

# **Jharkhand State Electricity Regulatory Commission**



Order on  
True-up for FY 2020-21,  
Annual Performance Review for FY 2021-22, and  
Aggregate Revenue Requirement & Tariff for  
FY 2022-23  
for  
Damodar Valley Corporation (DVC)  
JANUARY 22, 2024



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## List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CEA	Central Electricity Authority
COD	Commercial Operation Date
CFBC	Circulating Fluidized Bed Combustion
CCL	Central Coalfield Limited
CIL	Coal India Limited
ECR	Energy Charge Rate
FY	Financial Year
GCV	Gross Calorific Value
GFA	Gross Fixed Assets
GHR	Gross Station Heat Rate
GoI	Government of India
GoJ	Government of Jharkhand
IoWC	Interest on Working Capital
IPL	Inland Power Limited
JBVNL	Jharkhand Bijli Vitran Nigam Limited
JSEB	Jharkhand State Electricity Board
JSERC	Jharkhand State Electricity Regulatory Commission
JUVNL	Jharkhand Urja Vikas Nigam Limited
kCal	Kilocalorie
kg	Kilogram
kWh	Kilowatt-hour
MAT	Minimum Alternative Tax
ML	Millilitre
MOU	Memorandum of Understanding
MT	Metric Tonnes
MU	Million Units
MW	Megawatt
MYT	Multi-Year Tariff
NAPAF	Normative Annual Plant Availability Factor
O&M	Operations and Maintenance
PAF	Plant Availability Factor
PLF	Plant Load Factor
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupees
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Centre
SLM	Straight Line Method



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**Before**  
**Jharkhand State Electricity Regulatory Commission, Ranchi**

**Case (Tariff) No.: 07 of 2022 & 08 of 2022**

**In the matter of:**

**Petition for**  
**True-up for FY 2020-21,**  
**Annual Performance Review for FY 2021-22, and**  
**Aggregate Revenue Requirement & Tariff for FY 2022-23**

**In the matter:**

Damodar Valley Corporation (DVC) .....**Petitioner**

**PRESENT**

Hon'ble Justice Amitav Kumar Gupta

Chairperson

Shri Mahendra Prasad

Member (Legal)

Shri Atul Kumar

Member (Technical)

**Order dated January 22, 2024**

Damodar Valley Corporation (hereinafter referred to as 'DVC' or the 'Petitioner') filed a Petition dated September 21, 2022 for the approval of True up for FY 2020-21 for the distribution of electricity in its licensed area in the State of Jharkhand.



# Chapter 1: Introduction

## Jharkhand State Electricity Regulatory Commission

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as “JSERC” or “the Commission”) was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational with effect from April 24, 2003.
- 1.2 The Government of Jharkhand vide its notification dated August 22, 2002 had defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely: -
- a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case maybe, in the manner provided in Section 29;
  - b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;
  - c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;
  - d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.
- 1.3 After the Electricity Act, 2003 came into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the JSERC is discharging its functions as prescribed in Section 86 of the Act.
- 1.4 In accordance with provisions of the said Act, the JSERC discharges the following functions: -
- a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State:  
Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;
  - b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements



- for purchase of power for distribution and supply within the State;
- c) facilitate intra-state transmission and wheeling of electricity;
  - d) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
  - e) promote cogeneration and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee;
  - f) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
  - g) levy fee for the purposes of this Act;
  - h) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
  - i) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
  - j) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
  - k) discharge such other functions as may be assigned to it under this Act.
- 1.5 The Commission advises the State Government on all or any of the following matters, namely: -
- a) promotion of competition, efficiency and economy in activities of the electricity industry;
  - b) promotion of investment in electricity industry;
  - c) reorganisation and restructuring of electricity industry in the State;
  - d) matters concerning generation, transmission, distribution and trading of electricity or any other matter referred to the State Commission by that Government.
- 1.6 The State Commission ensures transparency while exercising its powers and discharging its functions.
- 1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy framed and published by Government of India under the provisions of Section 3 of the Act. The objectives of the present National Tariff Policy are to: -





- a) ensure availability of electricity to consumers at reasonable and competitive rates;
- b) ensure financial viability of the sector and attract investments;
- c) promote transparency, consistency and predictability in regulatory approaches across jurisdictions and minimize perceptions of regulatory risks;
- d) promote competition, efficiency in operations and improvement in quality of supply.

### ***The Petitioner - Damodar Valley Corporation (DVC)***

- 1.8 Damodar Valley Corporation (hereinafter referred to as DVC or the Petitioner), is a statutory body incorporated under the Damodar Valley Corporation Act, 1948, having multifarious functions. Regarding the electricity, DVC undertakes generation of electricity and is therefore a generating company within the meaning of Section 2 (28) of the Electricity Act, 2003. DVC also undertakes transmission of electricity in the Damodar valley area which falls within the territorial limits of the two states namely, West Bengal and Jharkhand. It, therefore, undertakes inter-state transmission of electricity and operates inter-state transmission system within the meaning of Section 2 (36) of the Electricity Act, 2003. DVC also undertakes the sale of electricity to West Bengal State Electricity Distribution Company Limited (WBSEDCL) and Jharkhand Bijli Vitran Nigam Limited (JBVNL) in its capacity generally as a generating company. This is bulk sale of electricity by a generating company to a distribution licensee within the meaning of Section 62 (1) (a) of the Electricity Act, 2003. In addition to the above, DVC undertakes the retail sale and supply of electricity to the consumers in the Damodar Valley area under the provisions of Section 62 (d) read with Section 86 (1) of the Electricity Act, 2003.
- 1.9 DVC, being a statutory body constituted under the DVC Act, 1948, is a Public Sector Undertaking (PSU). As envisaged under Section 79 (1) (a) of the Electricity Act, 2003, the tariff for generation of electricity is to be decided by the Central Electricity Regulatory Commission (CERC). Similarly, with regards to the inter-state transmission, DVC again is regulated by CERC and tariff for composite (inter-state) generation & transmission is to be determined by the CERC in terms of Section 79 (1) (c) and (d) of the Electricity Act, 2003.



1.10 With regards to the retail sale and supply of electricity, DVC covers the entire Damodar Valley area which falls in two contiguous States, namely, the State of West Bengal and the State of Jharkhand. Thus, tariff for retail sale and supply of electricity in the Damodar Valley area is governed by the provisions of Section 62 (d) read with Section 86 (1) of the Electricity Act, 2003 and has to be determined by the respective Electricity Regulatory Commissions in the states of West Bengal and Jharkhand. 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's Prayers***

- 1.11 The Petitioner in these Petitions have made the following prayers: -
- a) Admit the present petition for truing-up for the year 2020-21;
  - b) Determine the trued-up ARR based on the submission in the instant true-up petition for the year FY 2020-21 and pass the direction for adjustment of revenue gap/ surplus as deemed proper;
  - c) Settle other commercial issues based on the submissions made by DVC;
  - d) Pass such other order(s) as this Hon'ble Commission may deem fit and proper keeping in view the facts and circumstances of the case.

### ***Scope of the Present Order***

1.12 The Petitioner filed the current Petition for truing up of FY 2020-21. The Commission has considered the submissions made by the Petitioner and the Stakeholders on the Petition, and this Order has therefore approved the truing up of FY 2020-21.

- 1.13 While approving this Order, the Commission has taken into consideration: -
- (a) Material placed on record by the Petitioner;
  - (b) Provisions of the Electricity Act, 2003;
  - (c) Principles laid down in the National Electricity Policy;
  - (d) Principles laid down in the Tariff Policy;
  - (e) JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.

1.14 Accordingly, the Commission had scrutinized the Petition in detail and hereby issues the Order on the truing up FY 2020-21.



## **Chapter 2: Procedural History**

### **Background**

- 2.1 The Commission issued Order on True-up for FY 2016-17, Annual Performance Review for FY 2017-18 & FY 2018-19 and determination of ARR & Tariff for FY 2019-20 dated May 28, 2019.
- 2.2 The Commission has also issued Order on True-up for FY 2017-18 vide its Order dated September 29, 2020.
- 2.3 The Commission has approved the True up for FY 2018-19, Annual Performance Review for FY 2019-20 and ARR & Tariff for FY 2020-21 on September 30, 2020 while disposing the Petition No. 01 of 2020 & 02 of 2020.
- 2.4 The Commission has approved the True-up for FY 2019-20 and Annual Performance Review for FY 2020-21 vide Order dated January 30, 2023.
- 2.5 Further, the Commission vide Order dated January 30, 2023 has approved the Petition for MYT for the Control Period from FY 2021-22 to FY 2025-26 and Tariff determination for FY 2021-22.
- 2.6 The Petitioner in the current Petition, dated September 21, 2022 has filed for the approval of True-up for FY 2020-21 before the Commission.

### **DVC Case History**

- 2.7 Central Electricity Regulatory Commission (CERC) by Order dated October 03, 2006 decided the tariff for DVC for its functions of inter-state generation and transmission of electricity and directed that the tariff so determined should be made effective for the period April 01, 2006 to March 31, 2009.
- 2.8 DVC, aggrieved by the order dated October 3, 2006 passed by CERC, had filed an appeal against the said Order before the Hon'ble APTEL. Hon'ble APTEL, before passing its final Judgment in the appeal filed by DVC against the aforementioned Order by CERC, issued several interim orders dated December 6, 2006, January 15, 2007 and February 26, 2007, restraining the State Commissions of West Bengal and Jharkhand from passing orders for determination of distribution and retail tariffs for DVC till its final judgment. Hon'ble APTEL, by Judgment and Order dated November 23, 2007, allowed the appeal filed by DVC and directed CERC to determine the revenue requirements and inter-state generation and transmission tariff for DVC for



the period FY 2006-07 to FY 2008-09, de-novo, in the terms laid down in its Order. Subsequently, the CERC in accordance with the directions of the Hon'ble APTEL, revised the ARR and tariff for inter-state generation and transmission of electricity for the period FY 2006-07 to FY 2008-09 by its Order dated August 6, 2009.

- 2.9 Aggrieved by the Order passed by the CERC on August 6, 2009, DVC again filed an appeal against the said Order before Hon'ble APTEL. Hon'ble APTEL, vide Interim Order dated September 16, 2009 allowed WBERC and JSERC to fix the retail supply tariff for FY 2010-11 after considering the generation tariff as fixed by CERC in its Order dated August 6, 2009 as the input cost but not any final orders in this regard. Consequently, DVC filed the Petition for determination of ARR and retail tariffs for the period FY 2006-07 to FY 2010-11 to the Commission on October 31, 2009. Since the matter was sub-judice before the Hon'ble APTEL and there was a direction for not passing any final retail tariff Order, the Commission kept the Petition pending, awaiting final order of the Hon'ble APTEL.
- 2.10 The Hon'ble APTEL, vide its Order dated May 10, 2010, directed DVC to implement the generation tariff as determined by the CERC in its Order dated August 6, 2009 and to give effect to any refund to its consumers arising out of implementation of the said Order. The relevant extract of the said Order is reproduced below:

*“107. Since we do not find any substance in the grounds raised in the Appeal, we deem it fit to dismiss the Appeal as devoid of merits. Consequently, **we direct the Appellant (DVC) to implement the Tariff as determined by the Central Commission vide its Order dated, 6th August, 2009.** DVC is also directed to revise the electricity bills raised by it for electricity consumption during April, 2006 onwards of its licensees and HT consumers and **refund the excess amount billed and collected along with the interest at the rate of 6 per cent per annum in line with Section 62 (6) of The Electricity Act, 2003...**” (Emphasis added)*

- 2.11 Hon'ble APTEL, by its Order dated May 10, 2010, further directed the Petitioner to approach the concerned SERCs for finalizing the retail tariffs, the relevant extract is being reproduced below:

*“107. Thereafter, the DVC is directed to approach the concerned State*



*Electricity Commissions for getting the final Order relating to the Retail Tariff who in turn will fix the retail Tariff according to law.”*

- 2.12 Aggrieved by the said Order of the Hon’ble APTEL, DVC filed an appeal before the Hon’ble Supreme Court of India, being No. C.A. No. 4881/ 2010. The Hon’ble Supreme Court in its Order dated July 9, 2010, stayed refund. The relevant part of the said Order is reproduced below:

*“In the meantime, parties will submit before us the various disputed items to be taken into account in Tariff Fixation as well as the relevant documents on which Damodar Valley Corporation would be relying upon at the final hearing...**Until further orders, there shall be stay on refund.”***  
**(Emphasis added)**

- 2.13 From the said Order, it is clear that the entire Order of the Hon’ble APTEL has not been stayed by the Hon’ble Supreme Court and the stay is related to only refund.
- 2.14 The Commission, in line with the Judgment dated May 10, 2010 of the Hon’ble APTEL in its aforementioned Order, initiated the process of review of the Tariff Petitions submitted by the Petitioner and issued the provisional Order on ARR for FY 2006-07 to FY 2012-13 on November 22, 2012.
- 2.15 The Petitioner subsequently submitted the final True-up Petition for FY 2006-07 to FY 2012-13 along with the MYT Petition for the Control Period from FY 2013-14 to FY 2015-16 on February 28, 2014. The Commission while issuing the MYT Order for the Control Period FY 2013-14 to FY 2015-16 on September 04, 2014 did not undertake the final True-up for FY 2006-07 to FY 2012-13 as the matter was sub-judice. The Commission, in the said Order, observed as follows:

*“5.7 In the Tariff Order dated 22nd November 2012, the Commission had approved a cumulative revenue surplus of Rs.424.38 Cr for the period FY 2006-07 to FY 2008-09. However, as the true up for the above-mentioned years was provisional subject to the final decision of the Hon’ble Supreme Court in its appeal C.A. No. 4881/2010, the Commission had not allowed any pass through of this surplus along with the revenue gap approved for FY 2010-11 and FY 2011-12 to be adjusted once the final decision is made in this regard.*

*5.8 In view of above, the Commission is of the opinion that as the True up for*



*period FY 2006-07 to FY 2008-09 is still subject to final judgement of the Hon'ble Supreme Court with respect to the appeal No. C.A. No. 4881/2010 filed by DVC against the Order of ATE dated 10th May 2010; the Commission has not made any adjustment in revenue surplus approved for this period. This would be a pass through once the final judgement is issued in this matter.*

*5.9 With respect to True up for FY 2009-10 to FY 2012-13 in accordance with the Final Tariff orders issued by CERC, the Commission is of the view that detailed analysis should be carried out to assess the impact of the orders. In this regard, several consumers have represented in front of the Commission for approval of compensation as per the CERC regulations due to them for refund of excess capacity charges recovered by DVC. M/s Bihar Foundry & Castings Ltd being a HT consumer within the command area of DVC has preferred an appeal before the Hon'ble Supreme Court vide appeal No. SLP (Civil) No 10945 of 2012 for refund of excess of capacity charges realised by DVC.*

*....*

*5.14 In view of above, the Commission is of the opinion that final true up for the period FY 2009-10 to FY 2012-13 shall be undertaken on finalisation of compensation as per the CGRF and final judgement of Supreme Court in appeal no. SLP (Civil) No 10945 of 2012 for refund of excess of capacity charges realised by DVC.*

*5.15 Accordingly, the Commission has not considered any true up for previous years revenue gap/surplus in this order.”*

- 2.16 One of the HT consumer of DVC, Anjaney Ferro Alloys, filed an Appeal before the Hon'ble APTEL, against the Commission's Order dated September 04, 2014 submitting that the Commission ought to have undertaken final True-up of the ARR for FY 2006- 07 to FY 2012-13. The Hon'ble APTEL, agreeing with the view of the Commission that the matter of True-up was sub-judice, upheld the Order of the Commission. Anjaney Ferro Alloys preferred an appeal before the Hon'ble Supreme Court of India (CA No. 7383/2016) against the Order dated March 23, 2016 passed by the Hon'ble APTEL.
- 2.17 The Hon'ble Supreme Court of India, vide its Judgment dated October 26, 2016, directed the Commission to take-up the issue of True-up of previous years and make the decision subject to the result of Civil Appeal No. 4881 of





2010. It reads as:

*“.. Therefore, this appeal is disposed of with a direction to Respondent No.1- Jharkhand State Electricity Regulatory Commission to take up the true-up issue and pass the required Orders within a period of six months from today.*

*However, the Commission is free to make the decision subject to the result of Civil Appeal No. 4881 of 2010 in case the said civil appeal is not disposed of before the said period.”*

2.18 In accordance with the above, the Commission issued an Order on True-up from FY 2006-07 to FY 2013-14 and Annual Performance Review for FY 2014-15 on April 19, 2017 and the Order on True-up for FY 2015-16 and ARR for FY 2016-17 to FY 2020-21 on May 18, 2018.

