Distribution Business for FY 11-12 to
FY 13-14 (up to 5th Jan'14)
and of
JBVNL for FY 13-14 to FY 15-16



Submitted By

Jharkhand Bijli Vitran Nigam Limited
(JBVNL)
Dhurwa, HEC, Ranchi



Before the Hon'ble Jharkhand State Electricity Regulatory Commission, Ranchi

Filing Number: _____

Case Number: _____

IN THE MATTER OF: Filing of Petition for approval of True-up Petitions **True-up** of Erstwhile **JSEB** Distribution Business for FY 11-12 to FY 13-14 (up to 5th Jan'14) and of **JBVNL** for FY 13-14 to FY 15-16 under Section 45, 46, 61, 62, 64 and 86 of the Electricity Act, 2003 and as per the regulations of Jharkhand State Electricity Regulatory Commission (JSERC) Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010

AND IN THE MATTER OF: Jharkhand Bijli Vitran Nigam Limited (hereinafter referred to as "JBVNL", or "erstwhile JSEB -Distribution function" which shall mean for the purpose of this petition the "Licensee" or "Petitioner") having its registered office at HEC, Dhurwa, Ranchi

The Petitioner respectfully submits hereunder:

1. The erstwhile Jharkhand State Electricity Board ("Board" or "JSEB") was a statutory body constituted under Section 5 of the Electricity (Supply) Act, 1948 and was engaged in electricity generation, transmission, distribution and related activities in the State of Jharkhand.
2. Jharkhand Urja Vikas Nigam Ltd. (herein after to be referred to as "JUVNL" or "the Holding company") has been incorporated under Indian Companies Act, 1956 pursuant to decision of Government of Jharkhand to reorganize erstwhile Jharkhand State Electricity Board (herein after referred to as "JSEB"). The Petitioner submits that the said reorganization of the JSEB has been done by Government of Jharkhand pursuant to "Part XIII – Reorganization of Board" read with section 131 of the Electricity Act 2003. The Holding company has been incorporated on 16th September 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 12th November 2013.



3. Jharkhand Bijli Vitran Nigam Ltd. (herein after to be referred to as "JBVNL" or "the Petitioner" or erstwhile "JSEB-Distribution function" has been incorporated on 23rd October 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 28th November 2013. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6th January 2014. The Distribution Company - Jharkhand Bijli Vitran Nigam Ltd. is duly registered with the Registrar of Companies, Ranchi on 23rd October 2013
4. Pursuant to the enactment of the Electricity Act, 2003, every utility is required to submit its Aggregate Revenue Requirement (ARR) for control period and Tariff Petitions as per procedures outlined in section 61, 62 and 64, of Electricity Act 2003, and the governing regulations thereof.
5. The present petition is being filed by JBVNL before the Hon'ble Commission for approval of **True-up** of Erstwhile **JSEB** Distribution Business for FY 11-12 to FY 13-14 (up to 5th Jan'14) and of **JBVNL** for FY 13-14 to FY 15-16 as per the Electricity Act, 2003 and as per the provisions of the regulations issued by the Hon'ble Jharkhand State Electricity Regulatory Commission (JSERC) (Terms and Conditions For Determination of Distribution Tariff) Regulations, 2010.

Jharkhand Bijli Vitran Nigam Limited
Petitioner

Ranchi

Dated:



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1. Introduction and Background

Introduction

- 1.1 Jharkhand Bijli Vitran Nigam Ltd. (herein after to be referred to as "JBVNL" or "the Petitioner" or "erstwhile JSEB-Distribution function) has been incorporated under Indian Companies Act, 1956 pursuant to decision of Government of Jharkhand to reorganize erstwhile Jharkhand State Electricity Board (herein after referred to as "JSEB").
- 1.2 The Petitioner submits that the said reorganization of the JSEB has been done by Government of Jharkhand pursuant to "Part XIII – Reorganization of Board" read with section 131 of The Electricity Act 2003. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6th January 2014. The distribution company, Jharkhand Bijli Vitran Nigam Ltd has been incorporated on 23rd October 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 28th November 2013.
- 1.3 The Petitioner is a Distribution Licensee under the provisions of the Electricity Act, 2003 (EA, 2003) having license to supply electricity in the State of Jharkhand. The Petitioner is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged, within the framework of the Electricity Act, 2003, in the business of Distribution of Electricity to its consumers situated over the entire State of Jharkhand.
- 1.4 Section 62 of the Electricity Act 2003 requires the licensee to furnish details as may be specified by the Commission for determination of tariff. In addition, as per the regulations issued by the Hon'ble Commission, JBVNL is required to file for all reasonable expenses it believes it would incur over the next financial year and seek the approval of the Hon'ble Commission for the same. The filing is to be done based on the projections of the expected revenue and costs, which should be arrived at by a reasonable methodology adopted by the Petitioner.



Background

- 1.5 The Hon'ble Commission in its Tariff Order dated 21 June 2017 has directed the Petitioner to submit the True-up Petitions for FY 11-12, FY 12-13, FY 13-14 (pre-unbundling) for the distribution function of erstwhile JSEB.
- 1.6 The Hon'ble Commission has also directed to ensure that functionally segregated information of the individual companies for the FY 11-12, FY 12-13 and FY 13-14 (up to 5th January 2014) reconciles with the information of the erstwhile JSEB based on the audited accounts of FY 11-12, FY 12-13 and FY 13-14 and final transfer scheme.
- 1.7 The Annual accounts for the Board period were prepared earlier, however, since the Board had undergone the restructuring, the Petitioner didn't submit the true up Petition. It is pertinent to mention that the impact of unbundling of JSEB has already been considered under Transfer scheme. However, to comply with the directives of the Hon'ble Commission, the Petitioner is filing true petition for JSEB period.
- 1.8 The Annual accounts for JBVNL have also been audited till FY 15-16, which is the last year of the previous control period and the Petitioner is now submitting the Petition for true up for the entire 5 years MYT control period from FY 11-12 to FY 15-16.
- 1.9 This Petition has been segregated in to different chapters, whereby Chapter 2 provides the true up for erstwhile JSEB from FY 11-12 to FY 13-14 till 6th January 2014, herein referred as "Board Period". The Chapter 3 of this Petition provides the details of True up for the remaining period of previous MYT control period from FY 13-14 (5th January 14 onwards) to FY 15-16, herein referred as "Company Period"
- 1.10 Accordingly, the current petition for true-up for FY 11-12 to FY 15-16 has been prepared in accordance with the following acts/policies/regulations:
- a) Electricity Act 2003
 - b) Provisions of National Electricity Policy;
 - c) Provisions of National Tariff Policy;
 - d) JSERC (Terms And Conditions For Distribution Tariff) Regulation, 2004;
 - e) Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010;



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- 1.11 The Petitioner humbly submits that it is committed to follow the directives of the Hon'ble Commission to become a regulatory compliant distribution utility. Hence, it is requested that the Hon'ble Commission may admit the Petition and provide opportunity to JBVNL to supply any deficient information, for expeditious disposal of this Petition.



2. True-up of Erstwhile JSEB Period (FY 11-12 to FY 13-14)

- 2.1 JBVNL has prepared this true up Petition, with the audited accounts for erstwhile JSEB period as the base, following the principles adopted by the Hon'ble Commission in its earlier true up order issued in August 2012 and considering the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 (referred as "Tariff Regulations 2010").
- 2.2 In the following paragraphs, the Petitioner has provided the details of true up of each element of ARR, for the true up period for erstwhile JSEB, i.e. from FY 11-12 to FY 13-14 (up to 5th January 2014), referred here onwards as "Board Period".

Energy Sales

- 2.3 The details of energy sales approved for the Board Period vis-à-vis actual energy sales is provided in the table below:

Table 1: Energy Sales (MUs) for erstwhile JSEB period

Category	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (MUs)	Actual (MUs)	Approved (Mus)	Actual (Mus)	Approved (Mus)	Actual (Mus)
Domestic	3,063.4	2,483.3	3,756.6	2,888.5		2,541.3
Non domestic	372.0	339.8	428.0	339.2		300.4
Low Tension	163.8	165.0	173.5	157.3		132.1
Irrigation & Agricultural	70.4	64.8	71.0	67.7		60.1
HT Service	2,292.1	2,222.3	2,461.0	2,532.7		1,803.9
Railway Traction	653.5	641.2	697.6	658.7		493.5
Street Lgt. Service	158.7	131.7	202.1	127.2		143.2
MES	16.6	14.6	10.6	15.0		11.0
Bulk Supply	-	-	-	-		-
Total Intra-state Sales	6,790.5	6,062.8	7,800.6	6,786.3		5,485.4
Inter-state sales	405.5	435.4	600.0	473.8		447.1
Total Energy Sales	7,196.0	6,498.2	8,400.6	7,260.1		5,932.5

- 2.4 The Petitioner submits that the difference between the approved and actual energy



sales is majorly under the domestic category, whereas for rest of consumer categories, the energy sales are mostly in line with the approved sales. As the energy sales is uncontrollable parameter so it is requested that the Hon'ble Commission may kindly approve the energy sales as per actuals.

Power Purchase

2.5 JSEB had procured power from central allocations like NTPC, NHPC and other sources such as DVC, TVNL, WBSEB, etc. In addition to these, JBVNL has also purchased power from private stations like APNRL and certain purchase and from renewable sources during FY 11-12 to FY 13-14 (up to 5th Jan 2014)

2.6 The following table provides for station wise Power Purchase for FY 11-12 based on the audited accounts for FY 11-12 of JSEB.

Table 2: Power Purchase quantum, rate and cost for FY 11-12

Particulars	Approved for FY 11-12		Actual for FY 11-12	
	Quantum (Mus)	Cost (Rs Cr.)	Quantum (Mus)	Cost (Rs Cr.)
Farakka	901.77	447.83	1,770.34	377.74
Kahalgaon	204.48	93.56		126.37
Kahalgaon II	125.01	54.28		
Talcher	539.09	156.13		156.01
WBSEB	51.92	37.14	11.17	8.53
DVC	3,300.12	1,451.55	4,291.57	1,554.47
Rangit(NHPC)	45.48	6.92	357.27	79.29
Teesta(NHPC)	310.59	41.63		
Chukha	184.11	33.95		
TVNL	2,164.66	517.35	2,043.60	488.42
UI Payable	207.35	-31.03	228.06	76.41
PTC (Tala HEP)	390.41	71.84	647.60	118.15
PTC ST	28.00	10.00		
DVC (ST)	877.68	243.12		
Others (Tata power etc)	3.28	1.28		
Solar	-	-	0.36	0.65
NVVNL			3.28	1.30
Other Renewables	-	-		
PGCIL	-	74.90		63.72
ERLDC	-	17.26		19.75
Net Purchase/ Cost from other Source	9,333.94	3,227.70	9,353.25	3,070.79
Own Generation	600.95	-*	634.95	-*
Net Power Purchase (including own generation)	9,934.90	-	9,988.20	

*The Generation cost has been separately determined in the ARR for Generation Business in below section

2.7 The following table provides for station wise Power Purchase for FY 12-13 based



on the audited accounts for FY 12-13 of JSEB.