2.19 The Commission in its MYT Order dated May 18, 2018 has not considered the surplus till FY 2014-15 to be passed on to the consumers considering the following Judgment in Order dated 19.01.2018 in Case No 07 of 2017:

*“In view of the said admitted position and the facts and circumstances appearing on record, we are of the view that during the pendency of Appeal No. 198 of 2017 filed by the petitioner in this case and Appeal No. 163 of 2017 filed by the respondent, DVC, before the Hon’ble Appellate Tribunal for Electricity, the order dated 19.4.2017 passed in Case (T) No. 02 of 2016 cannot be said to have attained its finality and it would not be proper to pass any order in the instant case for refund of excess charges claimed by the petitioners at this stage.”*

2.20 The Hon’ble Supreme Court in its Judgment in Civil Appeal No. 4881 of 2010 dated December 3, 2018 dismissed the appeal as:

*“... The upshot of the above discussion is that the appellant has not made out a case for interference. **The appeal fails and is dismissed.** The parties will bear their respective costs.” **(Emphasis Added).***

2.21 The Commission in its Order dated May 28, 2019 also directed the Petitioner as below:

*“... 8.10 In addition, since the Appeal I.A. no. 1188 of 2018 & DFR No. 2430 of 2018, filed on the Order of the Commission dated May 18, 2018 is sub-judice, the Commission has not proposed any recovery for the past gaps.*



8.11 The Commission however notes that the said surplus shall increase as carrying cost is to be allowed on the amount not adjusted/refunded. It would be very difficult to refund/adjust the previous years' surplus if it is not gradually reduced.

8.12 The Commission therefore, directs the Petitioner to propose a roadmap for adjustment of the abovementioned surplus clearly stating the period of treatment and the manner in which it proposes to do within two months of issue of this Order.”

2.22 The Petitioner has submitted a separate petition for determination of ARR and category wise tariff schedule for the period from FY 2006-07 to FY 2011-12 and adjustment of Revenue Gap/(Surplus) till FY 2014-15 for distribution activity of DVC in the State of Jharkhand. The above said petition has been disposed off vide Order dated October 31, 2023.

### **Information Gaps in the Petition**

2.23 As part of tariff determination exercise, several deficiencies/information gaps were observed in the Petition submitted by the Petitioner which were communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no.: 8 of 2022/218 dated October 18, 2022 and JSERC/Case (Tariff) no.: 8 of 2022/304 dated December 02, 2022.

2.24 The Petitioner submitted its response to the aforesaid letter and furnished additional data/information vide letter no. Coml./Tariff/JSERC/1181 dated November 15, 2022 and Coml./Tariff/JSERC/219 dated January 30, 2023.

2.25 The Commission has scrutinized the additional data/information submitted by the Petitioner in response to the discrepancies pointed out and has considered the same while passing this Order.

2.26 In order to provide adequate opportunity to all stakeholders and general public as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulation(s) framed by the Commission and further in order to ensure transparency in the process of tariff determination, the Commission decided to conduct public hearings on July 26, 2023 at Koderma and on July 28, 2023 at Giridih for inviting comments/suggestion/objection.





## Inviting Public Comments/ Suggestions

- 2.27 After the initial scrutiny of Petition filed by the Petitioner, the Commission directed the Petitioner to issue a public notice inviting comments/ suggestions on the Petition from public and to make available copies of the Petition to the members of general public on request.
- 2.28 The aforesaid public notice was subsequently issued by the Petitioner in various newspapers and a period of twenty-one (21) days was given to the members of the general public for submitting their comments/suggestions.

**TABLE 1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY THE PETITIONER**

Sl. No.	Newspaper	Version	Date of Publication
1.	Times of India - Ranchi	English	23.02.2023 & 24.02.2023
2.	Sanmarg - Ranchi	Hindi	23.02.2023 & 24.02.2023
3.	Morning India - Ranchi	English	23.02.2023 & 24.02.2023
4.	Dainik Jagran - Ranchi, Dhanbad & Jamshedpur	Hindi	23.02.2023 & 24.02.2023

- 2.29 Subsequently, the Commission also issued a notice on its website www.jserc.org and in various newspapers for conducting the public hearing on the Petition filed by the Petitioner. The newspapers wherein the notice for public hearing was issued by the Commission are detailed hereunder:

**TABLE 2: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY THE COMMISSION**

Sl. No.	Newspaper	Date of Publication
1.	Prabhat Khabar	06.07.2023
2.	Dainik Bhaskar	06.07.2023
3.	Times of India	06.07.2023
4.	Moring India	06.07.2023
5.	Hindustan Dainik	18.07.2020
6.	Prabhat Khabar	18.07.2020
7.	Times of India	18.07.2020
8.	Moring India	18.07.2020

## Submission of Comments/ Suggestions and Conduct of Public Hearing

- 2.30 The public hearings were held on July 26, 2023 at Koderma and on July 28, 2023 at Giridih.
- 2.31 Comments/Suggestions on the Petition were received. The Comments/Suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in Section A4 of this Order.



## Chapter 3: Brief Facts of the Petition

### Aggregate Revenue Requirement

3.1 The summary of Aggregate Revenue Requirement for FY 2020-21 as approved in the ARR Tariff Order dated September 30, 2020 vis-a-vis that claimed by the Petitioner is tabulated below:

**TABLE 3: AGGREGATE REVENUE REQUIREMENT AS SUBMITTED BY THE PETITIONER (RS. CR.)**

Particulars	FY 2020-21	
	Approved	Petition
Own Generation Cost	7023.19	7418.72
Power Purchase cost	708.56	700.23
Add: Interest on Temp Financial Accommodation		371.65
Less: Non-Tariff Income (NTI)	50.96	90.37
Add: Tariff filing & publication exp. (CERC)	4.74	4.58
Add: Legal Charges & Consultancy Fees		3.58
Add: Environmental Protection & other Cess		0.015
Add: Water Cess	0.25	
Gross-ARR	7685.78	8408.40
ARR-Jharkhand part (in the ratio of sales)	3365.45	3916.18
Add: Rebate on Sale of power		31.61
Add: Cost of RE power/REC (Jharkhand)	143.34	77.97
Add: Tariff filing & publication Exp. (Jharkhand)	0.64	2.12
Add: Interest on security deposit (Jharkhand)	3.51	6.34
Interest on Working Capital (Jharkhand)	4.10	63.08
Interest on additional Working Capital required due to deferred payment of Demand Charges by consumers.		0.65
<b>Total-ARR (Jharkhand)</b>	<b>3517.04</b>	<b>4097.95</b>
<b>Sale in Jharkhand (MU)</b>	<b>7179.08</b>	<b>7249.57</b>
<b>Avg Cost of Supply (Rs./kWh)</b>	<b>4.90</b>	<b>5.65</b>



## Chapter 4: Public Consultation Process

- 4.1 The Petition filed by the Petitioner evoked responses from several Stakeholders. The public hearings were held on July 26, 2023 at Koderma and on July 28, 2023 at Giridih to ensure maximum Public participation and transparency wherein Stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as **Annexure-I** to this Order.
- 4.2 The Comments/Suggestion of the members of the Public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder:

### Own Generation Cost

#### Public Comments/Suggestions

- 4.3 The Objector strongly contests the prayer of DVC seeking recovery of contribution to P&G Fund and Sinking Fund without factoring the availability factors like that applicable for recovery of the AFC consisting of the elements defined in CERC Tariff Regulations.
- 4.4 JSERC Order dated 04.09.2014 in the matter of "Multi Year Order for Determination of ARR from FY 2013-14 to FY 2015-16 and Retail Supply Tariff for DVC Command area of Jharkhand" with regard to Pension and Gratuity observed as follows:
- "Commission's Analysis 6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the Commission has disallowed the cost claimed by the Petitioner under this head."*
- 4.5 APTEL judgment dated 23.03.2016 in Appeal No. 255 of 2014 with regard to treatment of Pension and Gratuity costs. The relevant extract of the said judgment is reproduced below:

*"(k) As regards the another issue of pension & gratuity and sinking fund*



contribution, the State Commission in its Impugned Order dated 04.09.2014 vide para 6.72 states as follows:

*"6.72 The Commission is of the view that the contribution to Pension and Gratuity and Sinking fund has already been considered by CERC in the Annual Fixed Charges of the DVC's generating stations and as per Section 21 of the CERC Regulations, the fixed costs of the generating stations shall be computed on annual basis based on actual plant availability factor as well as the normative plant availability factor. Hence, the claim of the Petitioner finds no merit and accordingly the Commission has disallowed the cost claimed by the Petitioner under this head." The State Commission has stated that the pension & gratuity and sinking fund has been appropriately considered by the Central Commission while determining tariff of generating stations of the Appellant and hence the State Commission has not undertaken any determination/re-determination on the same and this cost has in fact been allowed as input cost as part of the power procurement cost from the Appellant's generating stations and as such no part of it is required to be re-determined by the State Commission. **We are in agreement with the State Commission's findings as above.**"*

4.6 As is evident from the above findings of Hon'ble APTEL, the issue of adjustment of contribution to P&G and sinking fund based on the actual availability has already been settled by Hon'ble APTEL as well as by both Hon'ble JSERC & WBERC in a plethora of Orders. The Petitioner, despite being fully aware of this fact is trying to rake up the same issue every time before this Hon'ble Commission. The Petitioner has continued to do the same in the current petition, intentionally mentioning selective portions of various orders out of context, so as to mislead the Hon'ble Commission. The Objector humbly requests the Hon'ble Commission to reprimand the Petitioner for such conduct and issue strict directions for not raising the same issue repeatedly before the Hon'ble Commission.

4.7 Additionally, it is observed that the Petitioner has also deviated from the following CERC Tariff Regulations, 2019:

*"42. Computation and Payment of Capacity Charge for Thermal Generating Stations:*

*(1) The fixed cost of a thermal generating station shall be computed on annual*



basis based on the norms specified under these regulations and recovered on monthly basis under capacity charge. The total capacity charge payable for a generating station shall be shared by its beneficiaries as per their respective percentage share or allocation in the capacity of the generating station. The capacity charge shall be recovered under two segments of the year, i.e. High Demand Season (period of three months) and Low Demand Season (period of remaining nine months), and within each season in two parts viz., Capacity Charge for Peak Hours of the month and Capacity Charge for Off Peak Hours of the month as follows:

Capacity Charge for the Year (CCy) = Sum of Capacity Charge for three months of High Demand Season + Sum of Capacity Charge for nine months of Low Demand Season.

...

(5) The Plant Availability Factor achieved for a Month (PAFM) shall be computed in accordance with the following formula:

$$PAFM = 1000 \times \sum DC_i / \{N \times IC \times (100 - Aux)\} \%, \text{ where } i=1 \text{ to } N$$

Where,

AUX = Normative auxiliary energy consumption in percentage.

DC<sub>i</sub> = Average declared capacity (in ex-bus MW), for the *i*th day of the period i.e. the month or the year as the case may be, as certified by the concerned load dispatch center after the day is over.

IC = Installed Capacity (in MW) of the generating station.

N = Number of days during the period

Note: DC<sub>i</sub> and IC shall exclude the capacity of generating unit's not declared under commercial operation. In case of a change in IC during the concerned period, its average value shall be taken. "

- 4.8 Based on the aforesaid discussions, Objector has assessed the allowable Own Generation Cost of DVC Stations and T&D System cost in accordance to the CERC Tariff Regulations, 2019 and latest CERC Tariff orders as per the table below:



**Damodar Valley Corporation (DVC) True-up for FY 2020-21**

**Detailed computations of the Allowable Fixed Cost of Own Generation for FY 2020-21**

Station	Annual Fixed Charge (AFC) (in Rs. Lakh)	Share of firm consumer (%)	CCp1	CCp2	CCp3	Notional FC Over Recovery for Peak: that can be used for offsetting	CCop1	CCop2	CCop3	Shortfall in FC	Total Recoverable Fixed charge from Firm Consumers (in Rs. Lakh)
BTPS 'B'	9,536.91	100.00%	157.42	157.42	157.42	-	629.70	629.70	629.70	-	2,361.34
DTPS U# 4	11,249.89	100.00%	187.50	187.50	187.50	<b>5.16</b>	749.99	749.99	749.99	<b>38.92</b>	2,817.63
MTPS U#1 to 3	38,128.53	100.00%	635.48	635.48	635.48	-	2,541.90	2,541.90	2,541.90	-	9,532.13
MTPS U# 4	13,429.21	100.00%	223.82	223.82	223.82	-	895.28	895.28	895.28	-	3,357.30
MHS	2,021.99	100.00%	33.70	33.70	33.70	-	134.80	134.80	134.80	-	505.50
PHS	1,873.61	100.00%	31.23	31.23	31.23	-	124.91	124.91	124.91	-	468.40
THS	492.64	100.00%	8.21	8.21	8.21	-	32.84	32.84	32.84	-	123.16
T & D System	37,352.27	100.00%	622.54	622.54	622.54	-	2,490.15	2,490.15	2,490.15	-	9,338.07
<b>SUB-TOTAL</b>	<b>1,14,085.04</b>		<b>1,899.89</b>	<b>1,899.89</b>	<b>1,899.89</b>	<b>5.16</b>	<b>7,599.57</b>	<b>7,599.57</b>	<b>7,599.57</b>	<b>38.92</b>	<b>28,503.53</b>
MTPS U#5 & 6	47,377.80	72.47%	789.63	789.63	789.63	<b>3.48</b>	3,158.52	3,158.52	3,158.52	-	8,583.66
MTPS U# 7&8	1,01,920.61	15.81%	1,698.68	1,698.68	1,698.68	-	6,794.71	6,794.71	6,794.71	-	4,028.64
CTPS U # 7,8	53,060.03	0.42%	884.33	884.33	884.33	<b>53.06</b>	3,537.34	3,537.34	3,537.34	<b>183.23</b>	55.47
DSTPS U # 1& 2	1,10,416.69	71.45%	1,840.28	1,840.28	1,840.28	-	7,361.11	7,361.11	7,361.11	-	19,723.18
KTPS U # 1 & 2	1,17,573.67	1.58%	1,959.56	1,959.56	1,959.56	<b>53.50</b>	7,838.24	7,838.24	7,838.24	<b>207.71</b>	464.58
BTPS 'A'	77,188.94	55.61%	1,286.48	1,286.48	1,286.48	77.57	5,145.93	5,145.93	5,145.93	310.30	10,773.85
RTPS U # 1& 2	1,39,554.82	40.12%	2,325.91	2,325.91	2,325.91	-	9,303.65	9,303.65	9,303.65	-	13,996.29
<b>SUB-TOTAL</b>	<b>6,47,092.56</b>		<b>10,784.88</b>	<b>10,784.88</b>	<b>10,784.88</b>	<b>187.61</b>	<b>43,139.50</b>	<b>43,139.50</b>	<b>43,139.50</b>	<b>701.25</b>	<b>57,625.66</b>
<b>GRAND TOTAL</b>	<b>7,61,177.60</b>		<b>12,684.77</b>	<b>12,684.77</b>	<b>12,684.77</b>	<b>192.77</b>	<b>50,739.08</b>	<b>50,739.08</b>	<b>50,739.08</b>	<b>740.17</b>	<b>86,129.19</b>



## **Damodar Valley Corporation (DVC) True-up for FY 2020-21**

- 4.9 The summary of the proposed Disallowances in Own Generation Cost of DVC Stations and T&D System is provided in the table below:

### **Summary of Disallowances in own generation cost (Rs. Cr)**

<b>Particulars</b>		<b>FY 2020-21</b>
Total Own Generation Cost as per Petitioner	A	7418.73
Total Own Generation Cost as per Objector's Assessment	B	7313.99
Disallowance in Own Generation Cost	C=B-A	104.74

### **Petitioner Response**

- 4.10 It may please be noted that the Hon'ble Supreme Court in the order dtd. 23.07.2018 Civil Appeal Nos. 971-973 of 2008, 4289 of 2008 and 4504- 4508 of 2008 has upheld the judgment dtd. 23.11.2007 passed by the Hon'ble APTEL. Accordingly, the portions of DVC Act 1948 so far as they are not inconsistent with the Electricity Act 2003 will continue to hold ground for determination of tariff (ref. fourth proviso of Section 14 of the Electricity Act 2003). While issuing the judgment dtd. 23.11.2007, the Hon'ble APTEL on the issue of Contribution to the Pension & Gratuity Fund (P&G fund) and Sinking Fund held as under:

*"D.3As a general rule, once the Commission, after prudence check, has agreed with the need for funding the Pension and Gratuity Contribution funds, DVC should have been allowed to recover entire amount from the consumers through the tariff. Asking DVC to contribute out of its own resources would tantamount to denying it the return on equity as assured in terms of Tariff Regulations. However, if we look at it from the point of view of the consumers, the consumers, particularly the industrial and commercial ones, have now no option to adjust their sale price to take into consideration the need for meeting the accumulated liability. It is, therefore, an accepted fact that due to postponing of the creation of such fund, the consumers were enjoying lesser tariff than the legitimate tariff otherwise applicable to them."*

*"E 15 As regards sinking funds which is established with the approval of Comptroller and Accountant General of India vide letter dated December 29, 1992 under the provision of Section 40 of the DVC Act is to be taken as an item of expenditure to be recovered through tariff, as brought out in para 82 earlier."*

- 4.11 Accordingly, DVC is entitled to recover through tariff the entire contribution to the Pension and Gratuity (P&G) Fund and Sinking Fund as approved by the Hon'ble CERC. As such it may therefore be concluded that recovery of expenditure towards contributions to the P&G fund and Sinking fund as





already approved by the Hon'ble CERC may be recovered by DVC in full i.e. without further factoring in the Plant Availability Factor or Transmission Availability Factor as the case may be since it may increase or decrease the recovery as compared to that approved amount. Further DVC would like to draw kind attention to Regulation 15 and 42 of CERC Terms and Conditions of Tariff Regulations 2019 which is reproduced below;

*"15. Capacity Charges: The Capacity charges shall be derived on the basis of annual fixed cost. The Annual Fixed Cost (AFC) of a generating station or a transmission system including communication system shall consist of the following components:*

- (a) Return on equity;*
- (b) Interest on loan capital;*
- (c) Depreciation;*
- (d) Interest on working capital; and*
- (e) Operation and maintenance expenses"*

*"42. Computation and Payment of Capacity Charge for Thermal Generating Stations:*

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*(2) The capacity charge payable to a thermal generating station for a calendar month*

*Shall be calculated in accordance with the following formulae:*

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*CCp1 = (0.20 x AFC) x (1/12) x (PAFMp1 / NAPAF) subject to ceiling of (0.20 x AFC) x (1/12)*

*CCp2 = {(0.20 x AFC) x (1/6) x (PAFMp2 / NAPAF) subject to ceiling of (0.20 x AFC) x (1/6)} - CCp1*

---

*CCop1 = (0.80 x AFC) x (1/12) x (PAFMop1 / NAPAF) subject to ceiling of (0.80 x AFC) x (1/12)*

*CCop2 = {(0.80 x AFC) x (1/6) x (PAFMop2 / NAPAF) subject to ceiling of (0.80 x AFC) x (1/6)} - CCop1"*

- 4.12 From the above facts it is clear that defined elements of AFC does not include contribution to P&G Fund and Sinking Fund for the obvious reason that these elements are considered for DVC as a special case. Plant availability factor is applicable on the elements of AFC as defined under Regulation 10.15 and not





on the other elements considered as a special case for DVC. Moreover, these elements are not considered for computation of Working Capital and IWC. Hence, DVC has not factored in PAFY in respect of contribution to P&G Fund and Sinking Fund of CERC's approved tariff wherein such additional and special elements have been indicated separately.

- 4.13 Regarding the claim of the respondent that the issue has been settled by Hon'ble APTEL vide order dated 23.03.2016, it is submitted that, DVC has challenged the said orders before Hon'ble Supreme Court. Hon'ble Supreme Court vide order dated 02.01.2017 in civil appeal no 8317 of 2016 has held as follows,

*"The consideration by the Commission would naturally be made without being influenced by the order passed by the Appellate Tribunal for Electricity."*

- 4.14 Thereafter, this Hon'ble Commission in order dated 18.05.2018, 28.05.2019, 29.09.2020 and 30.09.2020 did not approve the claim of DVC regarding recovery of P&G and Sinking fund without linking with availability factor. DVC has filed appeals against the said orders of this Hon'ble Commission before the Hon'ble Tribunal. Such appeals are presently pending before the Tribunal. Therefore, the claim of the objector that the issue is settled by the Hon'ble Tribunal is incorrect.

- 4.15 In light of the above, the calculation shown by the objector is devoid of any merit therefore does not call for any reply and is liable to be rejected.

- 4.16 After thorough scrutiny of the above computation as submitted by the objector some factual and computational errors of serious nature have been observed. Point wise discrepancies observed are as follows,

1. The Objector JCADVC has computed the Monthly capacity charges based on the availability achieved during any month which is in violation of the CERC Tariff Regulations 2019-24. In accordance with the CERC Tariff Regulations for the 2019-24 period, Capacity Charge for a particular month is to be computed based on the cumulative availability factor considered up to the said month. In this regard relevant portion of CERC Tariff Regulations 2019-24 is reproduced below:

*"PAFMpn = Plant Availability Factor achieved during Peak Hours upto the end of nth Month in a Season;*



*PAFMopn = Plant Availability Factor achieved during Off-Peak Hours upto the end of nth Month in a Season;*

This wrong interpretation of a simple definition has resulted in serious error in the computation of the Capacity Charge. If the contention of the objector is to be considered as correct, then the recovery of the total capacity charge for any season (peak or off-peak) will be zero, if the availability of last month of the said season (peak or off-peak) is zero, irrespective of the availability achieved in any other months prior to the last month. On a broader perspective, according to the objector, recovery of the Capacity Charge is only dependent on the availability achieved (peak or off-peak) during the last month of any season regardless of good or bad performance during any other months. For example, reference may be drawn to Table-2 above, wherein if month wise capacity charge in respect to BTPS B" is added for the entire low demand seasons or for peak period is added, it will arrive at "0 (Zero). This implies that, according to the objector, recovery of capacity charge for BTPS B' should be zero as its last month (Mar'21) availability factor is zero. Nevertheless, the same plant has achieved significant availability factor in the months of May20 to Dec20. This has resulted in disallowance of around Rs. 25.13 Cr in the recovery of capacity charge on account of BTPS B' in the Low Demand Seasons. Similar discrepancy has also been observed in case of other generating stations as well. On this single ground, the computation as shown by the Objector above, is liable to be rejected out rightly. However, few more discrepancies have been observed which we would like to highlight. The Objector has commuted the Notional FC Over Recovery for peak period that can be used for offsetting the under recovery in the off-peak period of the low demand seasons in respect of BTPS B' as Rs. 443.75 Lakhs. Whereas in the low demand seasons, the peak period availability factor in respect of BTPS B' never crossed the normative plant availability factor i.e. 75%. Therefore, how has the notional gain, in respect of BTPS B for peak period during low demand season has been arrived at by the Objector, is beyond the comprehension of DVC. Similar errors have been observed in respect of other generating stations as well.

2. Moreover, it is also submitted that in case of T&D system the Objector has applied the same formula as has been applied to generators for

computation Capacity Charge. However, in accordance with CERC Tariff Regulations 2019 24, recovery of fixed charge in respect of T&D system is different from generators. In this respect the relevant portion of CERC Tariff regulations is reproduced below:

*“The Transmission charge (inclusive of incentive) payable for a calendar month for transmission system or part shall be computed for each region separately for AC and DC system as under:*

*For AC system:*

- a) For TAFM<sub>n</sub> < 98.00% : AFC<sub>x</sub> (WDM<sub>n</sub>/NDY)<sub>x</sub> (TAFM<sub>n</sub> / 98.00%)*
- b) For TAFM<sub>n</sub>: 98.00% < TAFM<sub>n</sub> < 98.50% : AFC<sub>x</sub> (NDM<sub>n</sub>/ND Y)<sub>x</sub> (1)*
- c) For TAFM<sub>n</sub>: 98.50% < TAFM<sub>n</sub> < 99.75% : AFC<sub>x</sub> (NDM<sub>n</sub>/NDY)<sub>x</sub> (TAFM/98.50%)*
- d) For TAFM<sub>n</sub> > 99.75% : AFC<sub>x</sub> (DM<sub>n</sub>/NDY)<sub>x</sub> (99.75%/98.50%)*

*Where,*

*AFC = Annual Fixed Cost specified for the year in Rupees*

*NDM<sub>n</sub> = Number of days in nth month*

*NDY= Number of days in the year*

*TAFM<sub>n</sub> = Transmission System availability factor for the nth month, in percent computed in accordance with Appendix II.”*

It is pertinent to mention here that, though the Objector has graciously considered the latest tariff order (2019-24) in respect of MTPS (1-3) and MTPS 4 issued on 17.02.2023 and 30.011.2022 respectively. However it has failed in case of T&D network which was issued on 10.06.2022 i.e prior to the issuance of tariff order for MTPS (1-3) and MTPS-4.

3. It is also pointed out that, the Objector has considered the low demand and high demand season as the same for all the generating stations of DVC. However, in terms of the CERC Regulations and certification by SLDC, DVC, the generating stations which are export oriented had different high demand and low demand seasons than the units dedicated for distribution activity. In this respect certification of SLDC is attached as Annexure-2.

On this backdrop it is stated that the computation shown by Objector is completely erroneous and misleading, and is therefore liable to be rejected. The calculation submitted by DVC in the True-up petition is correct and is



in line with the CERC Tariff Regulations. As the Capacity Charge for the last month of any season is to be derived from the cumulative availability factor achieved up to the last month of the season, there will be no difference if the capacity charge is calculated on monthly basis or annually. However, for the sake of clarity, DVC hereby submits a calculation showing the recovery of month wise capacity charge in respect of its own generating stations as Annexure-3, the said calculation is also submitted in a spread sheet format for easy understanding. It is clearly evident from the calculation attached in Annexure - 3 (Ref: Table-7), that the sum of month wise calculation of capacity charges exactly matches the annual fixed cost claimed by DVC in the True-up petition submitted before this Hon'ble Commission. In the said calculation, DVC has considered the same AFC in respect of our Generating Stations as was claimed in the True-up petition just to establish that our earlier claim was correct.

However, since the submission of True-up petition for FY 2020-21 on 30.11.2021, CERC has issued Tariff orders in respect of several generating stations and T&D system of DVC for the period 2019-24. In this regard, DVC will submit a separate additional information by modifying the input cost in respect of the Generating Stations and T&D network considering all the latest tariff orders issued by CERC.

Considering the complexity involved with the above stated computation, DVC humbly submits before this Hon'ble Commission that, if opportunity is given, DVC will explain the methodology of the computation at convenience of this Hon'ble Commission.

### ***Views of the Commission***

- 4.17 The Commission has considered the submissions of the Stakeholder and reply by the Petitioner.



## Power Purchase Cost

### Public Comments/Suggestions

4.18 It is respectfully submitted that UI charges are a commercial mechanism to maintain grid discipline. The UI charges penalizes whosoever causes grid indiscipline, whether generator or distributor. Furthermore, Hon'ble CERC in its Statement of Reasons explains the various provisions of UI regulations 2009 which defines UI mechanism as follows:

*"UI pricing is expected to serve the twin objectives of specifying settlement rate for deviations from schedules in normal operating range and ensuring 'grid discipline' on the one hand while ensuring maximization of generation at optimal cost for grid participants on the other. Further, UI pricing mechanism should discourage grid participants from using UI mechanism as trading instrument".*

4.19 Additionally, Hon'ble CERC in its SOR regarding Unscheduled Interchange charges and related matters Regulations, 2009 clearly states:

*"15.5. We are in agreement with the view that the UI charge and Additional UI charge shall truly act as financial dis-incentive only f UI cost for over-drawl beyond the prescribed limits in the frequency range of 49.2 to 49.5 Hz, and the payments towards any over-drawl below 49.2 Hz are not allowed a pass-through for the utilities as part of their annual revenue requirement.*

*In order to sensitize the Utilities, consumers and other stakeholders for such persistent over-drawl, and to facilitate such dis-allowance by concerned State Electricity Regulatory Commissions, the Commission believes that the information about such over-drawl/under-generation should be readily available. RLDCS have accordingly been directed to prepare and publish on their respective website the records, of the UI Accounts, on monthly basis, specifying the quantum of over-drawl/under-generation and corresponding amount of UI paid/received for each beneficiary or buyer and generating station or seller for the time-blocks when grid frequency was below 49.2 Hz and between 49.5-49.2 Hz separately."*

4.20 Even, the Forum of Regulators, which is a representative body of central and state electricity regulatory commissions, in CERC press release dated 23.07.2009 has agreed that the additional unscheduled-interchange (UI) charges imposed on distribution utilities for excessive overdraw from the grid

would not be allowed to be recovered from consumers with effect from 01.08.2009. The relevant extracts from the same is reproduced below:

*“2. The Forum has considered the recommendation of the Parliamentary Standing Committee on Energy that the regulators should evolve such practice that when the Annual Return Rates are being filed, the damages which have been imposed as Unscheduled Interchange charges should be stated separately and very clearly and those payments which are in the nature of damages should not go to show purchase of power because that really is the inefficiency or incompetence of that particular distribution company or entity.*

*6. After this decision of the Forum of Regulators, the distribution utilities will now be required to forecast their demand more precisely and plan the power purchase in advance. Otherwise, they will have to bear the burden of additional UI charges from their own finances and will not be able to pass this on to the consumers. (CERC Statement in Press release).”*

4.21 In the instant petitions, Petitioner has loaded UI energy in the power purchase cost amounting to a total of Rs. 80.64 Crores during FY 2020-21 which is actually the result of inefficiency or incompetence of DVC in managing its energy portfolio in an optimal manner.

4.22 In view of the aforesaid, the Objector contests the inclusion of UI charges in the power purchase cost claimed by the Petitioner. The Hon'ble Commission is requested to disallow the amount pertaining to UI charges claimed by the Petitioner in Power Purchase Cost.