Table 3: Power Purchase quantum, rate and cost for FY 12-13

Particulars	Approved for FY 12-13		Actual for FY 12-13	
	Quantum (Mus)	Cost (Rs Cr.)	Quantum (Mus)	Cost (Rs Cr.)
Farakka	2,587.82	665.77	1,814.93	344.02
Kahalgaon		236.64		106.18
Kahalgaon II		100.36		
Talcher		242.88		123.75
WBSEB			38.66	29.43
DVC	3,378.67	1,575.27	4,576.11	1,747.89
Rangit(NHPC)	40.44	5.56	318.41	78.78
Teesta(NHPC)	293.21	34.81		
Chukha	257.89	50.41		
TVNL	2,344.76	594.02	2,606.95	809.56
UI Payable		-	85.66	11.86
PTC (Tala HEP)	408.68	79.71	498.74	143.60
PTC ST	61.00	23.09		
DVC (ST)	877.68	243.12		
Others (Tata power etc)	3.28	1.35	189.58	64.91
Solar	143.85	79.12	17.67	20.49
Other Renewables	529.00	264.50		
PGCIL		98.95		97.17
ERLDC		26.28		27.44
Net Purchase/ Cost from other Source	10,974.59	4,336.42	10,146.71	3,605.08
Own Generation	906.45	-*	764.70	-*
Net Power Purchase (including own generation)	11,881.04		10,911.61	

*The Generation cost has been separately determined in the ARR for Generation Business in below section

2.8 The following table provides for station wise Power Purchase for FY 13-14 based on the audited accounts for FY 13-14 of JSEB.

Table 4: Power Purchase quantum, rate and cost for FY 13-14 (up to 5th Jan 2014)

Particulars	Actual for FY 13-14	
	Quantum (Mus)	Cost (Rs Cr.)
Farakka	1,425.12	374.20
Kahalgaon		86.99
Kahalgaon II		
Talcher		82.63
WBSEB	27.13	21.48
DVC	3,819.10	1,476.99
Rangit(NHPC)	310.19	76.34
Teesta(NHPC)		
Chukha		
TVNL	1,357.34	434.05
UI Payable	37.06	5.27
PTC (Tala HEP)	604.99	117.40



Particulars	Actual for FY 13-14	
	Quantum (Mus)	Cost (Rs Cr.)
PTC ST		
DVC (ST)		
APNRL	653.16	208.60
Solar	15.44	17.01
Other Renewables		
PGCIL		77.30
ERLDC		35.82
Net Purchase/ Cost from other Source	8,249.53	3,014.08
Own Generation	8,880.81	-*
Net Banking	51.88	
Net Power Purchase (including own generation)	8,880.81	

*The Generation cost has been separately determined in the ARR for Generation Business in below section

Energy Balance

2.9 It is submitted that energy availability for FY 11-12 to FY 13-14 (up to 5th Jan 2014) has been computed based on the actual Power purchase and sales of respective years.

2.10 JSEB would like to submit that power purchase from various sources are segregated into different heads, while calculating the energy balance for the control period.

- Power Purchase from Outside JSEB Boundary- NTPC, NHPC, PTC, STOA, APNRL, part of TVNL, Mittal Power and Banking
- Energy Input Directly to State Transmission System- Input of power from TVNL directly to State Transmission System
- State-owned Generation- PTPS and SHPS
- Direct Input of Energy to Distribution System- DVC, WBSEB and Solar Power.

2.11 Based on the information provided above, Energy Balance of JSEB for FY 11-12 to FY 13-14 (up to 5th Jan 2014) is provided in the table below.

Table 5: Energy Balance for FY 11-12, FY 12-13 & FY 13-14 (up to 5th Jan 2014)

Particulars	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved	Actual	Approved	Actual	Approved	Actual
Power Purchase from Outside JSEB Boundary	3,598.1	3,595.9	5,996.9	3,864.4		3,588.3



Particulars	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved	Actual	Approved	Actual	Approved	Actual
Loss in External System (%)	3.0%	3.0%	3.0%	3.0%		3.0%
Loss in External System	109.4	109.3	182.3	117.5		109.1
Net Outside Power Available	3,488.7	3,486.6	5,814.6	3,747.0		3,479.2
Energy Input Directly to State Transmission System	1,298.8	1,226.2	1,406.9	1,564.2		814.4
State-owned Generation	601.0	635.0	906.5	764.7		579.4
Payable	207.4	228.1	-	85.7		37.1
UI Sale / Receivable						
Energy Available for Onward Transmission	5,595.8	5,575.8	8,127.9	6,161.5		4,910.0
Transmission Loss (%)	5%	5%	5%	5%		5%
Transmission Loss	279.8	278.8	406.4	308.1		245.5
Net Energy Sent to Distribution System	5,316.0	5,297.0	7,721.5	5,853.4		4,664.5
Direct Input of Energy to Distribution System	4,229.7	4,303.1	3,522.5	4,632.6		3,861.7
Total Energy Available for Sales	9,545.7	9,600.1	11,244.0	10,486.1		8,526.2
Sales (MUs)	7,196.0	6,498.2	8,400.6	7,260.1		5,932.5
Distribution losses	24.6%	32.31%	25.3%	30.76%		30.42%

Disincentive for Non-Achievement of T&D Loss Reduction Targets

- 2.12 The Petitioner submits that high T&D losses have been a major cause of concern for erstwhile JSEB, for which several steps were taken. It is submitted that despite innumerable efforts, the Petitioner admits that it has not been able to achieve the stringent targets set by the Hon'ble Commission to the tune of 17% for FY 13-14.
- 2.13 It is pertinent to mention that the Hon'ble Commission in its subsequent Tariff Order dated 21st June 2017 has itself approved the distribution losses of 24% for FY 16-17 and a redefined distribution losses trajectory. Thus, the distribution loss trajectory approved in the previous Tariff Order and as provided in the Tariff Regulations 2010, is not only unachievable but also unrealistic. Therefore, it is prayed that the Hon'ble Commission may consider a more appropriate and realistic trajectory of distribution losses, which is in line with the present Tariff Regulations 2015 and aligns with the gradual reduction of distribution losses approved in the recent Tariff Order.



- 2.14 The Petitioner has estimated the disincentive for non-achievement of loss targets, considering the methodology adopted by Hon'ble Commission previously. The excess cost to be disallowed is the 'Disincentive for non-achievement of T&D loss targets', which needs to be appropriately adjusted against the Resource Gap Funding (RGF) as per the communication from the Energy Department, Govt. of Jharkhand, provided in Annexure 1. The details of adjustment of power purchase cost disallowance against RGF is discussed in resource gap funding section of this chapter.
- 2.15 In line with the Hon'ble Commission's approach, the Petitioner has considered the distribution losses as stipulated in the previous Tariff Order dated 02.08.12 for estimation of disincentive for non-achievement of loss targets.
- 2.16 Further, the actual average power purchase cost per unit has been used to compute the disincentive for non-achievement of T&D loss reduction targets as summarized in the table below.

Table 6: Disincentive cost due to excess T&D loss for erstwhile JSEB period

Particulars	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved	Actual	Approved	Actual	Approved	Actual
Total Energy Sales to Intrastate consumers	6,790.5	6,062.8	7,800.6	6,786.3		5,485.4
Overall T&D loss (%) for intra-state consumers	19%	19%	18%	18%		17%
Overall T&D loss for intrastate consumers	1,592.8	1,422.1	1,712.3	1,489.7		1,123.5
Total Energy requirement for intra-state consumers	8,383.3	7,484.9	9,512.9	8,276.0		6,608.9
Energy requirement for inter-state sale	405.5	435.4	600.0	473.8		447.1
Total Energy requirement	8,788.8	7,920.3	10,112.9	8,749.8		7,056.0
Energy Available for Distribution	9,934.9	9,600.1	11,881.0	10,486.1		8,526.2
Disallowed Units due to Excess Loss	1,146.1	1,679.8	1,719.0	1,736.3		1,470.2
Average Power Purchase Cost	3.51	3.19	3.51	3.43		3.51
Disallowed Cost due to Excess Loss	402.3	536.4	603.4	595.6		516.0

Own Generation & Fuel Cost – PTPS

- 2.17 During the period under consideration, erstwhile JSEB owned and operated one thermal generating plant i.e. Patratu Thermal Power Station (PTPS-840 MW)



located in Patratu. PTPS had total 10 ten units out of which only 4,6 and 10 units were operational during the period FY 11-12 to FY 13-14 (up to 5th Jan 2014) majorly due to ageing of the other units. The erstwhile Board inherited these ageing station from erstwhile BSEB with poor performance on key performance parameters like availability factor, PLF, Station heat rate and specific oil consumption etc.

2.18 It is pertinent to mention that due to non-operation of 1, 2, 3, 5, 7, 8 and 9 units the overall generation and PLF was low.

2.19 The table below provides the summary of the energy generated and plant performance parameters achieved by PTPS during FY 11-12 to FY 13-14 (up to 5th Jan 2014) :

Table 7: Plant performance parameters and fuel cost for PTPS (for erstwhile JSEB period)

Particulars	Units	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
		Approved	Actuals	Approved	Actuals	Approved	Actuals
Installed Capacity	MW	840	840	840	840	840	840
De-rated capacity	MW	640	770	640	770	720	770
PLF	%	37.4%	6.4%	76%	10.91%	67%	8.5%
Auxiliary Consumption	%	12.0	15.8	12.0	15.0	12.0	17.8
SHR	kCal/ kWh	3,150.0	4,142.5	3,125.0	4,003.1	3,100.0	3,926.5
CV of Coal	kCal /kg	4,230.0	4,299.3	4,690.0	4,309.5	4,690.0	4,300.0
CV of Oil (FO/LDO)	kCal/ltr	10,500	10,500	10,500	10,500	10,500	10,500
Price of Coal	Rs/tonne	1,154.4	1,141.4	1,372.0	1,243.7	1,372.0	1,493.7
SFOC (FO)	ml/ kWh	3.50	4.05	3.50	3.91	3.50	3.11
SFOC (LDO)							
Workings:							
Gross Generation	MU	2,095.0	433.6	4,238.1	735.7	4,238.1	573.3
Net Generation	MU	1,843.6	365.1	3,729.5	625.6	3,729.5	471.2
Energy Charge Rate	Rs/kWh	0.97	1.29	1.03	1.34	1.02	1.65
Fuel cost	Rs Cr	30.28	47.22	63.56	84.12	176.75	77.55

2.20 Based on the achieved performance parameter and the reasons mentioned above, the erstwhile JSEB prays to the Hon'ble Commission to approve the performance of the station as mentioned in the Table above.

Own Generation - SHPS

2.21 The energy availability from the Sikidiri Hydrel Power station(SHPS) for the period FY 11-12 to FY 3-14 (up to 5th Jan 2014) is summarized in the table below:



Table 8: Plant performance parameters for SHPS (for erstwhile JSEB period)

Particulars	Units	FY 11- 12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
		Approved	Actuals	Approved	Actuals	Approved	Actuals
Capacity	MW	130	130	130	130	130	130
Gross generation	MUs	287.55	270.07	287.55	141.97	220.40	108.35
Aux consumption	MUs	2.01	0.24	2.01	2.88	1.54	0.18
Aux consumption	%	0.70%	0.09%	0.70%	2.03%	0.70%	0.17%
Net Generation	MUs	285.54	269.83	285.54	139.09	218.86	108.17

2.22 It is submitted by the Petitioner that the SHPS was designed for operation at the reservoir level of 1925 ft. Also, the plant’s design working condition is for peak load i.e. it generates power for 3-4 hours in a day and to have 14% of the total plant load factor.