**Proposed Disallowance in Power Purchase Cost ( Rs.Cr)**

Particulars	FY 2020-21
On account of UI charges	80.64
Disallowance in Power Purchase Cost as per Objectors Assessment	80.64

**Petitioner Response**

4.23 It is respectfully submitted that, the objective of the Unscheduled Interchange (Un) mechanism is to maintain grid discipline and stability through commercial mechanism. It is a well settled principle that the DC/Schedule of the next day is submitted to the respective RLDC on estimation basis in the evening of the previous day. Thereafter the actual over/under injection/drawal is taken care of by the UI mechanism through commercial terms as specified in the DSM regulation. The objector has alleged that due to inefficiency or incompetency on the part of DVC, the UI cost was incurred. It is inferred from





the said contention, that to be efficient in operation, the day ahead estimation of DC/Schedule needs to be absolutely accurate for all 96 block and for 365 days which is not practically possible for any human being/software/AIs etc. Under the current scenario the UI is bound to happen to maintain the grid stability and therefore there is a mechanism in place to take care of the deviation through commercial terms.

- 4.24 The objector has wrongly placed reliance on some old press release, and discussion paper. They have not shown any concrete Regulations or Act which mandates that the cost of UI arises due to inefficiency of the licensee, therefore should not be passed through in Tariff. In fact, the citation made by the objector reveals that CERC opined that the payment in nature of damage or cost incurred for over drawal, when the frequency is below 49.2 Hz, which may be treated as really an inefficiency, may not be passed through but not the entire UI cost.
- 4.25 In fact under the present arrangement of power drawal by the Consumers in firm mode, they are free to reduce or increase their drawal irrespective of the grid frequency. But DVC being a grid connected entity is responsible for making payment in the form of UI/DSM charges for any overdrawal from the grid. Whenever, the total generation of DVC becomes insufficient to meet up the demand of the consumers then the net drawal of UI comes into the picture and so also comes the commitment of UI payment. In fact, power so drawn through I from the grid into the DVC system are being used by the consumers itself. So, on one hand while Consumers are enjoying the uninterrupted power at the time of their overdrawal without sharing any responsibility to maintain the grid frequency at 50 cycles per second, on the other hand they are questioning the payment of UI charges by DVC. It has always been a commitment of DVC to maintain 24x7 power supply to its consumers except for some technical exigency which is beyond DVC's control. In doing so, the instantaneous mismatch of load and generation is equated through the UI mechanism.
- 4.26 Therefore, it is humbly prayed before this Hon'ble Commission to allow the cost of UI which has already been incurred to maintain the 24x7 power supply. It is also submitted that, this Hon'ble Commission has persistently, over the years, allowed the cost of UI in its pervious True-up orders for DVC. Hon'ble WBERC has also allowed the cost of UI in its various past True up orders.



Moreover, in accordance with the JSERC Distribution Tariff Regulation, 2020 for distribution activity, Power Purchase Cost which includes the UI purchase is uncontrollable in nature.

**Views of the Commission**

4.27 The Commission has considered the submissions of the Stakeholder and reply by the Petitioner.

**Interest on temporary financial accommodation**

**Public Comments/Suggestions**

4.28 The Petitioner's claim towards Interest on temporary financial accommodation is violative of the JSERC Distribution Tariff Regulations 2015. It is well settled in law that the Appropriate Commission is bound to follow its own Regulations while framing Orders. There is no ARR item such as Interest on temporary financial accommodation in the JSERC Distribution Tariff Regulations 2015 and hence, such claim ought to be disallowed. Any reference to WBERC Regulations/ Order will not entitle DVC to claim such amount before Hon'ble. JSERC. Even in the last JSERC Order dated 30.09.2020, the Hon'ble Commission has not allowed any item such as interest on temporary Accommodation for FY 2020-21.

4.29 The framework of the Tariff Regulations (Interest on Working Capital) along with Supply Code (Security Deposit) provides sufficient cushion and margin towards Working capital requirements.

4.30 The receivables position of DVC demonstrates that the Petitioner has allowed continuous power supply to JBVNL in spite of mounting receivable beyond the stipulated due dates of payment. This is contrasted with the fact that electricity supply of HT consumers is disconnected immediately upon payment default. The approach of claiming interest on temporary financial accommodation is penalizing the timely paying customers at the cost of defaulter JBVNL. Such an approach promotes inefficiency and is against the interest of justice.

**Proposed Disallowance of interest on temporary financial accommodation (Rs.Cr)**

Particulars	FY 2020-21
Disallowance of interest on temporary financial accommodation as per Objector's Assessment	371.66

**Petitioner's Response**

4.31 The grounds that have been raised now by the objector were already raised by them in the earlier occasions. DVC has already submitted detailed justification





for requirement of Interest on temporary financial accommodation to be passed through in tariff in its True-up petition for FY 2016-17 submitted vide letter dated. 10.10.2018. In the said petition, DVC mentioned various judgement of Hon'ble APTEL which validates that interest on temporary financial accommodation is to be passed through in Tariff. Hon'ble Commission in its previous tariff order dated 18.05.2018, 28.05.2019, 29.09.2020, 30.09.2020 and 30.01.2023 has already allowed the Interest on Temporary Financial Accommodation against the deduction of Delayed Payment Surcharge from the ARR. The relevant portion of the tariff order dated 30.09.2020 (True-up for FY 2018-19) is reproduced below:

*"The Commission is of the view that the Petitioner be allowed the Interest on Temporary Financial Accommodation on the principal amount of the Delayed Payment Surcharge. It is observed that the DPS amount is charged at 18.00% p.a. on the Principal Amount, whereas the interest rates for accommodating such shortfall is 12.20%. However, as per the submissions made by Petitioner, it is observed that the amount claimed for Interest on Temporary Financial Accommodation higher than the Delayed Payment Surcharge claimed. The Commission has approved the interest of 12.20% on the principal amount outstanding on which DPS was charged for improving the liquidity of the Petitioner."*

**Interest on temporary financial accommodation submitted by Petitioner and approved by the Commission (Rs.Cr)**

<b>Particulars</b>	<b>FY 2018-19</b>	
	<b>Petition</b>	<b>Approved</b>
DPS	288.68	288.68
Principal Payment Outstanding(DPS/ 18%)	1603.79	1603.79
Interest on Temporary Financial Accommodation	374.49	195.66

Thus, it is clear from the above-mentioned portion of the tariff order that the matter related to Interest on Temporary Financial Accommodation is already settled by the Hon'ble Commission in its previous orders. Thus, the objection raised by the Consumers Association is baseless and liable to be rejected. The contention of the Objector, that the Hon'ble Commission has not allowed any item such as Interest on temporary financial Accommodation for FY 2020-21 in its order dtd. 30.09.2020, in this regards DVC submits that Hon'ble Commission has approved the ARR for distribution activity of DVC FY 2020-21 on a provisional basis.



### **Views of the Commission**

4.32 The Commission has considered the submissions of the Stakeholder and reply by the Petitioner.

## **Rebate on Sale of Power for Consumers of Jharkhand**

### **Public Comments/Suggestions**

4.33 The Hon'ble Commission in its previous Tariff Order dated 30.09.2020 stipulated the following:

#### *"Commission's Analysis*

*5.56. Hence, the Commission directs in future the Petitioner should allow and maintain record of various Rebate provided under separate head in its Audited Accounts as detailed in the Tariff Schedule in Section A 13 of this Order. Any rebate provided over and above the values specified in Section A 13 shall be attributable to the Petitioner and shall not be recovered in the ARR."*

4.34 It is respectfully submitted that each of the rebate prescribed in the terms and condition of supply is either provided to the consumer as such rebate facilitates optimization of cost for DVC or is in the form of disincentive to DVC for inaction. The same is explained below:

- Voltage Rebate - Such a rebate is to encourage consumers to move to higher voltage level as the losses on higher voltage is lower thereby leading to lower cost of service to DVC.
- Load Factor Rebate - Load Factor Rebate incentivizes energy consumption by customers and it leads to better capacity utilization of infrastructure to DVC and reduced losses. High load factor of consumers reduces the transmission losses and consequently power purchase cost. Higher load factor also reduces the transformer losses.
- Rebate for Online Payment and Due Date Payment- Timely and prompt payment reduces the working capital cost of DVC. Online payment optimizes the O&M costs for DVC.
- Rebate for Prepaid Metering - Prepaid metering reduces the working capital cost of DVC and also optimizes the O&M costs.
- Rebate for Delayed Billing – This rebate is provided to consumers to promote prompt and timely billing by DVC. This is in the nature of a disincentive.



- 4.35 It can be seen that the rebates either optimize the cost of DVC or are in the nature of a disincentive. If the rebate is added in the ARR, then there is no meaning of providing the same. It is also stated that the JSERC Distribution Tariff Regulations does not provide that rebates are to be considered as part of the ARR.
- 4.36 The Objector respectfully prays that the rebates cannot be allowed to be added as an ARR item and hence the claimed amounts may be disallowed.

**Proposed disallowance in rebate on sale of power for DVC Jharkhand (Rs.Cr)**

<b>Particulars</b>	<b>FY 2020-21</b>
Disallowance in Rebate on Sale of Power for DVC Jharkhand as per Objector's Assessment	31.62

**Petitioner's Response**

- 4.37 Regarding the contentions raised by the Objector, it is submitted that, unlike other businesses, the electricity business falls under the regulatory regime whose tariff is being determined on cost plus basis following stringent guidelines and prudence check. Therefore, there is no scope for any distribution licensee to charge any arbitrary tariff and from there to offer any rebate/incentive.
- 4.38 The different rebate schemes i.e. Voltage Rebate, Load Factor Rebate etc. is designed to encourage the consumers to maintain a good load profile, so that overall saving can be made on the cost of electricity. As the tariff of electricity is determined on cost plus basis, any savings on account of improvement of load profile of consumers is already passed through in the ARR. Therefore, it is wrong and denied that the rebate structure offered to consumers is in the form of disincentive to DVC. The Tariff and rebate structure ought to be designed in such a way that, DVC can recover the ARR (the cost of the licensee) after providing all rebate in accordance with the tariff order. This similar issue was raised by the objector in the earlier occasion as well against which DVC has already furnished its detail justification. In this regard DVC also submits that this issue is already settled and allowed by this Hon'ble Commission in its previous order dtd. 28.05.2019, 29.09.2020, 30.09.2020 and 30.01.2023. Hon'ble WBERC has also adopted the same principle and allowed the Rebate on Sale of Power as a passed through element in Tariff. Thus, the contention of Objector is without any merit and ought to be rejected.

### Views of the Commission

4.39 The Commission has considered the submissions of the Stakeholder and replies by the Petitioner.

### Non-Tariff Income

#### Public Comments/Suggestions

4.40 Non-Tariff Income has been defined under the JSERC Tariff Regulations, as under:

*"n) "Non-Tariff Income" means income relating to the Licensed business other than from tariff (Wheeling and Retail Supply), and excluding any income from Other Business, cross-subsidy surcharge and additional surcharge;*

*6.50 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, meter rent (if any), income from investments other than contingency reserves, miscellaneous receipts from the consumers and income to Licensed business from the Other Business of the Licensee shall constitute non-tariff income of the Licensee;*

*6.51 The amount received by the Licensee on account of non-tariff income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee. "*

4.41 The above definition of Non-Tariff Income provides for items to be included and excluded Particulars from Non-Tariff Income. Any other income earned by the Petitioner has to be treated as Non-Tariff Income in terms of the aforesaid Regulations and applied as a reduction from the ARR.

4.42 The following table has been prepared from the audited accounts of DVC and presents the head wise details of Non-Tariff Income:

**Non-Tariff income as per annual accounts (Rs. Cr.)**

Particulars	FY 2020-21
Revenue from Non-Core Activities	0.04
a) Interest	
from Employee loans & advances	0.28
from Noncurrent investment	0.28
on IT Refund	12.33
Int. on Bonanza A/C	
Int. On Security Deposit- Other than Power Purchase	
Int. on adv. to contractors & Suppliers	0.02
Int. on Short term Deposit	0.21
Int. on CLTD	0.29
From Others	1.84



Particulars	FY 2020-21
b) Dividend	
Dividend- Noncurrent investment	110.11
c) Other Non-operating income	
Delayed Payment Surcharge	1136.56
Income from service charge	1.18
Profit on disposal of fixed assets	1.25
Tariff Adjustment Fixed Assets	57.49
Other misc. Income	35.07
Sub -Total Direct	1356.95
Share of Revenue Income	
Inter Head Transfer	0.01
Common Service	(0.09)
Capitalized	(1.21)
Total Share	(1.29)
Total Direct & Share	1355.66

4.43 It is also our objection that DVC has not provided any break-up of the NTI based on business segments in which it operates namely Generation, Transmission and Distribution/Retail supply.

4.44 Thus, in view of the above, the allowable NTI is to the tune of Rs. 1,355.66 Crores for FY 2020-21.

### **Petitioners Response**

4.45 The objector is raising all repetitive issues. This issue has already been raised on several occasions by the objector. DVC has also, from time to time, submitted its reply against such objection. In its reply vide letter no. Coml./Tariff/JSERC/Addl. Info-19-20/ 1377 dtd. 23.05.2019 has provided justification as to why such other income should not qualify as NTI against each element of other income booked in the Annual Accounts.

4.46 This Hon'ble Commission, time and again, has cleared its stand that Delayed Payment Surcharge (DPS) on account of firm consumers is the only income that is to be qualified as Non-Tariff Income (NTI) for distribution activity of DVC in the state of Jharkhand and West Bengal. Relevant portion of the orders issued by this Hon'ble Commission is as follows,

1. Para 5.33, 5.34, 6.28 to 6.30 and 7.31 to 7.33 of retail tariff order of DVC dtd. 22.11.2012 (for the period FY 2006-07 to FY 2012-13)
2. Para 6.69 of the retail tariff order dtd. 04.09.2014 (for the period FY 2013 14 to FY 2015-16).
3. Para 5.50 to 5.55 & 6.45 to 6.46 of the order dtd. 19.04.2017 related to Annual Performance Review for FY 2014- 15 and truing up of ARR for the period FY 2006-07 to FY 2013-14.



4. Para A42 to A43 of the order dtd. 18.05.2018 related to True- up for FY 2015-16 and ARR for FY 2016-17 to 2020-21.
5. Para 4.36 of the order dated 28.05.2019 related to True-up for FY 2016 17 and APR for FY 2017-18 ,2018-19 and ARR for FY 2019-20.
6. Order dated 30.09.2020 related to True-up for FY 2018-19, APR for FY 2019-20 and ARR for FY 2020-21.
7. Para 5.45 of order dtd. 30.01.2023 related to True-up for FY 2019-20  
Hon'ble WBERC in its various orders has approved the DPS on account of Firm Consumers as the only item to be quailed as NTI.

No new ground has been raised by the objector in the instant objection.

- 4.47 The objector has consistently misconstrued other income of DVC as per the audited book of Accounts as non-tariff income. Actually, the part of other income which falls under the definition of non-tariff income should only qualify for this purpose. Entire fixed assets base of DVC lies with the Generation and Transmission network which falls under the jurisdiction of CERC. This Hon'ble Commission does not approve tariff for any fixed assets of this corporation, accordingly it, does not allow any profit margin for the distribution business. Therefore, all the other income sub-heads, except delayed payment surcharge, are related to either generation or transmission business of DVC and need to be taken care of by the CERC. Only the income, in respect of Delay Payment Surcharge billed by DVC as a part of its distribution activity, qualifies as non-tariff income. Objections made herein are not only misleading but also against the applicable Regulations of the State Commission as well as the Central Commission. It may be pertinent here to mention the decision of the Hon'ble CERC on the issue of non-tariff income while framing the Terms and Conditions of Tariff Regulations 2019. Relevant portion of the said Regulation 62 and Statement of Reason in this regard are reproduced below for reference.