2.23 However, it has been observed that the reservoir water is above the level of 1925 ft for only 3-4 months in a year as there are restrictions such as the same reservoir is being used as the source of supply of water to Ranchi town for drinking and irrigation purposes. It is also submitted that the quantity of water in the reservoir is lower than the reported level due to heavy silting as well as poor rainfall in FY 12-13 and FY 13-14. Hence, it is prayed to the Hon’ble Commission to be considerate of the reasons highlighted above, which are beyond the control of the Petitioner and lead to shortfall in generation.

2.24 Withal, the Petitioner would also request the Hon’ble Commission that as the plant is designed for peak load generation, so the normative plant availability factor should also be relaxed to the tune of 14% instead of 75% presently.

Transmission Cost

2.25 In order to estimate the transmission cost, i.e. the cost attributable to transmission function of erstwhile JSEB, the Petitioner has estimated the ARR for the transmission function separately. It is submitted that during the erstwhile JSEB period, all the expenses related to transmission function were being incurred by the Board only. Therefore, as part of the ARR for distribution function, the transmission ARR must also be considered for approval. The detailed ARR for transmission function is detailed in below section of this Petition.

Employee Cost

2.26 In the Tariff Order issued in August 2012, the Hon’ble Commission has approved



the employee cost for erstwhile JSEB as a whole, which is disaggregated amongst all functions in the ratio of number of employees as proposed by Petitioner.

2.27 In line with the above approach, the Petitioner has provided the details of total employee cost of erstwhile JSEB, which is disaggregated amongst generation (thermal and hydel), transmission and distribution functions, as detailed in the table below:

Table 9: Total employee cost of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Employee Cost- Gen-Thermal	105.81	70.79	69.39	71.93	74.47	54.81
Employee Cost- Gen-Hydel	12.96	8.67	8.50	8.81	9.12	6.71
Employee Cost- Distribution	265.44	177.59	174.07	180.44	NA	137.51
Employee Cost- Transmission	43.33	28.99	28.42	29.46	NA	22.45
Employee Cost-total	427.54	286.04	280.38	290.65	83.59	221.49

2.28 The Hon'ble Commission is prayed to allow the employee cost of the Board as per the audited annual account figures for the period from FY 11-12 to FY 13-14 (up to 5th January 2014).

Administrative and General (A&G) Expenses

2.29 In line with the methodology adopted in earlier tariff order dated 02.08.12, the Petitioner has disaggregated the actual A&G expenses amongst various functions of erstwhile JSEB, in the proportion as approved by the Hon'ble Commission.

Table 10: Total A&G Expense of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
A&G Cost- Gen-Thermal	13.25	14.74	14.36	17.25	15.57	12.63
A&G Cost- Gen-Hydro	1.62	1.80	1.76	2.11	1.91	1.55
A&G Cost- Distribution	33.24	36.98	36.04	43.30	NA	31.71
A&G Cost- Transmission	5.43	6.04	5.91	7.10	NA	5.20
A&G Cost- total	53.54	59.57	58.07	69.78	17.48	51.09

2.30 The Petitioner requests the Hon'ble Commission that the actual A&G expense, as per the audited accounts may kindly be approved.



Repair & Maintenance Expenses

2.31 The R&M Cost as approved by the Hon'ble Commission vis-à-vis the actual, based on the audited accounts, is provided in the table below.

Table 11: Total Repair and Maintenance expense of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
R&M Cost- Gen-Thermal	15.94	16.01	21.63	21.01	26.66	27.38
R&M Cost- Gen-Hydro	0.96	0.96	1.14	1.11	1.44	1.44
R&M Cost- Distribution	25.63	25.74	35.99	34.96	NA	45.55
R&M Cost- Transmission	9.62	9.66	13.56	13.17	NA	17.16
R&M Cost- total	52.15	52.38	72.32	70.24	28.10	91.54

2.32 As can be seen in the table above, the actual R&M Cost of erstwhile JSEB has been almost equal or lower than that of approved by the Hon'ble Commission. The Hon'ble Commission had approved the R&M cost as 2.22% of the GFA for distribution function of erstwhile JSEB, while the actual proportion has been in the range of 2.1% only. Therefore, it is prayed that the Hon'ble Commission may kindly approve the actual R&M expenses, as per the audited accounts.

Depreciation

2.33 The actual depreciation for the distribution business, estimated based on the audited accounts and Hon'ble Commissions approach vis-à-vis as approved by the Hon'ble Commission is provided in the table below.

Table 12: Depreciation expense of erstwhile JSEB and Distribution function (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Rate of depreciation	7.09%	7.09%	5.34%	5.34%	5.34%	5.34%
Total depreciation (erstwhile JSEB)	75.39	107.46	107.82	96.41	16.89*	113.29
Depreciation – Distribution function	48.52	52.92	67.72	54.34	-	68.45

*Only Generation function

2.34 Since the books of erstwhile JSEB do not segregate the depreciation pertaining to



GFA created out of grant and consumer contribution, the Petitioner has followed the approach adopted by the Hon'ble Commission in its previous true-up order.

2.35 The Petitioner has first arrived at the GFA created out of debt and equity by deducting the consumer contribution and grants portion deployed towards GFA. Based on this GFA created out of debt and equity for JSEB as a whole, the Petitioner has applied the depreciation rate as approved by the Hon'ble Commission to arrive at the total depreciation. The total depreciation is then segregated amongst the generation, transmission and distribution in the proportion of GFA to arrive at the depreciation for distribution function.

Interest & Finance Charges

2.36 The interest and finance charges as approved by the Hon'ble Commission pertaining to distribution function and as estimated by the Petitioner for true-up, based on the Annual Accounts for respective years is provided in the table below.

Table 13: Interest & finance charges of distribution function of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Interest Expense – Distribution business	13.90	274.23	58.72	334.60	-	314.67

2.37 It is pertinent to mention that the audited annual accounts of erstwhile JSEB do not provide segregation of interest and finance charges amongst the generation, transmission and distribution business. The actual interest expense has been segregated amongst the generation, transmission and distribution functions in the proportion of respective GFA, to arrive at the interest expense attributable to distribution business.

2.38 It is requested that the Hon'ble Commission may approve the interest and finance charges as submitted by the Petitioner.

Interest on Consumer Security Deposit

2.39 The Hon'ble Commission has approved the interest on consumer security deposit at 6% p.a. as provided in the table below.



Table 14: Interest on consumer security deposit of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Consumer Deposit	241.67	261.64	271.00	295.33		321.56
Interest on Consumer Security Deposit	14.50	22.67	16.26	24.10	-	21.29

2.40 The Petitioner has considered the actual consumer security deposit as per the audited annual accounts to arrive at the interest thereof for true-up before the Hon'ble Commission. This is in line with the approach adopted by the Hon'ble Commission in its earlier tariff order dated 02.08.12.

Interest on Working Capital

2.41 In order to estimate the interest on working capital, the Petitioner has estimated the working capital requirement in line with the Regulation 6.26 of the Tariff Regulations 2010.

2.42 It is submitted that in Tariff Order issued in August 2012, the Hon'ble Commission has not allowed any working capital requirement, however, based on the submissions for true up the Petitioner has estimated the working capital requirement and interest thereof, as provided in the table below.

Table 15: Interest on working capital of distribution business of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
1 month O&M		24.13		35.89		30.34
Maintenance Spares		0.52		0.70		0.92
Receivables		620.17		756.29		638.33
Less: 1 month cost of power purchase		-211.20		-250.79		-208.17
Less: Security Deposit from Customers		-261.64		-295.33		-321.56
Total Working Capital requirement		171.97		246.75		139.85
Interest rate on WC		13%		14.75%		14.45%
Interest on Working Capital	-	22.36		36.40		20.21



2.43 The Petitioner humbly prays to the Hon'ble Commission to approve the working capital requirement as submitted above.

Return on Equity

2.44 The return on equity as approved by the Hon'ble Commission pertaining to distribution function and as estimated by the Petitioner for true-up, based on the Hon'ble Commission's approach is provided in the table below.

Table 16: Return on equity of Distribution business of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Opening Balance of Normative Equity	80.76	-	204.00	454.55	-	541.24
Deemed Additions	124.49	454.55	174.92	86.69	-	94.78
Closing Balance of Normative Equity	204.00	454.55	-	541.24	-	636.02
Average Equity	142.38	227.28	102.00	497.90	-	588.63
Return on Equity (%)	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Return on Equity – Allocated to Distribution business	22.17	17.35	45.37	43.50	-	55.13

2.45 In order to estimate the equity balance, the Petitioner has considered the approach adopted by the Hon'ble Commission, whereby normative equity is arrived at by assuming the normative equity to be 30% of the GFA created out of debt and equity.

2.46 The Petitioner has estimated GFA for estimating the equity base by deducting the consumer contribution and grant portion attributable to GFA from the total GFA for erstwhile JSEB as a whole. Based on the equity (@30% of GFA) value, the ROE has been estimated in line with the Regulation 6.20 of the Tariff Regulations 2010, as detailed in the above table.

2.47 The return on equity is then allocated to the generation, transmission and distribution business in proportion to their respective GFA and accordingly the Petitioner has proposed for the true up of ROE for distribution business as provided in Table 16

Non- Tariff Income

2.48 The various components of non-tariff income as approved by the Hon'ble Commission vis-à-vis actual non-tariff income based on the audited accounts is provided in the table below.



Table 17: Non-tariff income of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Interest on Staff Loan & Advance	-	0.0	-	-		-
Income from Investment (F.D)	5.8	17.8	4.5	6.7		1.9
Interest on loans and advances to licensee	0.1	-	0.0	-		-
D.P.S from Consumer	185.5	173.8	185.5	204.0		164.2
Interest on advance to Supplier/Contractor	0.2	1.6	0.3	1.7		0.9
Interest from Bank (Other than F.D)	0.4	3.9	0.5	24.1		7.6
Income from trading	0.4	2.4	0.4	10.5		10.2
Income from staff Welfare Activities	0.0	0.0	0.0	0.2		0.0
Miscellaneous Receipt.	44.8	11.7	25.9	30.7		17.2
Meter Rent	5.5	-	6.1	-		-
Miscellaneous Charges from Consumers	-3.0	-	-	-		-
Total	239.7	211.2	223.1	277.8	-	201.9
Interest rate for Receivables financing		13.00%		14.75%		14.75%
Corresponding Receivables against DPS		965.6		1,133.3		912.5
Interest on Receivables against DPS		125.5		167.2		134.6
Net NTI to be considered		85.7		110.7	-	67.3

2.49 It is pertinent to mention here that Hon’ble Commission had considered the DPS as part of NTI. It has been seen that only a very meagre part of such DPS accruing in the accounts is realized in actual, thus leading to overstatement of NTI. Hence, it is prayed that DPS may not be considered while approving the NTI.