**"Regulation 62. Sharing of Non-Tariff Income:**

*The non-tariff net income in case of generating station and transmission system from rent of land or buildings, sale of scrap and advertisements shall be shared between the beneficiaries or the long term customers and the generating company or the transmission licensee, as the case may be, in the ratio 50:50."*

**Statement of Reasons**

**16.3 Sharing of Non-Tariff Income (Regulation 62)**

*"16.3.1 The draft 2019 Tariff Regulations provides for sharing of non-tariff*





*income from generating station and transmission system to be shared between generating company or transmission licensee and beneficiaries or long-term customers, as the case may be in the ratio 50:50.*

*16.3.2 Many stakeholders suggested to clarify that only non-tariff income net of expenses shall be shared. Further, many stakeholders' suggested difficulty in segregation of non-tariff income components to be shared like statutory investments, bank balances, etc. and also stated benefit of many such type of income, especially rental and interest from contractors is already shared fully, as the impact is reflected in the reduced rates charged by such contractors. After carefully considering the submissions, it has been decided to revise the Regulation by restricting the non-tariff income only from rent of land or buildings, sale of scrap and advertisements. "*

It is clear from the above references that the Hon'ble CERC has not included the income from Delay Payment Surcharge from Generation or Transmission business under the head "Non-Tariff Income." It is therefore a matter of simple conclusion that the income from Delay Payment Surcharge related to generation and transmission activity of DVC is required to be excluded from the scope of Non-Tariff Income. It is also submitted that, any other income which will qualify as NTI in terms of the above mentioned CERC regulation will be considered by CERC at the time of determination of Tariff of the Generating Stations and unified T&D network of DVC for the 2019-24 period and it will be automatically passed through in the ARR of distribution activity. In view of the above, this Hon'ble Commission is humbly requested to consider Delayed Payment Surcharge on account of firm consumers as the only Non-Tariff Income and reject the objector's contentions as well as the disallowances proposed by the objector.

### **Views of the Commission**

4.48 The Commission has considered the submissions of the Stakeholder and reply by the Petitioner.

### **Interest on Working Capital**

#### **Public Comments/Suggestions**

4.49 It is respectfully submitted that as per Clause 6.29 of the JSERC Distribution Tariff Regulations, Interest on Working capital shall comprise of:

- a) One-twelfth of the amount of Operation and Maintenance expenses for such financial year; plus



- b) Maintenance spares at 1% of Opening GFA; plus
- c) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus
- d) Amount held as security deposits under clause (a) and clause (b) of subsection (1) of Section 47 of the Act from consumers and Distribution System Users; minus
- e) One-month equivalent of cost of power purchased, based on the annual power procurement plan.
- f) Rate of interest on working capital shall be equal to the base rate of SBI plus 350 bps as applicable on the 1<sup>st</sup> April of the relevant financial year.

4.50 The Hon'ble State Commission in the Tariff Order for FY 2012-13 dated 22.11.2012 has made the following observations with respect to the GFA and O&M cost of the Petitioner as below:

*"7.40 However, the Commission noticed that the GFA and O&M cost of the Petitioner cannot be segregated into that of pertaining to generation and transmission business and that for distribution and retail business at present. Hence, applying the aforementioned methodology for computation of IWC is not possible. Therefore, the Commission decided to continue with the methodology as applied by the Commission for trueing up the ARR for FY2006-07 to FY 2011-12 in this Order."*

4.51 Further, the interest on working capital has been worked out by Hon'ble Commission in the past orders dated 18.05.2018, 28.05.2019 & 30.09.2020 also consistent with its approach in the Order dated 19.04.2017, wherein its observations are as below:

***"6.55 However, since the O&M cost and other expenses of the Petitioner are included in the cost of generation of power from its own stations, applying the aforementioned methodology as per the Distribution Tariff Regulations, 2010' is not possible.***

*6.56 Hence, the Commission has adopted the same methodology as described in the Tariff Order for FY 2012-13 dated 22nd November, 2012. "*

4.52 The Hon'ble JSERC has considered the working capital entitlement of DVC as 1% of the revenue sales.



4.53 The Hon'ble Commission is humbly requested to disallow the Petitioner's claim of Rs.63.08 Crores during the FY 2020-21 and approves Rs. 3.68 Crore computed in line with the Hon'ble Commission's observations and consistent methodology for computing Interest on Working Capital and the same is provided in the table below:

**Claimed vs Allowable Interest on Working Capital (Rs Cr)**

S.No	Particulars(For FY 2020-21)	Approved in Tariff order Dated 30.09.2020	Petitioners Claim	Objectors Assessment
A	Revenue from sales in Jharkhand	3,517.03	4,097.97	3,158.23
B	Cost of power purchase allocated for Jharkhand in the ratio sales		404.10	
C	Two months receivable (A/6)		683.00	
D	One month power purchase cost (B/12)		33.68	
E	Security deposit held		107.82	
F	Working Capital (C-D-E)		541.50	
G	Working Capital Requirement in Jharkhand Area (at 1% of Revenue from sale of power)	35.17		31.58
H	Interest rate (%)	11.65%	12,20%	11.65%
I	Interest on Working Capital for Jharkhand Area	4.10	63.08	3.68

**Petitioners Response**

4.54 Regarding the claim of DVC for Interest on Working Capital in respect of its distribution activity it is submitted respectfully that the tariff in respect of the entire assets related to generation and T&D network is determined by the Hon'ble CERC. In terms of para 111 of the judgment dtd. 23.11.2007 by the Honble APTEL, the T&&D System of DVC has been considered as unified deemed inter-state transmission system for the purpose of tariff determination. As such T&D network of DVC is not segregated into assets specifically assigned to its distribution activity and transmission activity within the two contiguous states namely Jharkhand and West Bengal. Hence jurisdiction of determination of tariff lies with the Central Commission. Relevant portion of the judgment of Hon'ble APTEL dtd. 23.11.2007 in Appeal No. 271, 272, 273 etc. of 2006 and 08 of 2007;

*“110. Taking an integrated view of the above provisions and applying them to the instant case, it is clear that any transmission line' i.e. high pressure (HT) Cables and overhead lines (HT), excluding the lines which are essential part of distribution system of a licensee (WBSEB and JSEB as the case may be), used for the conveyance of electricity from a generating station owned by DVC and located in the territory of one State (either State of West Bengal or Jharkhand) to generating station or a sub-Station located in the territory of another State*



*(either in the State of Jharkhand or West Bengal) together with any step-up and step down transformer, switch gear and other Works necessary to and used for the control of such cables or overhead lines and such building or part thereof as may be required to accommodate such transformers, switch-gear and other works shall constitute the "inter-State Transmission system" of DVC. Further, the transmission segments from the generating Stations to HT Consumers located in the same territory of a State are deemed dedicated transmission lines' and are to be maintained and operated by DVC. 23 111. DVC has been supplying power from its generating stations to West Bengal Electricity Board and Jharkhand Electricity Board along with nearly 120 HT-Consumers either through inter state transmission lines or through the point-to-point 'dedicated transmission lines'. We, therefore, conclude that all transmission systems of DVC be considered as unified deemed inter-state transmission system, insofar as the determination of tariff is concerned and as such regulatory power for the same be exercised by the Central Commission."*

4.55 It is also a fact that while determining the tariff in respect of generating stations and T&D network of DVC, the Hon'ble CERC allows Interest on Working Capital based on the norms specified in the applicable Tariff Regulations for relevant periods under consideration. The Hon'ble CERC allows the tariff based on the assets but not based on its activities. In other words, it may be concluded that a pure transmission licensee (say Licensee A) having assets similar to DVC would get a similar transmission tariff like DVC though the Licensee-A is not having any distribution activity. Therefore, going by the fact that since CERC allows IWC on account of Generation and Transmission activity, it will not be justified to say that DVC is not entitled to the IWC for distribution activity as per the applicable SERC Regulations. DVC in its reply to this Hon'ble Commission's order dtd. 14.02.2020 pointed out that in order to manage its distribution activity, DVC is required to maintain the following:

- a) Separate manpower consisting of executives, supervisors and other Working personnel at different category to deal with various technical and non-technical issues, security requirement, safety requirement etc. related to Consumer power supply;
- b) Arrangement to carryout repair & maintenance work related to consumer power supply;



- c) Arrangement for Data communication, meter reading, billing & collection related to consumer power supply including necessary infrastructure;
- d) Information Technology (IT) based monitoring system and data acquisition arrangements, etc.

The above list is not exhaustive but only an indicative one.

4.56 For providing quality Service to the consumers, additional rolling fund is required for the aforesaid activities which are not serviced either through normative O&M or through normative Working Capital and Interest on Working Capital as approved in the generation and transmission tariff by the Hon'ble CERC. It is once again reiterated that such additional fund requirement, which is directly related to DVC's distribution activity, remains un-serviced in the IWC allowed by the Hon'ble CERC. The Hon'ble CERC, while fixing the norms in the Tariff Regulations for determination of Transmission Tariff envisages the activity of Transmission business only and not any distribution activity. As such the claim of DVC in respect of IWC in terms of applicable Regulations of the two State Commissions, in its different petitions related to determination of distribution tariff, are a pressing requirement of DVC and disallowing the same as proposed by the objector's Association on the ground of any computational difficulty is misleading and devoid of any merit.

4.57 This Hon'ble Commission while passing the provisional tariff order of DVC dtd. 22.11.2012 held as under (at para 7.40 at page no. 69) on the issue of DVC's claim towards IWC;

*"7.40 However, the Commission noticed that the GFA and O&M cost of the Petitioner cannot be segregated into that of pertaining to generation and transmission business and that for distribution and retail business at present. Hence, applying the aforementioned methodology for computation of WC is not possible. Therefore, the Commission decided to continue with the methodology as applied by the Commission for truing up the ARR for FY 2006-07 to FY 2011-12 in this Order".*

4.58 In order to avoid such difficulty DVC claims the IWC without giving effect to the first two elements of IWC i.e. 6.30(a) and 6.30(b) in terms of the tariff Regulations 2015 as notified by this Hon'ble Commission. DVC in this regard also humbly submits before the Commission that disallowing the legitimate claim of DVC towards IWC only because of any computational difficulty is an



injustice to DVC.

- 4.59 As explained above, the claim of DVC in respect of IWC in the present petition is only a bare necessity for quality and reliable power supply to the consumers and licensees and overall development of the Valley Area. This Hon'ble Commission is therefore requested to discard the contention and proposal of the objector as the same are devoid of any merit.

***Views of the Commission***

- 4.60 The Commission has considered the submissions of the Stakeholder and reply by the Petitioner.



## Chapter 5: True Up for FY 2020-21

- 5.1 The Petitioner has submitted the True-up Petition for FY 2020-21 based on the audited accounts taking into consideration the provisions of JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015, and the methodology adopted by the Commission in the previous Orders.
- 5.2 The Commission has carried out true-up for FY 2020-21 taking into consideration: -
- Audited Accounts for FY 2020-21 and additional details submitted by the Petitioner;
  - JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015; and;
  - Methodology adopted by the Commission in the earlier order.

### Supply Points, Connected Load and Energy Sales

#### Petitioner's Submission

- 5.3 The Petitioner has submitted the actual category-wise number of consumers/connection points, connected load and energy sales in the Damodar Valley area falling within the State of Jharkhand for FY 2020-21.

#### Commission's Analysis

- 5.4 The Commission after scrutinizing the information submitted by the Petitioner, the Audited Accounts made available for the aforementioned year and prudence check, approves the actual supply points, connected load and energy sales as submitted by the Petitioner for FY 2020-21 which is summarized as below:

**TABLE 4: SUPPLY POINTS, CONNECTED LOAD AND SALES IN JHARKHAND SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION**

Particulars	Petition			Approved		
	Supply Points	Connected Load (MVA)	Consumption (MU)	Supply Points	Connected Load (MVA)	Consumption (MU)
LT (MW)	5.00	7.42	38.51	5.00	7.42	38.51
11 kV	1.00	0.50	0.19	1.00	0.50	0.19
33 kV	130.00	883.41	4,484.84	130.00	883.41	4,484.84
132 kV (Industry)	9.00	289.00	990.30	9.00	289.00	990.30
132 kV (Traction)	3.00	72.63	209.32	3.00	72.63	209.32
220 kV	2.00	280.00	1,526.41	2.00	280.00	1,526.41
<b>Total</b>	<b>150.00</b>	<b>-</b>	<b>7,249.57</b>	<b>150.00</b>	<b>-</b>	<b>7,249.57</b>



## Transmission & Distribution Losses and Energy Requirement

### Petitioner's Submission

- 5.5 The Petitioner has submitted that the Commission approved T&D losses as 3.30% for the network of DVC for FY 2020-21 vide its Tariff Order dated September 30, 2020 whereas, the actual T&D loss works out to be 2.89%.
- 5.6 Further, in addition to the energy sold in the Jharkhand area, the Petitioner also submitted the actual sales in the West Bengal area and the energy wheeled from its inter-state transmission system for the purposes of computation of the energy requirement for the entire Damodar Valley area.
- 5.7 Based on the total energy sales in the Damodar Valley area, the T&D losses and the energy wheeled from the system, the Petitioner has submitted the actual energy requirement for FY 2020-21.

### Commission's Analysis

- 5.8 With regard to the T&D Losses for Control Period from FY 2016-17 to FY 2020-21, Clause 5.23 of the Tariff Regulations, 2015, is reproduced below:

*"5.23 The Licensee shall file the distribution loss trajectory for the entire Control Period in the Business Plan commensurate with the capital investment plan for each year of the control period for approval of the Commission after verification and evaluation of the same.*

*The Licensee shall be allowed to operate at below 5% audited distribution loss without any incentive/ penalty mechanism."*

- 5.9 The Commission has therefore approved actual T&D Losses as submitted by the Petitioner.
- 5.10 Based on the approved energy sales for Jharkhand area, approved T&D losses, the energy sales within West Bengal area and energy wheeled through DVC system, the energy requirement for the FY 2020-21 has been summarized in the following table.

**TABLE 5: ENERGY REQUIREMENT SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (MU)**

Particulars	Petition	Approved
Energy sales within the state of Jharkhand	7,249.57	7,249.57
Energy sales within the state of West Bengal	8,315.96	8,315.96
Total energy sales in DVC Area	15,565.53	15,565.53
Energy wheeled	783.58	783.58
Overall Utilization	16,349.11	16,349.11



Particulars	Petition	Approved
T&D loss (MU)	486.50	486.50
T&D loss (%)	2.89%	2.89%
<b>Total Energy Requirement for DVC</b>	<b>16,835.61</b>	<b>16,835.61</b>
Ratio of sales in Jharkhand	46.57%	46.57%
Ratio of sales in West Bengal	53.43%	53.43%

## Energy Availability from Own Generating Stations for Distribution Function

### Petitioner's Submission

- 5.11 The Petitioner submitted that it generates power from its own stations to meet part of the power requirements for its consumers in the Jharkhand and West Bengal. The generating stations include both thermal and hydel stations.
- 5.12 The Petitioner has also submitted the actual generation available from own generating stations for FY 2020-21.