2.50 Further, if the DPS is considered for computation of NTI for approval, the Hon’ble Commission must consider the financing cost of the receivables against such DPS. It may be noted that the Petitioner has already incurred the power purchase costs on such outstanding receivables while DPS is levied as the financing cost of such receivables. However, the Petitioner is allowed only 2 months of receivables in allowance of working capital, thus the financing cost of these receivables must be reduced from the NTI, in line with the judgement of Hon’ble APTEL dated 12.07.2011 in case No. 142 & 147 of 2009.

2.51 The Hon’ble Commission in its Tariff order for Aggregate Revenue Requirement for MYT Period FY 16-17 to FY 20-21 for JBVNL has also considered the above approach in line with the judgement of Hon’ble APTEL in Appeal no.48 of 2016 and Appeal no.316 of 2016 & IA no.656 of 2016 dated 31st May, 2017, while approving the Non-Tariff income.



2.52 Thus, it is prayed that the Hon'ble Commission may approve the NTI as proposed by the Petitioner, detailed in table above.

Provision for Bad & Doubtful Debt

2.53 The Hon'ble Commission has been approving 100% collection efficiency of JSEB, which is completely impracticable and even the most efficient utilities in the Country are not able to achieve the 100% collection efficiency. The Petitioner prays to Hon'ble Commission that a reasonable amount of revenue which JSEB has not been able to collect, may be allowed as part of the True Up as provision for bad and doubtful debt.

2.54 The method for calculating doubtful debt is by considering the difference between the Commissions approved collection efficiency i.e. 100% and the actual collection efficiency. However, it is submitted that the Petitioner has only considered doubtful debt as per the annual accounts of respective years which is less than 2% of the receivables only.

Table 18: Provision for bad & doubtful debt of distribution business of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Receivables	3,407.1	3,721.0	4,441.4	4,537.7	-	3,830.0
Collection efficiency	100%	87%	100%	81%	100%	88%
Bad debts provision	-			72.15		-
Bad debt (%)				1.83%		

2.55 The Petitioner humbly submits that despite creating several avenues for payment of bills by the consumers, the collections remained lower than the targets. The doubtful debt proposed is on account of collection amount which utility is ascertain for not receiving it, and which is beyond the efficiency of utility.

2.56 It is also submitted that the utility like JSEB is prone to difficulties of T&D losses and collection inefficiencies due to difficult terrains and large rural consumers in overall consumer mix. Withal, JSEB also has Universal Supply Obligation (USO) so it cannot stop/reduce the power supply in areas with poor collection efficiencies. Moreover, several State Electricity Regulatory Commissions have taken cognizance of the ground realities and allowed a provision for bad and doubtful debt in the regulations enforced such as Uttar Pradesh, Uttarakhand and Chhattisgarh as shown in table below.



Table 19: Extracts of Applicable Regulation on Provision for Bad and Doubtful Debts

State	Provision in Regulation	Reference
Madhya Pradesh	"As per the Regulation, the Commission allows the Licensees to include provision for bad and doubtful debts as 1% of the total sales revenue"	Notification no: 2934/MPERC/2005 "Madhya Pradesh electricity regulatory commission (Terms and Conditions for Determination of Tariff for Distribution and Retail Supply of Electricity) regulations, 2005" Chapter 2, Clause 2.27.
Rajasthan	"The Commission may consider a provision for writing off of bad and doubtful debts up to 0.25% of receivables subject to writing off of bad and doubtful debts in the previous year in accordance with procedure laid down by the licensee and generating company"	Notification no: RERC/Secy/Reg.-76 "The Rajasthan Electricity Regulatory Commission (Terms and Conditions for Determination of Tariff) Regulations, 2009". Clause 26.
Jammu & Kashmir	"Bad and Doubtful Debts shall be allowed as a legitimate business expense only if it is within the norms fixed by the Commission and to the extent the distribution licensee or utility has identified and actually written off bad debts according to a transparent policy approved by the Commission."	Notification no: 2/JKSERC/2005 Jammu & Kashmir State Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2005; Chapter 4: Annual expenditure, Clause 12
Bihar	There is provision for bad and doubtful debts actually written off by the licensee to be claimed in expenditure, subjected to approval by the Commission. No normative figures have been provided though.	Notification no: BERC/Regl-10/06-2/2007, Bihar Electricity Regulatory Commission "Terms and conditions for determination of tariff" regulation, 2007; Chapter – 5: Distribution, Clause 85(ii)(18)
Haryana	There is provision for bad and doubtful debts actually written off by the licensee to be claimed in expenditure, subjected to approval by the Commission. No normative figures have been provided though.	Regulation no HERC/21/2008: "Terms and Conditions for determination of Wheeling Tariff and Distribution and Retail Supply Tariff"; Chapter IV; Clause 10: Components of tariff
Chhattisgarh	"As a normative provision 1% of sales revenue shall be allowed as bad and doubtful debt subject to actual writing off of bad and doubtful debts in the previous year."	Notification No.26/CSERC/2007: "Chhattisgarh State Electricity Regulatory Commission (Terms and Conditions of Determination of Tariff according to Multi-Year tariff Principles) Regulations, 2008." Clause 59
Gujarat	There is provision for bad and doubtful debts actually written off by the licensee to be claimed in expenditure, subjected to approval by the Commission. No normative figures have been provided though.	Notification No. 12 of 2005: "Gujarat electricity regulatory commission Terms and Conditions of Tariff" Regulation, 2005; Chapter 5, Clause 66.



State	Provision in Regulation	Reference
Uttar Pradesh	"Bad and Doubtful Debts shall be allowed as a legitimate business expense with the ceiling limit of 2% of the revenue receivables provided the distribution licensee actually identifies and writes off bad debts as per the transparent policy approved by the Commission. In case there is any recovery of bad debts already written off, the recovered bad debt will be treated as other income."	Notification No UPERC/Secy/Regulation/06-2102:"Uttar Pradesh Electricity Regulatory Commission (Terms and Conditions for Determination of Distribution Tariff) Regulations-2006" Chapter 4: Annual Expenditure, Clause 4.4
Uttarakhand	Regulation 12 of UERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2004 specifies as under: "Bad and Doubtful Debts shall be allowed as a legitimate business expense only if it is within the norms fixed by the Commission and to the extent the distribution licensee has identified and actually written off bad debts according to a transparent policy approved by the Commission."	The Commission in the Tariff Order dated April 10, 2010 has allowed the provision of Bad & Doubtful Debts at 1.5%,

2.57 Therefore, it is prayed to the Hon'ble Commission while taking cognizance of difficulties and ground realities faced to approve for such provisioning as bad & doubtful debts.

Resource Gap Funding

2.58 It is submitted that the Hon'ble Commission in its Tariff Order issued in August 2012 has considered the RGF towards reduction in ARR approved. However, the communication received from the Energy Department, Govt. of Jharkhand clearly provides for adjusting the RGF towards disallowance and slashes after which the remaining RGF could be considered towards tariff reduction. The letter dated 14.07.14 received from Principal Secretary, Energy Department, Govt. of Jharkhand is provided in Annexure 1 of this Petition.

2.59 It is submitted that the State Govt. has been providing the resource gap funding to erstwhile JSEB to meet its financial requirements. Such RGF is not in form of any revenue subsidy or it's clearly not aimed at keeping the tariffs unrealistically low in the State, as evident from the communication as per Annexure 1. The Hon'ble Commission has been penalizing the Petitioner by way of significant disallowance, especially with respect to the Power Purchase cost, which is approved to be significantly lower than the actual.



2.60 The T&D loss trajectory considered by the Hon'ble Commission for disallowance is far from the ground reality. Above it, the Hon'ble Commission further reduces the ARR of the Petitioner by deducting the RGF from the approved ARR, which has been the reason for unrealistically low and completely non-cost reflective tariffs in the State. This has resulted in significant increase in the financial burden on the State Govt. finances and lead to inability of the utility to become a self-sustained entity. Such a practice, may have been successful in keeping the tariffs low for the time being, but in long run it may have an adverse impact in form of tariff shock to the consumer and over reliance on State Govt. Hence, it is requested that the Hon'ble Commission may kindly consider the plea of the Petitioner while approving the RGF being considered towards the adjustment of ARR.

2.61 The details of RGF considered by Hon'ble Commission vis-à-vis actual RGF received by the Petitioner is detailed in the table below.

Table 20: RGF considered towards ARR (for board period)

Resource Gap Funding	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
RGF Received	450.0	750.0	1,000.0	1,100.0	-	966.6
Disallowances on account of excessive T&D Losses	402.3	536.4	603.4	595.6		516.0
Net RGF to be considered towards ARR	450.0	213.6	1,000.0	504.4	-	450.6

Functionally Disaggregated ARR

2.62 In line with the approach adopted by the Hon'ble Commission, the Petitioner has segregated the ARR for generation, transmission and distribution function of erstwhile JSEB. The ARR for generation (thermal and hydro) shall form part of the generation cost, while the transmission ARR shall form part of the transmission cost, to be recovered by the distribution business of erstwhile JSEB.

2.63 The disaggregated ARR of the PTPS is provided in the table below.



Table 21: Disaggregated ARR of PTPS (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Fuel Cost	30.3	47.2	63.6	84.1	176.8	77.6
O&M expenses	135.0	101.6	105.4	110.2	116.7	96.1
Depreciation	9.9	31.5	12.8	26.5	15.5	28.2
Interest on Loan	15.9	163.3	41.3	163.3	63.1	129.4
Return on Equity	39.4	10.3	50.6	21.2	61.4	22.7
Interest on Working Capital	10.9	13.1	13.1	17.9	20.6	15.1
Secondary fuel cost	5.5	13.9	10.9	27.5	30.7	19.2
Non-Tariff Income	-1.1		-1.1		-1.0	
Gross ARR	245.9	380.9	296.6	450.8	483.7	388.2

2.64 The disaggregated ARR of SHPS is provided in the Table below

Table 22: Disaggregated ARR of SHPS (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
O&M expenses	15.5	11.4	11.4	12.0	12.5	9.7
Depreciation	0.8	1.8	1.0	1.2	1.4	1.3
Interest on Loan	1.0	9.6	2.1	7.6	4.2	6.0
Return on Equity	2.2	0.6	2.7	1.0	3.7	1.0
Non-Tariff Income	-1.1		-1.1		-1.0	
Interest on Working Capital	0.9	0.9	0.8	1.0	1.0	0.8
Gross ARR	19.4	24.3	16.9	22.9	21.8	18.8

2.65 The disaggregated ARR of transmission business is provided in the table below

Table 23: Disaggregated ARR of Transmission business (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
O&M expenses	58.38	44.69	47.89	49.73	-	44.81
Depreciation	16.10	21.16	26.30	14.30	-	15.38
Interest on Loan	30.73	109.67	65.95	88.07	-	70.70
Return on Equity	24.31	6.94	39.71	11.45	-	12.39
Interest on Working Capital	4.66	5.43	6.19	5.88	-	5.08
Non-Tariff Income	-1.05	-	-1.14	-	-	-
Gross ARR	133.13	187.89	184.90	169.43	-	148.37

2.66 The Petitioner humbly requests the Hon'ble Commission to consider the segregated



ARR to form part of generation cost for thermal & hydel and transmission cost, to be a part of cost element in the ARR of distribution business.