### Commission's Analysis

- 5.13 The Commission has considered the submission made by the Petitioner on energy availability from its own generating stations. Based on the availability certificate and the power purchase submitted, the Commission approves the energy availability from own generation. The energy availability from own generation as per the submission of the Petitioner and as approved by the Commission is summarised below:

**TABLE 6: ENERGY AVAILABILITY FROM OWN GENERATING STATIONS SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (MU)**

Particulars	Petition	Approved
BTPS 'B' U# 3	14.03	14.03
DTPS U# 4	115.96	115.96
MTPS U# 1to3	2,462.00	2,462.00
MTPS U# 4	976.96	976.96
HYDEL	375.37	375.37
MTPS Solar PV	0.03	0.03
<b>Sub Total</b>	<b>3,944.34</b>	<b>3,944.34</b>
MTPS U# 5&6	2,848.62	2,848.62
MTPS U# 7&8	5,506.71	5,506.71
CTPS U# 7&8	2,950.26	2,950.26
DSTPS U# 1&2	5,442.18	5,442.18
KTPS U# 1&2	7,116.87	7,116.87
BTPS 'A'	3,094.76	3,094.76
RTPS U # 1&2	4,899.86	4,899.86
<b>Sub Total</b>	<b>31,859.26</b>	<b>31,859.26</b>
<b>Total Own Generation</b>	<b>35,803.60</b>	<b>35,803.60</b>



## Power Purchase from Central Sector Generating Stations (CSGSs) and Other Sources

### Petitioner's Submission

- 5.14 The Petitioner has submitted that it is also purchasing power from CSGS and other sources viz. NTPC, NHPC, PTC & other sources (excluding net power purchased under Unscheduled Interchange mechanism) to meet the energy requirements in the DVC area.
- 5.15 Further, during the period FY 2020-21, the Petitioner also purchased and sold power through the Unscheduled Interchange (UI) mechanism.

### Commission's Analysis

- 5.16 The Commission has determined the balance energy requirement to be met through purchase of power from CSGS and other sources after meeting the energy requirement from own generation.
- 5.17 The following table summarizes the station-wise net power purchase as submitted by the Petitioner and as approved by the Commission for FY 2020-21.

**TABLE 7: STATION-WISE NET POWER PURCHASE SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (MU)**

Particulars	Petition	Approved
<b>NHPC</b>		
Rangit	27.47	27.47
Teesta- V	231.78	231.78
<b>NTPC</b>		
TSTPS I	5.76	5.76
KBUNL MTPS II	39.85	39.85
<b>PTC</b>		
Chukha	210.83	210.83
Kurichu	45.84	45.84
Tala	184.26	184.26
<b>MPL</b>	439.79	439.79
<b>Contingency Purchase (IEX-PXIL)</b>	49.14	49.14
<b>Net UI (Import)</b>	105.09	105.09
<b>Solar</b>		
Talcher	14.62	14.62
Unnachar	14.62	14.62
Rajasthan	27.65	27.65
STU loss for Rajasthan Solar Power @3.22%	0.89	0.89
GTAM Purchase (Solar)	47.05	47.05
GTAM Purchase (Non-Solar)	60.36	60.36
<b>Total</b>	<b>1,503.22</b>	<b>1,503.22</b>

## Energy Balance

5.18 Based on the energy requirement and energy availability from own generation, T&D losses and power purchase from CSGS and other sources, the energy balance for FY 2020-21 as submitted by the Petitioner and as per Commission's analysis is summarized in the following table:

**TABLE 8: ENERGY BALANCE SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (MU)**

Particulars	Petition	Approved
<b>A. Energy Requirement</b>		
Energy sales within the state of Jharkhand	7,249.57	7,249.57
Energy sales within the state of West Bengal	8,315.96	8,315.96
Total energy sales in DVC Area	15,565.53	15,565.53
Energy wheeled	783.58	783.58
Overall Utilization	16,349.11	16,349.11
T&D loss (MU)	486.50	486.50
T&D loss (%)	2.89%	2.89%
<b>Total Energy Requirement for DVC</b>	<b>16,835.61</b>	<b>16,835.61</b>
<b>B. Energy Availability</b>		
<b>Own Generation-Firm sources</b>		
Thermal	35,428.20	35,428.20
Hydel	375.37	375.37
Solar	0.03	0.03
<b>Sub Total</b>	<b>35,803.60</b>	<b>35,803.60</b>
Net Power Purchase	1,398.13	1,398.13
UI (Import)	105.09	105.09
Energy received for Wheeling	753.40	753.40
Less: Energy sold to other licensees & exchange	21,224.61	21,224.61
<b>Total Energy Available for DVC</b>	<b>16,835.61</b>	<b>16,835.61</b>

## Cost of Own Generation

### Petitioner's Submission

5.19 DVC constituted under the DVC Act, 1948, is a PSU as envisaged under Section 79 (1) (a) of the Electricity Act, 2003, and the tariff for generation of electricity is to be decided by the CERC. Accordingly, cost of generation for DVC as a whole from its own stations has been taken as approved by the CERC in its relevant Orders.

5.20 Further, the effect of variation in Fuel Price Adjustment (FPA) in energy charges has also been claimed in the cost of own generation in accordance with the formula prescribed by the CERC.

**Commission's Analysis**

**TABLE 9: CERC ORDERS CONSIDERED FOR APPROVAL OF FIXED CHARGES OF OWN GENERATING STATIONS**

Sl. No	Particulars	Date of CERC Order
1.	BTPS 'B'	10.07.2023
2.	DTPS U#4	19.05.2023
3.	MTPS U# 1to3	17.02.2023
4.	MTPS U#4	30.11.2022
5.	MHS	16.02.2023
6.	PHS	28.02.2023
7.	THS	16.03.2023
8.	T&D System	02.03.2022 & 23.07.2022
9.	MTPS U#5&6	14.03.2023
10.	MTPS U#7&8	27.04.2023
11.	CTPS U#7&8	16.06.2023
12.	DSTPS U# 1&2	03.07.2023
13.	KTPS U# 1&2	20.07.2023
14.	BTPS 'A' U#1	26.10.2023
15.	RTPS U#1&2	29.04.2023

- 5.21 The Commission, after scrutinizing the information made available by the Petitioner and after perusal of the above CERC Orders, has adopted the fixed charges for its own power generation from thermal and hydel stations for DVC for FY 2020-21, as approved by CERC in its relevant Tariff Orders. The Commission has verified the Energy Charge Rate (ECR) computation and approves the Energy Charge Rate (ECR) as submitted by the Petitioner.
- 5.22 The Commission in this Order has approved the input cost as per the MYT Orders issued by Hon'ble CERC for the Control Period FY 2019-24. The same shall be revised upon issuance of True-up Orders for the Petitioner by Hon'ble CERC.
- 5.23 The AFC of own power generating stations, as adopted by the Commission from the aforementioned CERC Orders for the period FY 2020-21, has been summarized in the previous table. The Commission has adopted the methodology used in its previous Orders for calculation of Fixed Charges for own generating stations.
- 5.24 This Commission has noted that the CERC in its True-up orders has maintained its approach in allowing contribution to sinking fund as part of AFC and disallowing the expenses claimed by DVC pertaining to Pension & Gratuity (P&G), over and above, the normative O&M expenses allowable to the generating station. Hence, the claim of DVC to recover contribution to Sinking Fund as allowed by CERC in AFC in full without factoring the availability of

the Generating stations is not admitted in the instant order. The Hon'ble Tribunal vide judgment dated 23.3.2016 in Appeal No. 255/2014 has upheld similar treatment by this Commission in APR order dated 04.09.2014.

- 5.25 The Fixed Charges approved by the Commission for FY 2020-21 for own generating stations is summarised in **Annexure – II**.
- 5.26 The Commission has approved the Energy Charge Rate for own generating stations for FY 2020-21, as submitted by the Petitioner after scrutinizing the Audited statement in respect of station-wise actual energy charge rates for the different generating stations of DVC for FY 2020-21 submitted as Annexure – 21 to the Petition. The Energy Charges approved by the Commission for FY 2020-21 for own generating stations is summarised below:

**TABLE 10: ENERGY CHARGE RATE SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS./KWH)**

Particulars	Petition	Approved
BTPS 'B'	2.61	2.61
DTPS U # 4	3.78	3.78
MTPS U#1 to 3	2.99	2.99
MTPS U#4	2.99	2.99
MTPS Solar PV	3.23	3.23
MTPS U#5 & 6	2.95	2.95
MTPS U# 7 & 8	2.75	2.75
CTPS U # 7 & 8	2.57	2.57
DSTPS U # 1 & 2	2.90	2.90
KTPS U # 1 & 2	2.49	2.49
BTPS 'A'	2.26	2.26
RTPS U # 1 & 2	2.94	2.94

**TABLE 11: ENERGY CHARGES SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition	Approved
BTPS 'B'	3.66	3.66
DTPS U # 4	43.89	43.89
MTPS U#1 to 3	736.14	736.14
MTPS U#4	292.46	292.46
MHS	17.45	20.22
PHS	12.88	18.74
THS	4.93	5.47
MTPS Solar PV	0.01	0.01
MTPS U#5 & 6	608.36	608.36
MTPS U# 7 & 8	239.51	239.51
CTPS U # 7 & 8	3.16	3.16
DSTPS U # 1 & 2	1,126.20	1,126.20
KTPS U # 1 & 2	27.99	27.99
BTPS 'A'	388.70	388.70
RTPS U # 1 & 2	578.35	578.35
<b>Total Energy Charges</b>	<b>4,083.69</b>	<b>4,092.86</b>

**TABLE 12: TOTAL CHARGES SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition		Approved	
	Fixed Charges	Energy Charges	Fixed Charges	Energy Charges
BTPS 'B'	53.18	3.66	69.40	3.66
DTPS U # 4	89.54	43.89	67.13	43.89
MTPS U#1 to 3	362.06	736.14	381.29	736.14
MTPS U#4	114.46	292.46	132.79	292.46
MHS	17.45	17.45	20.22	20.22
PHS	12.88	12.88	18.74	18.74
THS	4.93	4.93	5.47	5.47
T&D System	377.70	-	482.66	-
MTPS Solar PV	-	0.01	-	0.01
MTPS U#5 & 6	343.35	608.36	312.66	608.36
MTPS U # 7 & 8	160.71	239.51	168.71	239.51
CTPS U # 7 & 8	2.21	3.16	2.36	3.16
DSTPS U # 1 & 2	788.93	1,126.20	796.14	1,126.20
KTPS U # 1 & 2	18.55	27.99	18.57	27.99
BTPS 'A'	429.23	388.70	419.55	388.70
RTPS U # 1 & 2	559.85	578.35	574.86	578.35
<b>Cost of Own Generation</b>	<b>3,335.03</b>	<b>4,083.69</b>	<b>3,470.56</b>	<b>4,092.86</b>

### **Power Purchase Cost from Central Sector Generating Stations (CSGSs) and Other Sources**

#### **Petitioner's Submission**

- 5.27 The Petitioner has submitted the actual power purchase cost from CSGS and other sources (including RE sources) during FY 2020-21 which has been considered based on the actual power purchase bills received from the generators.
- 5.28 The Petitioner has further submitted that Renewable Purchase Obligation (both solar and non-solar) for the part of DVC in the state of Jharkhand for the period FY 2020-21 has been met on actual basis in terms of Jharkhand State Electricity Regulatory Commission "Renewable Purchase Obligation and its Compliance" Regulations 2016. DVC has fulfilled a portion of solar obligation for FY 2020-21 through purchase of actual solar power from different solar plants of NVVN NTPC and through purchase of solar power through GTAM from energy exchanges. However, the balance part of Solar RPO for FY 2020-21 could not be met during the year due to the restriction imposed by the Hon'ble APTEL vide its order dtd. 24.07.2020 (in Appeal No. 113 of 2020) for trading of solar REC at Energy exchanges platform. The shortfall has been carried forward in FY 2021-22. DVC has fulfilled a portion of Non-solar obligation for FY 2020-21 through its own hydro generation as applicable and



through purchase of Non solar power through GTAM from energy exchange. However, the balance part of Non-solar obligation for FY 2020-21 could not be met due to restriction imposed by Hon'ble APTEL vide its order dtd. 24.07.2020 for trading of Non-Solar REC at energy exchange platform and the shortfall has been carried forward in FY 2021-22. Further, DVC has fulfilled part of the RPO shortfall (both Solar and Non-Solar) of FY 2019-20 with the purchase of solar & Non-solar power in FY 2020-21. DVC had intimated this Hon'ble Commission the details of RPO for FY 2020-21 vide letter dated 31.07.2021. The said letter and detailed computation sheet of RPO at actuals and GTAM Solar and Non Solar power purchased from Energy Exchange were attached as Annexure-15 to the petition.

**Commission's Analysis**

- 5.29 Based on the total energy requirement, the Commission has allowed the quantum of energy to be purchased from CSGS and other sources (Other than Own Source) and from own generating stations as proposed by the Petitioner.
- 5.30 Besides, the Petitioner has segregated the cost of RPO into West Bengal and Jharkhand based on the RPO requirements stipulated by the respective State Regulatory Commissions for FY 2020-21. Accordingly, the Commission also finds it prudent to segregate the cost of RPO for FY 2020-21 as per the RPO requirements stipulated by the respective Commissions and actual RPO compliance by the Petitioner.
- 5.31 Based on the RPO Compliance submitted by the Petitioner, the Commission has approved the expenses below for purchase of Renewable Energy Certifications (RECs) towards RPO Compliance in Jharkhand.

**TABLE 13: EXPENSES TOWARDS RECS SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition	Approved
Purchase of RECs	77.97	77.97

- 5.32 Thus, the net Power Purchase Cost from Central Sector Generating Stations (CSGSs) and Other Sources (including RE sources and excluding purchase from own generating stations) approved is summarised at **Annexure – II**.



## Tariff Filing and Publication Expenses (CERC)

### Petitioner's Submission

5.33 The Petitioner has claimed Rs. 4.59 Crore towards Tariff filing fees (CERC) for FY 2020-21.

### Commission's Analysis

5.34 The Commission examined the submission made by the Petitioner towards Tariff filing fees (CERC) in Annexure-10 of Letter No. Comm./ Tariff/ JSERC/ 1181, submitted as additional information along with the Petition. The Commission accordingly approves the Tariff Filing and Publication Expenses (CERC) as claimed by the Petitioner.

## Environmental Protection and Other Cess

### Petitioner's Submission

5.35 The Petitioner has claimed Rs. 0.02 Crore towards Environmental Protection and Other Cess for FY 2020-21.

### Commission's Analysis

5.36 The Commission examined the submission made by the Petitioner towards Environmental Protection and Other Cess and approves the same in line with 'Note 29 Operation & Maintenance and General Administration Charges' of the Audited Annual Accounts submitted by the petitioner.

## Interest on Temporary Financial Accommodation

### Petitioner's Submission

5.37 The Petitioner has claimed Rs 371.66 Crore towards Interest on Temporary Financial Accommodation for FY 2020-21.

### Commission's Analysis

5.38 The Commission is of the view that the Petitioner is to be allowed the Interest on Temporary Financial Accommodation on the principal amount of the Delayed Payment Surcharge. It is observed that the DPS amount is charged at 18.00% per annum on the Principal Amount, whereas the interest rates for accommodating such shortfall is 11.65%.

5.39 Clause 6.52 of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 states as follows,

*"6.52 Where the Licensee is engaged in any Other Business, the income from such business will be calculated as per the 'Regulations on Other Business', to be specified separately by the Commission. The revenue*





*from Other Business shall be deducted from the ARR in calculating the revenue requirement of the Licensee;*

*Provided that the Licensee shall follow a reasonable basis for allocation of all joint and common costs between the Distribution Business and the Other Business and shall submit the Allocation Statement as approved by the Board of Directors to the Commission along with his application for determination of tariff;*

*Provided further that where the sum total of the direct and indirect costs of such Other Business exceeds the revenues from such Other Business, no amount shall be allowed to be added to the ARR of the Licensee on account of such Other Business.”*

- 5.40 From the submissions made by the Petitioner in the instant petition, it is observed that the Cost of Funding of Delayed Payment Surcharges from Non-firm Consumers of DVC has not been made available to the Commission. In absence of the requisite data, the Commission is compelled to approve the Interest on Temporary Financial Accommodation for entire DPS, as available in the Audited Books of Accounts.
- 5.41 The Commission has approved the interest of 11.65% on the principal amount outstanding on which DPS was charged for improving the liquidity of the Petitioner.

**TABLE 14: INTEREST ON TEMPORARY FINANCIAL ACCOMMODATION SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

<b>Particulars</b>	<b>Petition</b>	<b>Approved</b>
Delay Payment Surcharge (DPS)	90.38	1,136.56
Principal Amount Outstanding (DPS/18%)	502.11	6,314.22
<b>Interest on Temporary Financial Accommodation</b>	<b>371.66</b>	<b>735.61</b>

### ***Non-Tariff Income***

#### ***Petitioner’s Submission***

- 5.42 The Petitioner has claimed Rs. 90.38 Crore towards Non-Tariff Income for FY 2020-21.

#### ***Commission’s Analysis***

- 5.43 The Commission has observed that the value claimed by the Petitioner as Non-Tariff Income is Delayed Payment Surcharge (DPS) by firm consumers of DVC distribution licensee.
- 5.44 The Commission in its order on True-up from FY 2006-07 to FY 2013-14 and



APR for FY 2014-15 dated 19.04.2017, has observed as shown below,

“5.51 The Commission observed that the Petitioner has claimed non-tariff income only to the extent of the Delayed Payment Surcharge (DPS). Further, the NTI, as reflected in the audited annual accounts, was in excess of the non-tariff income as claimed by the Petitioner. The Commission also notes that DVC, being a vertically integrated organisation, also carries out the business of generation and transmission of electricity besides distribution. **Accordingly, the Commission directed the Petitioner to submit information on non-tariff income, as per audited accounts, segregated into generation, transmission and distribution business.**

...

5.53 The Commission has taken note of the fact that entire capital expenditure of the Petitioner is attributable to the generation and transmission business as the Petitioner does not claim any capital expenditure for the distribution business. **Accordingly, the non-tariff income, other than the Delayed Payment Surcharge, may be attributable to the generation and transmission business.**

5.54 However, the Commission also notes that **non-tariff income attributable to the generation and transmission business ultimately impacts the end-use consumer as the costs (net of any revenue) for generation and transmission business become the input costs for distribution business which drive the retail tariffs applicable for the end-consumer.** Hence, the Commission directs the Petitioner to submit, within one month of notification of this Order, whether such non-tariff income has been accounted for in costs for the generation and transmission business of the Petitioner. Based on the justification provided by the Petitioner, the Commission may take an appropriate view on the same and pass suitable Orders to the effect.

5.55 Accordingly, **at the moment**, the Commission approves the non-tariff income pertaining to delayed payment surcharge as Rs. 7.65 Cr., Rs. 12.22 Cr., Rs. 24.26 Cr., Rs. 1.89 Cr., & Rs. 7.63 Cr. Respectively for the aforementioned years based on actuals.

...

6.46 As detailed in Paras 5.51 to 5.54 of this Order, the Commission, **at**



**present**, approves the non-tariff income pertaining to delayed payment surcharge as Rs.28.54 Cr., Rs.231.60 Cr., Rs. 20.79 Cr. & Rs.71.57 Cr. respectively for the aforementioned years, as per audited annual accounts of the respective years.” (FY 2011-12, FY 2012-13, FY 2013-14, FY 2014-15).

5.45 DVC in reply to the direction given by the Commission in Order dated 19.04.2017, vide Letter No. Comml/Tariff/JSERC/516 dated 17.05.2017 has reiterated the fact that it is a vertically integrated organization. The same is quoted below for immediate reference-

*“...DVC is a vertically integrated organization and has got generation, transmission and distribution activity in the entire Damodar Valley Area spread over in the state of Jharkhand and West Bengal. Therefore, DVC maintains its accounts which is integrated and covers all the aforesaid activities and also some other activities as mandated in DVC Act 1948. The accounting procedure followed by DVC is also approved and audited by Comptroller & Auditor General of India.*

*It is, however, confirmed that other than Delay Payment Surcharge (DPS), there is no other Non-Tariff Income (NTI) under the distribution business of DVC and year-wise amount of DPS, as NTI has already been furnished to the Hon'ble Commission...”*

*So far as electricity business of DVC is concerned it is to submit that the capital expenditure is made in respect of its generation and deemed unified inter-state transmission network only. As such DVC does not incur any capital expenditure for its distribution activity. Accordingly, non- tariff income for the distribution activity of DVC is only the delay payment surcharge. In the previous tariff orders of DVC dtd.22.12.2012 & 04.09.2014 this Hon'ble Commission accepted the submission of DVC in this regard and considered only the delay payment surcharge (DPS) as non-tariff income after prudence check. In the instant tariff order dtd. 19.04.2017 also this Hon'ble Commission considered delay payment surcharge as non-tariff income as per the audited book of accounts of DVC.*

*DVC submits that since it is a vertically integrated organization, unified accounting for generation, transmission and distribution activity is maintained. DVC further submits that tariff regulation of the Hon'ble Central Commission for determination of generation and transmission tariff is based*



on some specific elements of fixed charges and energy charge. The said regulation does not have any provision to account for the non-tariff income. The only provision for late payment surcharge is available as per the tariff regulation of the Central Commission according to which late payment surcharge is levied as and when applicable. The entire DPS as non-tariff income considered by this Hon'ble Commission in the distribution tariff of DVC is inclusive of that late payment surcharge for its generation activity as well.

DVC therefore submits before this Hon'ble Commission to kindly consider the delay payment surcharge (DPS) as non-tariff income so far as the distribution activity of DVC is concerned.”

- 5.46 It is evident that at this stage, no adjustment of Non-Tariff Income attributable to the DVC’s Generation and Transmission has been undertaken in the input cost for the FY 2019-24 as well as the period prior to it. Such Non-Tariff Income ultimately impacts the end consumers (i.e., Retail consumers of Jharkhand) as the cost for the Generation and Transmission business becomes the input cost which drives up the retail ARR/ Tariff. Since, section 61 of EA, 2003, *inter alia*, only mandates reasonable recovery of cost, it is necessary that the entire Non-Tariff income as per the audited accounts shall be adjusted in the retail supply tariff of Jharkhand.
- 5.47 As such, the Commission is of the view that throughout the years, the Non-Tariff Income of the Petitioner has been left un-accounted in the retail supply tariff of Jharkhand. Thus, consumer interest in terms of Section 61, needs to be safeguarded by providing for the legitimate deductions in the ARR as per the regulatory framework in place. Accordingly, in this Order, the entire Non-Tariff Income as per the Audited Accounts is being approved.

**TABLE 15: NON TARIFF INCOME APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	FY 2020-21
Revenue from Operations	17,197.34
Revenue from Non-Core Activities	
Interest from Employees Loan and Advances	0.20
Interest from Non-Current Investment	0.28
Interest from Current Investment	
Interest on IT Refund	12.33
Interest on Security Deposit Other than Purchase of Power	
Interest on Security Deposit - Purchase of Power	
Interest on Advance to Contractors & Suppliers	0.02
Interest on Short Term Deposit	0.21
Interest on CLTD	0.28



Particulars	FY 2020-21
Interest from Others	1.84
Dividend on Non-current Investment	110.11
Government Grants PM KUSUM Grant	
Other non-operating Income	
Delay Payment Surcharge	1,136.56
Income from Service Charges	1.18
Income from Service Charges Profit on Disposal of Fixed Asset	0.28
Profit on Disposal of Fixed Assets	
Interest Income from PF Investment	
Tariff Adjustment Fixed Charges	
Provision - Written Back - Doubtful Debts	51.15
Provision - Income Tax - Written Back	
Provision written back - Stock-Current Asset	6.34
Other Misc. Income	25.53
Share of Rev. Income	
Inter head transfer	10.47
Hd 6	
Hd 5	
Common Service	-0.09
CSO	
Capitalized	-1.21
Hd 1	
Hd 4	
<b>Total Income</b>	<b>18,552.82</b>
<b>Total Non-tariff Income</b>	<b>1,355.48</b>

## **Legal Charges & Consultancy Fees**

### **Petitioner's Submission**

5.48 The Petitioner has submitted that they have incurred Legal expenses in relation to various court cases pertaining to its Distribution activity within its operational area. Since, such expenditures are not covered in the normative O&M charges as allowed by CERC for generation and transmission activities of DVC, the Petitioner has claimed Rs. 3.59 Crore towards Legal Charges and Consultancy Fees.

### **Commission's Analysis**

5.49 The Commission has examined the submission made by the Petitioner and observes that the Petitioner has not submitted any documents in support of its claim that such expenses are not included in the normative O&M expenses approved by CERC. Further, the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 do not contain any clause for approval of Legal Expenses. Therefore, the Commission as per precedence, has not approved any Legal and Consultancy charges claimed by the Petitioner.

## Allocation of Costs for DVC as a whole to Jharkhand Area

### Petitioner's Submission

5.50 The Petitioner has submitted that the input costs including own generation cost, Power Purchase Cost, Other Input Cost, etc. cannot be segregated into the cost pertaining to Jharkhand and West Bengal area as DVC operates as a single entity. Thus, the Petitioner has submitted that, for the purpose of computing retail tariffs pertaining to Jharkhand area, the input cost of DVC be bifurcated in the ratio of the energy sales in Jharkhand area to the total sales in the Damodar Valley area.

### Commission's Analysis

5.51 The Commission has allocated the expenses of DVC as a whole to Jharkhand area by following the methodology approved in the Order on True-up for FY 2019-20. The following table summarizes the input cost allocated to the Jharkhand area for the period FY 2020-21, as submitted by the Petitioner and as approved by the Commission.

**TABLE 16: COST ALLOCATION FOR JHARKHAND SUBMITTED BY THE PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition	Approved
Cost of Own Generation	7,418.73	7,563.42
Power Purchase Cost (Including Transmission Charges and Excluding Renewable Energy Purchase/REC Expenses)	700.23	700.23
Tariff filling fees & publication expenses to CERC	4.59	4.59
Less: Non-Tariff Income (NTI)	90.38	1,355.48
Interest on Temporary Financial Accommodation	371.66	735.61
Legal Charge & Consultancy Fee	3.59	-
Environmental Protection and Other Cess	0.02	0.02
<b>Total ARR of DVC (Distribution)</b>	<b>8,408.43</b>	<b>7,648.39</b>
Ratio of sales in Jharkhand	46.57%	46.57%
<b>ARR Apportioned to Jharkhand</b>	<b>3,916.18</b>	<b>3,562.20</b>

## Rebate on Sale of Power

### Petitioner's Submission

5.52 The Petitioner, in its Petition has claimed Rs 31.62 Crore towards Rebate on Sale of Power for FY 2020-21.

### Commission's Analysis

5.53 The Commission has scrutinized the details submitted by the Petitioner. The Commission, in this Order, has allowed the net revenue billed to the Consumers of Jharkhand, including Rebates/surcharges, while approving the Gap/(Surplus), which were submitted by the petitioner in Form T2 of the Tariff



Formats along with the Tariff petition. In view of the above, the Commission has disallowed the Rebate on Sale of Power as claimed separately by the petitioner, as allowance of the same would result in double accounting of the same costs.

### **Interest on Working Capital (IoWC)**

#### **Petitioner's Submission**

5.54 The Petitioner has submitted that the Interest on Working Capital has been determined in accordance with the applicable provisions of the Tariff Regulations, 2015, according to which, the Interest on Working Capital shall be as given below:

*“6.30 Working capital for the Retail Supply of Electricity for the Control Period shall consist of:*

*a) One-twelfth of the amount of Operation and Maintenance expenses for retail supply business for such financial year; plus*

*b) Maintenance spares at 1% of Opening GFA for retail supply business; plus*

*c) Two months equivalent of the expected revenue from sale of electricity at the prevailing tariffs; minus*

*d) Amount held as security deposits under clause (a) and clause (b) of subsection(1) of Section 47 of the Act from consumers and Distribution System Users net of any security held for wheeling business; minus*

*e) One month equivalent of cost of power purchased, based on the annual power procurement plan.*

*6.31 Rate of interest on working capital shall be equal to the base rate of SBI plus 350 bps as applicable on the 1st April of the relevant financial year.”*

5.55 Accordingly, the Petitioner has claimed the Interest on Working Capital required for DVC for Jharkhand Area to be Rs. 63.08 Crore for FY 2020-21.

5.56 The Petitioner has further submitted that the Commission while passing order dated. 21.09.2020 in Suo-moto Case No. 15 of 2020, allowed following relaxation to electricity consumers who are adversely impacted during nationwide lock down imposed by Central Govt. due to Covid 19.

*“5. The Commission opines that in the present situation, while some relief have been made available to the DISCOMs under the directions of the State*





Government, by order dated 24.04.2020, passed in Suo-Moto case no. 06 of 2020, some respite also needs to be given to the electricity consumers who are adversely impacted by the Lock down situation. In order to mitigate to some extent, the difficulties being faced by the electricity consumers, the Commission after careful consideration of the situation at hand, decided to provide following relaxation:

- I. *Moratorium of three months for payment of electricity bills which were due between 01.04.2020 and 30.06.2020, without levying any Delayed Payment Surcharge (DPS) for all consumers of all the Distribution Licensee in the State of Jharkhand, till current month i.e. September, 2020.*
  - II. *Waiver of Demand Fixed Charges (Provisionally) for the month of April, May and June, 2020 for all Industrial & Commercial consumers of all Distribution Licensee of Jharkhand.*
  - III. *The implementation of the above sub-clauses should not have any adverse effect on the applicable Tariff/rebate and other Terms & Conditions of Supply.*
6. *If the Licensees have received any amount from the consumers either against DPS or fixed/demand charge (Industrial & Commercial consumers only) for the period from 01.04.2020 to 30.06.2020, the said amount should be allowed as adjustment by way of reduction of said amount in the bills of subsequent month after the issuance of this order.*
7. *The Commission further feels that the Distribution Licensees will be required to borrow/avail additional working capital over and above those specified in the Regulations. The Distribution Licensees shall separately account for the financial impact in respective category of consumers, arising out of this order in their annual account and submit to the Commission at the time of submission of APR of FY 2020-21 and subsequent Tariff Order. The Commission will consider the additional expenses that are likely to be incurred by the Distribution Licensees on all these accounts after prudence check while evaluating the APR of FY 2020-21 for further processing. It is clarified that all costs incurred due to any waiver, remission, and moratorium shall necessarily be passed on to beneficiary consumer category, equivalent to the cost incurred by the Licensee.*
8. *The Commission hereby directs the DISCOMs under the jurisdiction of this*



*Commission to strictly Comply with the aforesaid decision of the Commission and further directions, if any, to be issued from time to time."*

5.57 Being aggrieved by the aforesaid order dated 21.09.2020 passed by JSERC, DVC preferred urgent appeal (Appeal No. 170 of 2020) before the Hon'ble Appellate Tribunal for Electricity (APTEL) for relief from the actions as directed by JSERC. After hearing all the parties, Hon'ble Tribunal passed the following order on 28.01.2021;

*"45. For the foregoing reasons, we find the impugned Order dated 21.09.2020 passed by Jharkhand State Electricity Regulatory Commission in suo-motu Case No. 15 of 2020, to the extent thereby relief styled as waiver of demand/fixed charges for the months of April, May and June, 2020 for all industrial and commercial consumers was given with further direction for the amount if any received on such account by the licensee from consumers of the said category for the period in question to be refunded, by adjustment, by way of reduction in the bills of subsequent months and for its financial impact to be accounted for permitting the distribution licensee to claim the burden of additional expenses to be passed on to the beneficiary consumer category at the stage of APR of Financial Year 2020-2021 and subsequent tariff order, in terms of para 5(i), 6 & 7 of the impugned order, to be arbitrary, inequitable, unfair and unjust. The said order to that extent is consequently set-aside.*

*46. Lest there be a vacuum created by above decision, or its consequences be harsh, and in order to put in place relief that is fair, even-handed and equitable, we direct that such consumers of the industrial commercial category in State of Jharkhand as have not or been able to pay the demand/fixed charges in time against bills due in the months of April to June 2020, owing also the impugned order having been promulgated and operational during the interregnum, are given extended time for discharging their liability on or before 31st March 2021. No adverse consequences shall presently follow, on account of the order to above noted extent having been set aside. We add that in the event of default to clear such dues within the extended time given by us, the Distribution licensee shall be entitled to take all such action as is permissible under the law, regulations and contracts of supply of electricity including levy of late payment surcharge, stoppage or disconnection etc.*



47. We, however, clarify that this result of the appeal instituted by one of the distribution licensees need not necessarily result in the rollback of benefit if accorded by other similarly placed distribution licensees operating in the State of Jharkhand. We leave the decisions in that regard to the discretion of the said other distribution licensees.