Summary Of The Final True-Up Of ARR for FY11-12 to FY 13-14 for Distribution Business

2.67 Based on the components discussed in the previous paragraphs, the summary of approved ARR and final true up proposed by the Petitioner is provided in the Table below.

Table 24: Summary of true-up ARR for distribution business of erstwhile JSEB (for board period)

Particulars	FY 11-12		FY 12-13		FY 13-14 (up to 5 th Jan 2014)	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Power Purchase cost	2,824.9	2,534.4	3,732.0	3,009.5		2,498.0
Generation Cost	265.4	405.3	313.5	473.7		407.0
Transmission Cost	133.1	187.9	184.9	169.4	-	148.4
O&M expenses	324.3	289.5	246.1	430.7	-	364.1
Depreciation	48.5	52.9	67.7	54.3	-	68.5
Interest on Loan	13.9	274.2	58.7	334.6	-	314.7
Return on Equity	22.2	17.4	45.4	43.5	-	55.1
Interest on Working Capital	-	22.4	-	36.4	-	20.2
Interest on security deposit	14.5	22.7	16.3	24.1	-	21.3
Provision for doubtful debts	-	-	-	72.2	-	-
Less: Non-Tariff Income	-239.7	-85.7	-223.1	-110.7	-	-67.3
Gross ARR	3,407.1	3,721.0	4,441.4	4,537.7	-	3,830.0
Revenue Realized from sale and Inter-state Sales	2,551.8	2,229.0	2,950.0	2,616.0		2,128.7
Revenue Gap	855.3	1,492.0	1,491.4	1,921.8		1,701.3
Less: RGF Considered	450.0	213.6	1,000.0	504.4	-	450.6
Net Gap	405.3	1,278.4	491.4	1,417.3	-	1,250.7

2.68 As can be seen, the actual net gap is significantly higher during entire period from FY 11-12 to FY 13-14 (upto 5th Jan' 2014). The Petitioner requests the Hon'ble Commission to kindly approve the ARR and Net gap as above.



3. Revenue Gap and Treatment of Revenue Gap for erstwhile JSEB

Revenue gap for erstwhile JSEB

3.1 The year wise estimated revenue gap based on the trued up ARR and actual revenue realized of erstwhile JSEB for FY 11-12 to 13-14 (up to 5th Jan 2014) is provided in the table below for the kind consideration of Hon'ble Commission.

Table 25: Estimated revenue gap for JSEB

Particulars	FY 11-12 (Rs Cr.)	FY 12-13 (Rs Cr.)	FY 13-14 (up to 5 th Jan 2014) (Rs Cr.)
Gross ARR	3,721.0	4,537.7	3,830.0
Revenue Realized from sale and Inter-state Sales	2,229.0	2,616.0	2,128.7
Revenue Gap	1,492.0	1,921.8	1,701.3
Less: RGF Considered	213.6	504.4	450.6
Net Gap	1,278.4	1,417.3	1,250.7

3.2 The Hon'ble Commission in its tariff order on Final True up for FY 03-04 to FY 10-11, MYT Order for Generation Business for FY 12-13 to FY 15-16, ARR & Tariff Order for Transmission & Distribution Business for FY 12-13 had recognized a cumulative revenue surplus of Rs. 448.37 Cr. from final True up of ARR for FY 03-04 to FY 10-11, as summarized in following table.

Table 26: Cumulative revenue gap upto FY 13-14

Year	Approved by Commission (Rs Cr.)
FY 03-04	-73.05
FY 04-05	67.16
FY 05-06	-6.18
FY 06-07	-71.57
FY 07-08	34.72
FY 08-09	-66.34
FY 09-10	-156.69
FY 10-11	-176.43
Total	-448.37

3.3 It is submitted that while calculating cumulative revenue gap/ surplus upto FY 15-16, the Petitioner has considered opening balance for FY 11-12 as the cumulative revenue surplus of Rs. 448.37 Cr estimated by Hon'ble Commission for period upto



FY 10-11.

- 3.4 The cumulative revenue gap estimated for the period of erstwhile JSEB for FY 11-12 to 13-14 (up to 5th Jan 2014) is provided in the table below-

Table 27: Cumulative Revenue gap of erstwhile JSEB for FY 11-12 to 13-14 (up to 5th Jan 2014)

Particular	FY 11-12 (Rs Cr.)	FY 12-13 (Rs Cr.)	FY 13-14 (up to 5th Jan 2014) (Rs Cr.)
Opening Revenue Gap as on 1st April	-448.4	854.8	2,502.7
Revenue Gap / (Surplus) created during the Year	1,278.4	1,417.3	1,250.7
Closing Gap at end of the Year	830.0	2,272.1	3,753.4
Rate of Interest (As per prevailing SBI PLR rate)	13.00%	14.75%	14.45%
Carrying Cost on Additional Gap Created	24.8	230.6	452.0
Total Gap including carrying cost	854.8	2,502.7	4,205.4

- 3.5 It is prayed to Hon'ble Commission that the above gap may be allowed along with the carrying cost at the rate prescribed under the Tariff Regulations 2010.
- 3.6 It is pertinent to mention that the revenue gap estimated upto FY 13-14 (up to 5th Jan 2014) pertains to distribution function of erstwhile JSEB. As detailed in the above sections that the Petitioner, JBVNL, is a separate entity formed by transfer of assets by the Govt. of Jharkhand. Any revenue gap or surplus pertaining to the board period can only be attributable to the Govt. of Jharkhand.
- 3.7 It is further submitted that the above revenue gap is only due to low tariff across all consumer category of erstwhile JSEB. Thus, the Petitioner prays to the Hon'ble Commission to devise the appropriate mechanism for recovering the revenue gap of erstwhile JSEB from consumers, which may be in form of regulatory surcharge or a cess, which may be passed to State Government.



4. True-up of Company Period (FY 13-14 to FY 15-16)

- 4.1 This chapter summarizes each of the components of ARR and final true up exercise for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 has been carried out on basis of Audited annual accounts for the respective years along with consideration of-
- JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010
 - Methodology adopted by the Hon'ble Commission in previous Tariff Orders
- 4.2 It is submitted that during the unbundling of JSEB, only a provisional transfer Scheme was notified and the final transfer scheme has only been notified on 20th Nov 2015. The sudden unbundling has led to several difficulties in operations and have also impacted delay in preparation of annual accounts. However, it is submitted that JBVNL with its commitment to streamline the regulatory filing process has finalized the annual accounts for FY 13-14 (from 6th January 2014 to 31st March 2014), FY 14-15, FY 15-16 within a record duration of just one year.
- 4.3 The Hon'ble Commission in its Tariff order for Aggregate Revenue Requirement (ARR) for MYT Period FY 16-17 to FY 20-21 for JBVNL has also directed Petitioner to file True-up for FY 13-14 (from 6th January 2014 to 31st March 2014), FY 14-15, FY 15-16.
- 4.4 The Petitioner humbly submits that it is committed to follow the directives of the Hon'ble Commission to become a regulatory compliant distribution utility.

Energy Sales

- 4.5 The actual energy sales of JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 based on the audited accounts of respective years are provided for the kind consideration of Hon'ble Commission.
- 4.6 It is pertinent to mention that there has been significant increase in sales in FY 15-16 due to intensive electrification of rural households. Also, the increase in hours of supply and rise in per capita consumption of electricity are another key reasons for increase in sales for FY 15-16.
- 4.7 The following table summarizes the consumer category-wise sales for FY 13-14



(6th Jan – 31st Mar) to FY 15-16

Table 28: Energy Sales (MUs) for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Domestic	856.0	777.6	3,724.0	3,735.4	4,116.3	4,226.9
Non domestic	98.0	92.0	423.0	426.7	455.2	505.2
Low Tension	49.0	49.7	199.0	175.0	172.3	188.4
Irrig. & Agricultural	19.0	19.8	81.0	87.0	86.8	112.4
HT Service	585.0	564.0	2,426.0	2,308.4	2,509.7	3,484.0
Railway Traction	163.0	155.9	663.0	656.5	675.2	378.4
Street Lgt. Service	45.0	33.3	195.0	140.5	214.7	148.2
MES	4.0	4.1	15.0	15.3	15.6	15.3
Bulk Supply	-	-	-	-	-	-
Total Intra-state Sales	1,819.0	1,696.8	7,726.0	7,544.8	8,245.7	9,058.9
Inter-state sales	72.0	-	244.0	-	-	-
Total Energy Sales	1,891.0	1,696.80	7,970.0	7,544.8	8,245.7	9,058.9

Power Purchase

4.8 JBVNL has firm allocations of power from central allocations like NTPC, NHPC and other sources such as DVC, TVNL, WBSEB, etc. In addition to these, JBVNL has also purchased power from private stations like APNRL, Inland power with certain purchase from renewable sources.

4.9 The following table provides for station wise Power Purchase for FY 13-14 (6th Jan – 31st Mar) based on the audited accounts for FY 13-14 (6th Jan – 31st Mar) of JBVNL.

Table 29: Power purchase quantum, rate and cost for JBVNL for FY 13-14 (company period)

Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
NTPC						
Farrakka	245.3	231.0	4.1		100.3	94.6
Khalagaon I	41.0	38.5	4.5		18.3	17.3
Khalagaon II	35.2	33.1	4.2		14.6	13.8
Talcher	125.6	118.2	2.8		34.7	32.8



Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Barh						
Farrakka III	64.8	61.1	4.7		30.2	28.5
Total	511.7	481.9			198.2	186.9
NHPC						
Rangit	5.2	4.9	4.6		2.4	2.3
Teesta	11.6	11.5	7.0		8.1	8.0
Total	16.9	16.5			10.6	10.3
PTC						
Chukha	39.4	38.7	0.5		1.8	1.7
Tala	8.3	7.5	2.0		1.7	1.5
Total	47.7	46.2	0.7	0.7	3.5	3.2
Total Central Sector	576.3	544.6			212.2	200.5
Others (outside Boundaries)						
DVC	1,097.2	1,035.6	4.1		448.6	423.5
WBSEB	9.3	8.8	8.2		7.6	7.2
DVC STOA	181.1	169.1	3.1		55.4	46.8
PTC STOA						
Total Others	1,287.5	1,213.5			511.6	477.5
State Sector						
PTPS	149.1	139.1	1.8		26.4	31.9
SHPS	1.6	1.5	0.7		0.1	0.1
TVNL	670.2	633.9	2.8		188.6	178.6
Total State Sector	820.9	774.5			215.1	210.4
Private						
Inland Power		-				
APNRL	256.7	242.1	2.9		75.2	76.9
APNRL STOA						
Total Private Sector	256.7	242.1			75.2	76.9
Other RE						
Solar	5.6	5.3	17.9		10.0	9.5
REC		-				-
Total Other RE	5.6	5.3			10.0	9.5
PGCIL					28.7	27.1
Posoco (ERLDC)					0.4	0.4
UI Payable	12.8	12.1	1.6		2.0	2.0
UI Receivable		69.2				5.7
Mittal Power	-2.3	-2.1	4.0		-0.9	-0.8
DVC ERLDC						4.9
ERLDC(APNRL)					6.3	
ERLDC(APNRL STOA)						



Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Banking of Power (Unit Banked)	-11.1	-11.1	0.1		-0.2	-0.1
Banking of Power (Unit Received)	34.4	49.3	0.2		0.6	0.8
Supplementary bills						106.8
Grand Total	2,980.8	2,758.9	3.6	3.6	1,061.0	1,110.0

4.10 The following table provides for station wise Power Purchase for FY 14-15 based on the audited accounts for FY 14-15 of JBVNL.

Table 30: Power purchase quantum, rate and cost of JBVNL for FY 14-15

Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
NTPC						
Farrakka	826.8	864.5	4.0	3.7	329.9	319.9
Khalagaon I	161.5	172.0	3.9	3.6	63.5	62.4
Khalagaon II	115.7	128.6	4.0	3.7	46.3	48.1
Talcher	471.0	475.3	2.5	2.4	118.7	115.5
Barh	10.6	89.4	6.4	6.3	6.8	56.0
Farrakka III	231.2	233.0	4.8	4.6	111.4	107.9
Total	1,816.8	1,962.8	3.7		676.6	709.8
NHPC						
Rangit	41.1	40.8	3.2	3.1	13.1	12.8
Teesta	284.4	306.1	2.7	2.6	76.2	80.0
Total	325.5	346.9	2.7		89.3	92.8
PTC						
Chukha	202.0	174.9	1.8	1.8	37.2	32.2
Tala	379.7	375.7	2.0	2.0	76.7	75.9
Total	581.7	550.6	2.0		113.9	108.1
Total Central Sector	2,724.0	2,860.3			879.7	910.7
Others (outside Boundaries)						
DVC	4,316.2	4,216.5	4.9	4.7	2,127.9	1,974.2
WBSEB	46.1	47.0	8.3	8.5	38.4	39.8
DVC STOA	564.9	528.4	3.3	3.0	186.4	160.6
PTC STOA						
Total Others	4,927.3	4,791.9			2,352.8	2,174.7
State Sector						
PTPS	659.5	635.7	2.0	2.0	134.7	129.7
SHPS	7.4	33.5	1.0	1.0	0.7	3.2
TVNL	2,486.1	2,100.3	3.2		795.5	692.2



Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Total State Sector	3,153.0	2,769.5			930.9	825.2
Private						
Inland Power	111.3	274.0	4.4	3.4	48.5	94.5
APNRL	859.8	835.4	3.9	3.6	335.3	300.3
APNRL STOA						
Total Private Sector	971.1	1,109.4			383.8	394.8
Other RE						
Solar	23.8	20.7	18.0	18.0	42.7	37.3
REC						
Total Other RE	23.8	20.7			42.7	37.3
PGCIL					125.3	124.2
Posoco (ERLDC)					1.6	1.6
UI Payable	127.6	109.1	2.8	3.1	35.1	34.2
UI Receivable		162.6		0.1		1.5
Mittal Power		-10.8		4.3		-4.6
ABCIL						
Banking of Power (Unit Banked)	-55.8	-70.2	0.2	-0.1	-1.2	0.9
Banking of Power (Unit Received)	84.2	81.8	0.2	0.2	1.7	1.5
Supplementary bills						149.8
Grand Total	11,955.0	11,499.1	4.0		4,752.4	4,648.7

4.11 The following table provides for station wise Power Purchase for FY 15-16 based on the audited accounts for FY 15-16 of JBVNL.

Table 31: Power purchase quantum, rate and cost for JBVNL for FY 15-16

Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
NTPC						
Farrakka	826.8	809.5	4.0	3.8	329.9	303.6
Khalagaon I	161.5	184.0	3.9	3.5	63.5	64.4
Khalagaon II	115.7	193.8	4.0	3.5	46.3	67.8
Talcher	471.0	510.4	2.5	2.2	118.7	111.1
Barh	210.2	272.5	6.4	5.7	134.7	154.9
Farrakka III	231.2	191.0	4.8	4.5	111.4	85.9
Total	2,016.5	2,161.3			804.5	787.8
NHPC						
Rangit	41.1	44.1	3.2	3.1	13.1	13.8
Teesta	284.4	319.9	2.7	2.4	76.2	77.1
Total	325.5	364.0			89.3	90.9



Particulars	Power Purchase Quantum		Power Purchase Rate		Power Purchase Cost	
	Approved (MUs)	Actuals (MUs)	Approved (Rs/kWh)	Actuals (Rs/kWh)	Approved (Rs Cr.)	Actuals (Rs Cr.)
PTC						
Chukha	202.0	192.6	1.8	1.8	37.2	35.4
Tala	379.7	375.3	2.0	2.0	76.7	75.8
Total	581.7	567.9			113.9	111.2
Total Central Sector	2,923.7	3,093.1			1,007.7	989.9
Others (outside Boundaries)						
DVC	4,316.2	4,805.4	4.9	4.9	2,127.9	2,353.7
WBSEB	46.1	25.5	8.3	8.0	38.4	20.4
DVC STOA		109.8		2.8		30.4
PTC STOA		82.2		3.2		26.5
Total Others	4,362.4	5,022.9			2,166.3	2,431.0
State Sector						
PTPS	659.5	391.9	2.0	2.7	134.7	104.4
SHPS	7.4	51.1	1.0	1.1	0.7	5.7
TVNL	2,486.1	2,318.0	3.2	3.5	795.5	813.4
Total State Sector	3,153.0	2,761.0			930.9	923.5
Private						
Inland Power	413.0	427.6	4.4	3.5	180.1	150.2
APNRL 12%	859.8	1,057.7	3.9	3.7	335.3	392.4
APNRL STOA						
Total Private Sector	1,272.8	1,485.3			515.4	542.5
Other RE						
Solar	23.8	28.0	18.0	14.0	42.7	39.1
REC				5.5	69.7	
Total Other RE	23.8	28.0			112.5	39.1
PGCIL					125.3	116.0
Posoco (ERLDC)					1.6	1.5
UI Payable		128.2		3.2		40.6
UI Receivable		195.9		0.4		8.3
Mittal Power						
Rungta Mines		16.5		3.3		5.4
ABCIL		39.2		3.8		14.9
DVC ERLDC						3.1
ERLDC(APNRL)						24.4
Supplymentary bills		1.4				73.9
Grand Total	11,735.5	12,379.7	4.1	4.2	4,859.6	5,197.5

4.12 JBVNL prays to the Hon'ble Commission to approve the power purchase as per the audited annual accounts as summarized in the table above and approve the power purchase cost accordingly.



Energy Balance

4.13 It is submitted that energy availability for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 has been computed based on the actual Power purchase and sales of respective years.

4.14 JBVNL would like to submit that power purchase from various sources are segregated into different heads, while calculating the energy balance for the control period.

- Power Purchase from Outside JSEB Boundary- NTPC, NHPC, PTC, STOA, APNRL, Inland Power, part of TVNL, Mittal Power and Banking
- Energy Input Directly to State Transmission System- Input of power from TVNL directly to State Transmission System
- State-owned Generation- PTPS and SHPS
- Direct Input of Energy to Distribution System- DVC, WBSEB and Solar Power.

4.15 Based on the information provided above, Energy Balance of JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below.

Table 32: Energy balance for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Power Purchase from Outside JSEB Boundary	1,336.7	1,277.1	5,301.1	5,354.5	4,907.5	5,433.4
Loss in External System (%)	3%	3%	3%	3%	3.04%	3%
Loss in External System	40.6	38.8	161.2	162.8	149.2	165.2
Net Outside Power Available	1,296.1	1,238.3	5,139.9	5,191.7	4,758.3	5,268.2
Energy Input Directly to State Transmission System	368.6	348.6	1,473.3	1,244.7	1,775.1	1,655.1
State-owned Generation	150.7	140.6	666.9	669.2	666.9	442.9
Payable	12.8	12.1	127.6	109.1	-	128.2
UI Sale / Receivable	-	69.2	-	162.6	-	195.9
Energy Available for Onward Transmission	1,828.1	1,670.4	7,407.7	7,052.1	7,200.2	7,298.5
Transmission Loss (%)	5%	5%	5%	5%	5%	5%
Transmission Loss	91.4	83.5	370.4	352.6	360.0	364.9



Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Net Energy Sent to Distribution System	1,736.7	1,586.9	7,037.3	6,699.5	6,840.2	6,933.6
Direct Input of Energy to Distribution System	1,112.0	1,049.7	4,386.1	4,284.2	4,386.1	4,914.6
Total Energy Available for Sales	2,848.7	2,636.6	11,423.5	10,983.7	11,226.3	11,848.2
Sales (MUs)	1,892.0	1,892.0	7,970.0	7,544.8	8,245.7	9,058.9
Distribution losses	34%	28%	30.2%	31.3%	26.6%	23.5%

Disincentive for Non-Achievement of T&D Loss Reduction Targets

4.16 It is submitted that JBVNL is committed to reduce T&D losses and all efforts are being made to reduce losses to normative levels. However, due to high losses in the past, to the tune of 33% in FY 10-11, despite the sincere efforts made, the Petitioner admits that it has not been able to achieve the stringent targets set by the Hon'ble Commission. Further, the target T&D loss stipulated by the Hon'ble Commission in Tariff Regulations 2010 has been completely non reflective of the actual T&D loss position of erstwhile JSEB and JBVNL. The target of 15.5% T&D losses by FY 15-16 has been extremely stern, which most of the utilities in India have not been able to achieve.

4.17 The Petitioner has estimated the disincentive for non-achievement of loss targets, considering the methodology adopted by Hon'ble Commission previously. The excess cost to be disallowed is the 'Disincentive for non-achievement of T&D loss targets', which needs to be appropriately adjusted against the Resource Gap Funding (RGF) as per the communication from the Energy Department, Govt. of Jharkhand, provided in Annexure 1. The details of adjustment of power purchase cost disallowance against RGF is discussed in resource gap funding section of this chapter.

4.18 Further, the actual average power purchase cost per unit has been used to compute the disincentive for non-achievement of T&D loss reduction targets as summarized in the table below.



Table 33: Disincentive cost due to excess T&D loss for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Total Energy Sales to Intrastate consumers	1,819.0	1,696.8	7,726.0	7,544.8	8,245.7	9,058.9
Overall T&D loss (%) for intra-state consumers	17%	17%	16.0%	16.0%	15.5%	15.5%
Overall T&D loss for intrastate consumers	372.6	347.5	1,471.6	1,437.1	1,512.5	1,661.7
Total Energy requirement for intra-state consumers	2,191.6	2,044.3	9,197.6	8,981.9	9,758.2	10,720.6
Energy requirement for inter-state sale	72.0	-	244.0	-	-	-
Total Energy requirement	2,263.6	2,044.3	9,441.6	8,981.9	9,758.2	10,720.6
Energy Available for Distribution	2,848.7	2,636.6	11,423.5	10,983.7	11,226.3	11,848.2
Disallowed Units due to Excess Loss	585.2	592.2	1,981.8	2,001.8	1,468.1	1,127.6
Average Power Purchase Cost	3.7	3.5	4.1	3.8	4.26	3.97
Disallowed Cost due to Excess Loss	215.9	207.3	810.6	752.7	625.4	447.6

Intra-State Transmission Charges

- 4.19 It is submitted that transmission charges payable to Jharkhand Urja Sanchar Nigam Limited been computed based on the provisionally approved rate in Tariff Order for FY 13-14 (6th Jan – 31st Mar) to FY 15-16.
- 4.20 The energy wheeled through transmission network in the above section of Energy Balance has been considered for calculating the Intra-State transmission charges payable to JUSNL and no transmission charges are applied on direct input of energy to distribution system.
- 4.21 The actual the Intra-state transmission charges payable to JUSNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for kind consideration of Hon’ble Commission.

Table 34: Intra-state transmission charges for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Energy Wheeled at Transmission Level (MU)	1,828.1	1,670.4	7,407.7	7,052.1	7,200.2	7,298.5
Transmission Rate	0.18	0.18	0.18	0.18	0.19	0.19



Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
Transmission Charges(Cr.)	32.9	30.1	133.3	126.9	137.4	139.3

Employee Cost

4.22 Employee expenses comprise of salaries, dearness allowance, bonus, terminal benefits in the form of pension & gratuity, leave encashment and staff welfare expenses.

4.23 The actual employee cost for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for kind consideration of Hon'ble Commission.

Table 35: Employee cost for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Employee Cost	42.7	45.4	196.2	159.8	210.4	182.6

Administrative and General Expenses

4.24 The actual A&G expenses for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for kind consideration of Hon'ble Commission.

Table 36: A&G expense for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
A&G Cost	9.6	9.1	44.5	37.5	48.4	48.6

Repair & Maintenance Expenses

4.25 The actual R&M expenses for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for kind consideration of Hon'ble Commission.

Table 37: Repair and Maintenance expense for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
R&M Cost	10.3	17.0	50.5	53.7	60.0	56.8



4.26 As can be seen in the table above, the actual R&M Cost of erstwhile JSEB has been almost equal or lower than that of approved by the Hon'ble Commission. The Hon'ble Commission had approved the R&M cost as 2.34% of the GFA for JBVNL while the actual proportion has been in the range of 2.34% for FY 13-14 and FY 14-15 and 1.34% for FY 15-16 only. Therefore, it is prayed that the Hon'ble Commission may kindly approve the actual R&M expenses, as per the audited accounts.

Capital Expenditure Schedule

4.27 The actual capex schedule for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 as per annual accounts of respective years is detailed in the table below.

4.28 It is pertinent to mention that the closing balance of CWIP for FY 14-15 is Rs. 647.82 Cr. as per audited account for FY 14-15, however, the opening CWIP for FY 15-16 is 1,185.74 Cr. The difference in opening and closing balance of CWIP is due to addition of cost of stocks of materials at construction sites in FY 15-16 in opening CWIP. Similar approach has been adopted for FY 13-14 and FY 14-15, where cost pertaining to stocks of materials at construction sites has been added to CWIP of respective years.

Table 38: Actual Capital work in progress for JBVNL

Particulars	FY 13-14 Actual (Rs cr.)	FY 14-15 Actual (Rs cr.)	FY 15-16 Actual (Rs cr.)
Opening CWIP	1,178.9	1,216.6	1,185.7
Capex during the year	79.1	1,910.6	2,035.4
Transfer to GFA	41.5	1,941.4	1,141.8
Closing CWIP	1,216.6	1,185.7	2,079.4

4.29 The Hon'ble Commission in its Tariff order for FY 15-16 has considered the opening balance of GFA for FY 13-14 as per the closing GFA for FY 12-13 for the distribution function of erstwhile JSEB based on the audited accounts for FY 12-13. However, it is submitted that as per the transfer scheme, GoJ has taken over all assets and liabilities of erstwhile JSEB, including consumer contribution and grants. The Govt. of Jharkhand has transferred distribution assets to JBVNL, against which the equity has been issued, as reflected in the books of JBVNL.

4.30 The actual Consumer contribution and Grants of JBVNL, based on the audited accounts vis-à-vis as approved by the Hon'ble Commission is provided in the table below.



Table 39: Consumer contribution and grants for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Opening	2,426.7	-	2,572.3	7.7	2,726.7	1,491.6
Addition	145.6	7.7	154.3	1,483.9	163.6	2,124.8
Closing	2,572.3	7.7	2,726.7	1,491.6	2,890.3	3,616.4

Depreciation

4.31 The actual depreciation of JBVNL, estimated based on the audited accounts and Hon'ble Commissions approach vis-à-vis as approved by the Hon'ble Commission is provided in the table below.

Table 40: Depreciation cost for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
GFA Considered for Dep - Excl. GFA out of CC and Grants	727.7	2,288.9	861.1	3,070.0	953.8	2,769.3
Depreciation Rate	5.34%	5.34%	5.34%	5.34%	5.34%	5.34%
Depreciation Cost	48.5	122.2	67.7	164.1	51.0	148.0

4.32 Since the segregation of the depreciation pertaining to GFA created out of grant and consumer contribution is not provided in the accounts of JBVNL, the Petitioner has followed the approach adopted by the Hon'ble Commission in its previous true-up order.

4.33 The Petitioner has first arrived at the GFA created out of debt and equity by deducting the consumer contribution and grants portion deployed towards GFA. Based on this GFA created out of debt and equity, the Petitioner has applied the depreciation rate as approved by the Hon'ble Commission to arrive at the total depreciation.

Interest & Finance Charges

4.34 The actual Interest and finance charges of JBVNL, based on the audited accounts and Hon'ble Commissions approach vis-à-vis as approved by the Hon'ble Commission is provided in the table below.



Table 41: Interest & finance charges for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Opening Balance	205.0	-	238.5	779.4	284.1	1,427.5
Deemed Addition during the year	74.1		92.8	812.2	64.4	-22.9
Deemed Repayments during the year	40.5	-122.2	47.2	164.1	53.9	148.0
Closing Balance	238.5	779.4	284.1	1,427.5	294.6	1,256.6
Average balance during the Year	221.8	389.7	261.3	1,103.4	289.4	1,342.1
Interest Rate	14.45%	14.75%	14.75%	14.75%	14.75%	14.75%
Interest Expense	32.0	57.5	38.5	162.8	42.7	198.0

4.35 The Petitioner has adopted the similar approach of Hon’ble Commission in estimating the normative closing loan for the JBVNL by deducting the normative equity, consumer contribution and grants pertaining to GFA from the Net Fixed Assets (NFA).

4.36 In line with the Regulation 6.25 and Hon’ble Commission’s approach in previous True up order, the repayment of debt has been considered to be equal to the depreciation applicable to GFA created out of debt and equity.

4.37 Further, the interest expenses has been computed, considering the rate of interest to be 13%, applied on the normative loan estimated for JBVNL.

4.38 It is requested that the Hon’ble Commission may approve the interest and finance charges as submitted by the Petitioner.

Interest on Consumer Security Deposit

4.39 Interest on consumer deposit is computed in line with the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010 as pronounced below-

“Interest paid on consumer security deposits shall be as specified by the Commission in ‘Jharkhand Electricity Supply Code Regulations, 2005’ as amended from time to time.”

4.40 The Interest on consumer deposit for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 has been computed based on the actual interest on consumer deposit as per Audited Accounts of respective years.

4.41 The Interest on consumer deposit for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for kind consideration of Hon’ble Commission.



Table 42: Interest on consumer deposit for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Consumer Deposit		336.1	487.4	373.8	581.5	411.3
Interest on Consumer Security Deposit	9.2	5.5	43.9	42.2	58.1	44.7

Interest on Working Capital

4.42 In order to estimate the interest on working capital, the Petitioner has estimated the working capital requirement in line with the Regulation 6.26 of the Tariff Regulations 2010.

4.43 It is submitted that in Tariff Order issued in December 2015, the Hon'ble Commission has not allowed any working capital requirement, however, based on the submissions for true up the Petitioner has estimated the working capital requirement and interest thereof, as provided in the Table below.

Table 43: Interest on working capital for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved	Actuals	Approved	Actuals	Approved	Actuals
1 month O&M		6.0	24.3	20.9	26.6	24.0
Maintenance Spares		0.2	21.6	0.5	25.5	0.6
Receivables		217.2	704.6	785.9	761.0	948.4
Less: 1 month cost of power purchase		(92.5)	(407.2)	(387.4)	(416.4)	(433.1)
Less: Security Deposit from Customers		(336.1)	(487.4)	(373.8)	(581.5)	(411.3)
Total Working Capital requirement		(205.2)	(144.2)	46.1	(184.9)	128.6
Interest rate on WC		14.45%	14.75%	14.75%	14.75%	14.75%
Interest on Working Capital		-	-	6.80	-	18.96

Return on Equity

4.44 The actual Interest and finance charges of JBVNL, based on the audited accounts and Hon'ble Commissions approach vis-à-vis as approved by the Hon'ble Commission is provided in the table below.

4.45 In order to estimate the equity balance, the Petitioner has considered the approach adopted by the Hon'ble Commission, whereby normative equity is arrived at by assuming the equity to be 30% of the GFA created out of debt and equity.



Table 44: Return on equity for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Opening Balance of Normative Equity	181.8		218.3	686.7	258.3	921.0
Deemed Additions	36.5	686.7	40.0	234.3	27.8	-90.2
Closing Balance of Normative Equity	218.3	686.7	258.3	921.0	286.1	830.8
Average Equity	200.1	343.3	238.3	803.8	272.2	875.9
Return on Equity (%)	15.5%	15.5%	15.5%	15.5%	15.5%	15.5%
Return on Equity	31.0	53.2	36.9	124.6	42.2	135.8

Non- Tariff Income

- 4.46 The actual Non-Tariff Income (Other Income) of JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 based on the audited accounts of respective years are provided for the kind consideration of Hon’ble Commission.
- 4.47 However, while computing the actual the Non-Tariff income Non-Tariff Income (Other Income) of JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 financing cost for corresponding receivables, as accrued DPS is considered to be form of NTI. It is pertinent to mention that the Petitioner has already incurred power purchase costs on such outstanding receivables and DPS is levied as financing cost of such receivables, however, as the Petitioner is allowed only 2months of receivables in allowance of working capital. For the receivables beyond the period DPS is applicable and as DPS is considered to be additional income for the Petitioner financing cost of such receivables are allowed in line with the judgement of Hon’ble APTEL dated 12.07.2011 in case No. 142 & 147 of 2009.
- 4.48 The Hon’ble Commission in its Tariff order for Aggregate Revenue Requirement for MYT Period FY 16-17 to FY 20-21 for JBVNL has also considered the above approach in line with the judgement of Hon’ble APTEL in Appeal no.48 of 2016 and Appeal no.316 of 2016 & IA no.656 of 2016 dated 31st May, 2017, while approving the Non-Tariff income.
- 4.49 The Petitioner humbly prays to the Hon’ble Commission to approve the Non-tariff income as outlined below.

Table 45: Non-tariff income for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Interest on Staff Loan & Advance		0.0		-		-



Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Income from Investment (F.D)		2.7		2.3		13.3
Interest on loans and advances to licensee		-				
D.P.S from Consumer		57.2		249.1		276.6
Interest on advance to Supplier/Contractor		0.0		0.2		0.1
Interest from Bank (Other than F.D)		1.1		3.4		8.3
Income from trading		0.0		-		
Income from staff Welfare Activities		-		0.0		
Miscellaneous Receipt.		4.1		7.3		2.7
Meter Rent		-		12.5		-
Miscellaneous Charges from Consumers		-		-		-
Total	67.8	65.1	305.9	274.9	321.1	301.0
Interest rate for Receivables financing	0.0%	14.5%	0.0%	14.8%	14.8%	14.8%
Corresponding Receivables against DPS	-	317.7	-	1,384.1		1,536.8
Interest on Receivables against DPS	-	45.9	-	204.1		226.7
Net NTI to be considered	67.8	19.2	305.9	70.7	321.1	74.3

Provision for Bad & Doubtful Debt

4.50 The Hon'ble Commission has been approving 100% collection efficiency of JBVNL, which is completely impracticable and even the most efficient utilities in the Country are not able to achieve the 100% collection efficiency. The Petitioner prays to Hon'ble Commission that a reasonable amount of revenue which JBVNL has not been able to collect, may be allowed as part of the True Up as provision for bad and doubtful debt.

4.51 The method for calculating doubtful debt is by considering the difference between the Commissions approved collection efficiency i.e. 100% and the actual collection efficiency. However, it is submitted that the Petitioner has only considered doubtful debt as per the annual accounts of respective years which is less than 4% of the receivables only.

Table 46: Provision for bad & doubtful debt of JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Receivables	905.9	1,265.0	4,227.1	4,715.2	4,566.2	5,690.5



Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Collection efficiency	100%	87%	100%	87%	100%	88%
Bad debts provision		41.5		11.5		42.2
Bad Debt (%)		3.19%		0.24%		0.74%

4.52 The Petitioner humbly submits that despite creating several avenues for payment of bills by the consumers, the collections remained lower than the targets. The doubtful debt proposed is on account of collection amount which utility is ascertain for not receiving it, and which is beyond the efficiency of utility.

4.53 It is also submitted that the utility like JBVNL is prone to difficulties of T&D losses and collection inefficiencies due to difficult terrains and large rural consumers in overall consumer mix. Withal, JBVNL also has Universal Supply Obligation (USO) so it cannot stop/reduce the power supply in areas with poor collection efficiencies.

4.54 Therefore, it is prayed to the Hon'ble Commission to approve for such provisioning as bad & doubtful debts while taking cognizance of difficulties and ground realities faced by JBVNL in collection.

Resource Gap Funding

4.55 The Petitioner would like to submit that in order to meet the operational funding requirement of JBVNL arising out of legacy of disallowances and present tariffs being non-reflective of the actual cost of supply, the State Government provides support in form of Revenue Gap Funding.

4.56 The Petitioner would also like to submit that resource gap funding being provided by Government of Jharkhand is towards disallowances and slashes made by the Hon'ble Commission during tariff determination process for various parameters such as higher T&D Loss, normative interest computation, normative generation cost etc.

4.57 A communication from the Energy department, Government of Jharkhand was also submitted (annexed for reference) vide letter dated 14 July 2014 stating that

"Amount released towards resource gap may be utilized to meet the slashes/disallowances worked out by the Hon'ble commission while fixing the tariff".

4.58 In line with the above communication by the GOJ, the Petitioner prays that the Hon'ble Commission should consider adjusting the complete RGF towards disallowance/slashes and remaining amount of RGF may be considered to meet



the revenue gap.

4.59 It is submitted that the RGF received by JBVNL from the GOJ is higher than the amount disallowed against non-achievement of normative distribution loss trajectory. The remaining amount of RGF after accounting of disallowance may be considered to meet the revenue gap. Thus, the resource gap funding available to meet revenue gap is provided below-

Table 47: Resource gap funding received by JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Resource Gap Funding Received	349.3	349.3	2,106.6	1,600.0	1,000.0	1,200.0
Disallowances on account of excessive T&D Losses	-215.9	-207.3	-810.6	-752.7	-625.4	-447.6
Net Resource Gap Funding available to meet revenue gap	135.0	142.0	1,296.1	847.3	374.6	752.4

Summary Of The Final True-Up Of ARR for FY 13-14 to FY 15-16

4.60 Based on the components of the ARR discussed in the above sections, the final ARR for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 has been provided in the table below for kind consideration of Hon'ble Commission.

Table 48: Summary of final True-up of ARR for JBVNL

Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Power Purchase cost	1,061.0	1,110.0	4,752.4	4,648.7	4,859.6	5,197.5
Transmission charges	32.9	30.1	133.3	126.9	137.4	139.3
Cost disallowed	(215.9)	(207.3)	(810.6)	(752.7)	(625.4)	(447.6)
O&M expenses	62.5	71.5	291.2	251.0	318.8	288.1
Depreciation	9.4	122.2	47.2	164.1	53.9	148.0
Interest on Loan	7.5	57.5	38.5	162.8	42.7	198.0
Return on Equity	7.2	53.2	36.9	124.6	42.2	135.8
Interest on Working Capital	-	-	-	6.8	-	19.0
Interest on security deposit	9.2	5.5	43.9	42.2	58.1	44.7
Provision for doubtful debts		41.5		11.5		42.2
Less: Non-Tariff Income	(67.8)	(19.2)	(305.9)	(70.7)	(321.1)	(74.3)



Particulars	FY 13-14 (company period)		FY 14-15		FY 15-16	
	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)	Approved (Rs Cr.)	Actuals (Rs Cr.)
Gross ARR	905.9	1,265.0	4,227.1	4,715.2	4,566.2	5,690.5
Less: RGF Considered	135.0	142.0	1,296.1	847.3	374.6	752.4
Revenue Realized from sale	722.7	652.2	3,135.2	2,786.6	3,189.7	2,866.6
Gap	48.2	470.8	(204.2)	1,081.3	1,002.0	2,071.5

4.61 It is prayed to the Hon'ble Commission that the above revenue gap may be allowed and impact shall be passed to JBVNL.



5. Revenue Gap and Treatment of Revenue Gap for JBVNL

Revenue gap for JBVNL

5.1 The year wise estimated revenue gap based on the trued-up ARR and actual revenue realized by JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is provided in the table below for the kind consideration of Hon'ble Commission.

Table 49: Estimated revenue gap for JBVNL

Particulars	FY 13-14 (6 th Jan – 31 st Mar) (Rs Cr.)	FY 14-15 (Rs Cr.)	FY 15-16 (Rs Cr.)
Gross ARR	1,265.0	4,715.2	5,690.5
Less: RGF Considered	142.0	847.3	752.4
Revenue Realized from sale	652.2	2,786.6	2,866.6
Gap	470.8	1,081.3	2,071.5

5.2 The cumulative revenue gap estimated for JBVNL for FY 13-14 (6th Jan – 31st Mar) to FY 15-16 is detailed in the table below. It is prayed to Hon'ble Commission that the gap may be allowed along with the carrying cost at the rate prescribed under the Tariff Regulations 2010.

Table 50: Revenue gap for FY 13-14 (6th Jan – 31st Mar) to FY 15-16

Particular	FY 13-14 (6th Jan – 31st Mar) (Cr.)	FY 14-15 (Cr.)	FY 15-16 (Cr.)
Opening Revenue Gap as on 1st April	-	504.8	1,740.3
Revenue Gap / (Surplus) created during the Year	470.8	1,081.3	2,071.5
Closing Gap at end of the Year	470.8	1,586.1	3,811.9
Rate of Interest (As per prevailing SBI PLR rate)	14.45%	14.75%	14.75%
Carrying Cost on Additional Gap Created	34.0	154.2	409.5
Total Gap including carrying cost	504.8	1,740.3	4,221.3

5.3 It is pertinent to mention that the cumulative revenue gap estimated is after accounting of revenue from sale of power and resource gap funding adjusted against the power purchase cost disallowances due to non-achievement of T&D loss target. It is submitted that the revenue gap is majorly due to inadequate tariff



Jharkhand Bijli Vitran Nigam Ltd.

increase during FY 11-12 to FY 15-16. Further, the Hon'ble Commission has left untreated revenue gap to avoid tariff shock to consumers in previous Tariff orders.

- 5.4 Thus, it is prayed to Hon'ble Commission to allow JBVNL to recover the revenue gap by way adjustment in future tariff revisions.



6. Prayers to Hon'ble Commission

The Petitioner JBVNL respectfully prays to the Hon'ble Commission:

- 1) To admit the True Up Petition filed by JBVNL, also on behalf of erstwhile JSEB, for the Control Period (FY 11-12 to FY 15-16) in accordance with Regulation 5 of the Jharkhand State Electricity Regulatory Commission JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2010,
- 2) To approve the True Up of components of ARR and proposed revenue gap along with the carrying cost.
- 3) To allow the actual collection efficiency trajectory and its impact on the True Up.
- 4) To approve the proposed True Up to meet the revenue gap in future years for minimising the gap between ARR and ACS
- 5) To approve the proposed True-Up, the impact of which may be passed on, in the subsequent Tariff Order to be issued by Hon'ble Commission
- 6) To approve the deviation from the norms for certain parameters prescribed in Tariff Regulations 2010, provisions thereof.
- 7) To allow adjustment of RGF against the disallowances first and remaining RGF to be utilized to reduce the tariff for particular consumer categories.
- 8) To pass any other order as the Hon'ble Commission may deem fit and appropriate under the circumstances of the case and in the interest of justice.
- 9) To condone any error/omission and to give opportunity to rectify the same.
- 10) To permit JBVNL to make further submissions, addition and alteration to this Business Plan as may be necessary from time to time.



7. Annexures

Annexure-1: Letter for RGF from State Government

Letter No. 03/30.60/2014-14-490 Dated 14.7.14

From, B.K. Tripathi
Principal Secretary

To, The Chairman-cum-Managing Director,
Jharkhand Urja Vikas Nigam Limited,
Corporate Office,
Engineering Building, HEC,
Dhurwa, Ranchi-834004.

Sub: Release of Rs. 1500 Crs. towards Resource Gap.

Sir,

The State Government provides Rs.1500 Cr. Per annum towards resource gap to the JUVNL (erstwhile J.S.E.B.). This amount may be utilized to meet the slashes/disallowances worked out by the Hon'ble Commission while fixing the tariff.

This is for information.

Yours faithfully,
B.K. Tripathi
(B.K. Tripathi)
Principal Secretary

CE(CRP)
14/7/14



Annexure-2: Transfer Scheme



Annexure-3: Annual Accounts

- Annual Accounts (Board Approved) for FY 11-12 to FY 13-14 (till 5 Jan'14)
– Attached herewith
- Annual Accounts (Board Approved) for FY 13-14 (company period) to FY 15-16 – Attached herewith