48. We also clarify that the impugned order except to the extent found vitiated and vacated by us will continue to inure and be available to all stakeholders including with regard to the claim of distribution licensees towards consequential additional burden to be given pass through in next fiscal.”

5.58 In view of the afore stated judgment of APTEL dated 28.01.2021, DVC did not charge any DPS or initiated any action for disconnection of supply to its industrial and commercial consumers of Jharkhand due to default in payment of the demand charges for the months of April 2020, May 2020 and June 2020 till the extended date allowed by APTEL i.e. 31.03.2021. However, in terms of para 7 of the order dated 21.09.2020 passed by Hon'ble JSERC, DVC has computed the additional interest burden for delayed payment of demand charge (made by some consumers for the months of April 2020, May 2020 and June 2020) based on actual payment received and date of actual receipt. Additional interest burden works out to be Rs. 65.05 Lakhs and the same has been claimed in the true-up for FY 2020-21.

### **Commission's Analysis**

5.59 The Commission observed that since the O&M cost and other expenses of the Petitioner are included in the cost of generation of power from its own stations, applying the aforementioned methodology as per the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015 is not possible. Hence, the Commission has approved Interest on Working Capital as adopted by the Commission for calculation of Interest on Working capital in its earlier Orders.

5.60 Further, based on the data submitted by the petitioner regarding Interest on additional Working Capital required due to deferred payment of Demand Charges by consumers during FY 2020-21 in terms of the Order in Suo-Moto Case No. 15/2020 and Judgment of APTEL in Appeal No. 170/2020, attached as Annexure-20 to the petition, the Commission has not approved the same as claimed by the petitioner. The Petitioner is directed to levy late payment

surcharge, stoppage or disconnection of supply in line with the direction of the Hon'ble APTEL in Appeal No. 170/2020 which is quoted below for immediate reference,

*"...We add that in the event of default to clear such dues within the extended time given by us, the Distribution licensee shall be entitled to take all such action as is permissible under the law, regulations and contracts of supply of electricity including levy of late payment surcharge, stoppage or disconnection etc".*

**TABLE 17: INTEREST ON WORKING CAPITAL SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Annotation	Petition	Approved
Revenue from sales in Jharkhand	A	4,097.97	3,652.89
Cost of power purchase allocated for Jharkhand in the ratio of sales	B	404.10	-
Two months receivable	C	683.00	-
One month power purchase cost	D	33.68	-
Security deposit held	E	107.82	-
Working Capital Requirement in Jharkhand Area (at 1% of Revenue from sale of power)	F	-	36.53
Working Capital (C-D-E)	G	541.50	36.53
Interest rate (%) (SBI Base Rate as on 01.04.2020 + 350 basis points)	H	11.65%	11.65%
<b>Interest on Working Capital</b>	<b>I</b>	<b>63.08</b>	<b>4.26</b>
<b>Interest on additional Working Capital required due to deferred payment of Demand Charges by consumers during FY 2020-21 in terms of the Order in Suo-Moto Case No. 15/2020 and Judgment of APTEL in Appeal No. 170/2020.</b>	<b>J</b>	<b>0.65</b>	<b>-</b>

### **Interest on Consumer Security Deposit**

#### **Petitioner's Submission**

5.61 The Petitioner submitted an amount of Rs. 6.35 Crore towards Interest on Consumer Security Deposit.

#### **Commission's Analysis**

5.62 Clause 6.28 of the Tariff Regulations, 2015, allows the Petitioner to recover the interest on security deposits through the ARR.

5.63 The petitioner has submitted a statement of reconciliation along with relevant account ledgers related to Interest on consumer security deposit in respect to consumers of Jharkhand for FY 2020-21 as Annexure-14 to Letter No. Comm./Tariff/ JSERC/ 1181.

5.64 The Commission has approved the Interest on Consumer Security Deposit as submitted by the Petitioner based on scrutiny of the submissions made by the



petitioner.

## Tariff Filing and Publication Expenses (JSERC)

### Petitioner's Submission

5.65 The Petitioner has submitted an amount of Rs. 2.12 Crore towards Tariff Filing and Publication Expenses in JSERC.

### Commission's Analysis

5.66 The Commission has approved the Tariff Filing and Publication Expenses in JSERC as submitted by the Petitioner in Annexure-10 of Letter No. Comm./Tariff/ JSERC/ 1181, submitted as additional information along with the Petition. The Commission accordingly approves the Tariff Filing and Publication Expenses (JSERC) as claimed by the Petitioner.

## Summary of Aggregate Revenue Requirement (ARR)

5.67 Based on the above, the Commission has approved ARR for FY 2020-21 against the ARR claimed by the Petitioner which is summarised as below:

**TABLE 18: ARR SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CRORE)**

Particulars	Petition		Approved	
	Energy Charges	Fixed Charges	Energy Charges	Fixed Charges
Cost of Own Generation	4,083.69	3,335.03	4,092.86	3,470.56
Power Purchase Cost (Including Transmission Charges & Excluding RE/REC Expense)	363.15	337.08	363.15	337.08
Tariff filling fees & publication expenses to CERC	-	4.59	-	4.59
Less: Non-Tariff Income (NTI)	90.38	-	1,355.48	-
Interest on Temporary Financial Accommodation	371.66	-	735.61	-
Legal Charge & Consultancy Fee	3.59	-	-	-
Environmental Protection and Other Cess	0.02	-	0.02	-
<b>Total</b>	<b>4,731.73</b>	<b>3,676.70</b>	<b>3,836.16</b>	<b>3,812.23</b>
Ratio of sales in Jharkhand part to total firm sale in entire DVC	46.57%	46.57%	46.57%	46.57%
<b>ARR before IWC, Interest on SD &amp; Tariff Filling Fees in the licensed area of Jharkhand</b>	<b>2,203.78</b>	<b>1,712.41</b>	<b>1,786.67</b>	<b>1,775.53</b>
Rebate on Sale of Power	31.62	-	-	-
Cost of Solar & Non Solar Power and REC Purchased to meet solar & non solar RPO in the state of Jharkhand	77.97	-	77.97	-
Interest on Working Capital	-	63.08	-	4.26
Interest on additional Working Capital required due to deferred payment of	-	0.65	-	-

Particulars	Petition		Approved	
	Energy Charges	Fixed Charges	Energy Charges	Fixed Charges
Demand Charges by consumers during FY 2020-21 in terms of the Order in Suo-Moto Case No. 15/2020 and Judgment of APTEL in Appeal No. 170/2020.				
Interest on security deposit	-	6.35	-	6.35
Tariff Filing Fees & Publication Expenses in JSERC	-	2.12	-	2.12
<b>Net ARR for Jharkhand</b>	2,313.37	1,784.61	1,864.64	1,788.25
<b>TOTAL ARR</b>	<b>4,097.97</b>		<b>3,652.89</b>	
Sale in Jharkhand (MU)	7,249.57		7,249.57	
<b>Average Cost of Supply (Rs./kWh)</b>	<b>5.65</b>		<b>5.04</b>	

### Revenue from Sale of Power in Jharkhand Area

#### Petitioner's Submission

5.68 The Petitioner has submitted that the revenue billed from sale of power in Jharkhand as Rs. 3,099.26 Crore for FY 2020-21.

#### Commission's Analysis

5.69 The Commission in this Order has allowed the net revenue billed to the Consumers of Jharkhand, including Rebates/surcharges, while approving the Gap/(Surplus), which were submitted by the petitioner in Form T2 of the Tariff Formats along with the Tariff petition.

### Revenue & (Surplus)/Gap and its Treatment

5.70 The Commission after scrutinizing the details submitted by the Petitioner, and based on the ARR approved earlier in this Order, approves the Revenue Gap/(Surplus) as summarised below.

**TABLE 19: REVENUE (SURPLUS)/GAP AS APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition	Approved
Aggregate Revenue Requirement	4,097.97	3,652.89
Revenue Billed	3,099.26	3,101.71
<b>Gap/(Surplus)</b>	<b>998.71</b>	<b>551.19</b>

5.71 The Commission observes that during the pendency of the Petition, the Petitioner has filed Petition for True-up of FY 2021-22, APR of FY 2022-23 and ARR & Tariff for FY 2023-24. The Commission is therefore of the view that it is prudent to adjust the consolidated Gap/Surplus while disposing the True-up of FY 2021-22, APR of FY 2022-23 and ARR & Tariff for FY 2023-24. The Commission therefore has not adjusted the gap for FY 2020-21 in this Order and shall be dealt in the Petition filed by the Petitioner for True-up of FY 2021-22, APR of FY 2022-23 and ARR & Tariff for FY 2023-24.





## **Chapter 6: Annual Performance Review (APR) for FY 2021-22 & Aggregate Revenue Requirement (ARR) for FY 2022-23**

- 6.1 The Commission in this Order has not carried out the APR for FY 2021-22 & ARR for FY 2022-23 as considerable time has lapsed and the Petitioner has already filed petition for True-up of FY 2021-22 based on the audited accounts, and the petition for Annual Performance Review for FY 2022-23 based on six-month actuals and six-month projection.
- 6.2 Since, the petitions for True-up of FY 2021-22 and Annual Performance Review for FY 2022-23 are under active consideration, therefore, the Commission does not find any merit in carrying out APR for FY 2021-22, and ARR & Tariff for FY 2022-23.





## Chapter 7: Directives

### *Timeliness and Data Adequacy in the Next Tariff Petition*

7.1 The Commission directs the Petitioner to file the next tariff Petition, after removing deficiencies highlighted in this Tariff Order. The Petitioner should ensure that the data submitted to the Commission is accurate and justified with adequate certification. The Commission also directs the licensee to ensure submission of the next tariff petition within the time frame as stipulated in the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2020.

### *Re-formatting of the Next Tariff Petition*

- 7.2 The Commission directs the Petitioner to file the next tariff Petition, in the format of the Tariff Order issued by the Commission, wherein each Head-wise claims of the Petitioner are clearly mentioned under distinct sub-headings followed by a table showing the same with respect to the last approved value for the consequent financial year, i.e., for ARR Petition of FY 2024-25, the claim must be shown along with the approved MYT value of FY 2024-25, for APR Petition of FY 2023-24, the claim must be shown along with the approved ARR value of FY 2023-24, and consequently for True-up Petition of FY 2022-23, the claim must be shown along with the approved APR value of FY 2022-23.
- 7.3 Further, the Petitioner is also directed to provide Auditor's Certificate for all claims made in the forthcoming True-up Petitions for which distinct heads of expenses are not available in the Audited Annual Accounts. These Certificates shall be attached as Annexures to the Main Petition and the Petitioner shall refer to these Annexures, wherever required, in order to substantiate its Head-wise claims.



This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on January 22, 2024.

Date: 22.01.2024

Place: Ranchi

Sd/-

**Atul Kumar**  
**MEMBER (Technical)**

Sd/-

**Mahendra Prasad**  
**MEMBER (Legal)**

Sd/-

**Justice Amitav Kumar Gupta**  
**CHAIRPERSON**



# ANNEXURE - I

## List of participating members in the Public Hearing

Sl. No	Name	Address/Organization
<b>Place: Koderma, Date: July 26, 2023</b>		
1.	Mr. Anup Sharma	Damodar Valley Corporation
2.	Mr. Vashwar Banerjee	Damodar Valley Corporation
3.	Mr. Debshankar Ghosh	Damodar Valley Corporation
4.	Mr. Satish Kumar	Damodar Valley Corporation
5.	Mr. Subrata Ghosal	Damodar Valley Corporation
6.	Mr. Vikash Kr. Singh	Damodar Valley Corporation
7.	Mr. Amar Shankar	Damodar Valley Corporation
8.	Mr. Piyush Bhojgarhia	Shivam Iron & Steel Co. Ltd.
9.	Mr. Priyanshu Singh	Ram Kirpal Singh
10.	Mr. Ashish Agarwal	Tulshyan Metals Pvt. Ltd.
11.	Mr. Vijay Bajaj	Jai Durga Iron Pvt. Ltd.
12.	Mr. Jimny Singh	Telaiya
13.	Mr. Kavi Yagnik	Sai Electrocasting Pvt. Ltd.
<b>Place: Giridih, Date: July 28, 2023</b>		
14.	Mr. Anup Sharma	Damodar Valley Corporation
15.	Mr. Vashwar Banerjee	Damodar Valley Corporation
16.	Mr. Satish Kumar	Damodar Valley Corporation
17.	Mr. Chandan Kumar	Damodar Valley Corporation
18.	Mr. Vikash Singh	Damodar Valley Corporation
19.	Mr. Debshankar Ghosh	Damodar Valley Corporation
20.	Mr. Subrata Ghosal	Damodar Valley Corporation
21.	Mr. Asim Nandy	Damodar Valley Corporation
22.	Mr. Amit Agarwal	Anjanay Ferro Alloys Ltd.
23.	Mr. Vikas Kharkia	Anjanay Ferro Alloys Ltd.
24.	Mr. Adarch Kharkia	Anjanay Ferro Alloys Ltd.
25.	Mr. Bibakananda Mujherjee	Giridih
26.	Mr. Radhakrishna Tripathy	JBVNL
27.	Mr. Bijoy Kr. Ghosh	JBVNL
28.	Ms. Gargi Srivastava	Advocate, Association of DVC HT Consumers
29.	Ms. Mitali Chauhan	Advocate, Association of DVC HT Consumers
30.	Mr. Pramod Agarwal	Association of DVC HT Consumers
31.	Mr. Brahmdeo Mishra	Sri Langtababa Steels Pvt. Ltd.
32.	Mr. A. N. Choudhary	TSUISL
33.	Mr. Arun Kumar	Giridih
34.	Mr. P. K. Garg	Radha Gopal Ispat Barhi
35.	Mr. Ram Kr. Garodia	Shresth Steel Energy LLP
36.	Mr. Rakesh Kr. Singh	Shree Bholey Alloys Pvt. Ltd.
37.	Mr. G. S. Mongia	Santpuria Alloys Pvt. Ltd.
38.	Mr. Harinder Mongia	Mongia Power Pvt. Ltd.
39.	Mr. Pratyush Kumar	JBVNL
40.	Mr. Rakesh Kumar	Damodar Valley Corporation
44.	Mr. Amarjeet Singh Saluja	Mahtodih, Tundi Road, Giridih
45.	Mr. Pradosh Kumar	Giridih
46.	Mr. B. K. Tiwary	Pawanpura Alloys
47.	Mr. Abhishek Agarwal	Mangalam Ispat
48.	Mr. Ankur Agarwal	K. S. Ispat



## ANNEXURE - II

TABLE 20: FIXED CHARGES APPROVED BY THE COMMISSION (RS. CR.)

Particulars	Normative Availability (NAPAF)	Actual Yearly Plant Availability Factor (PAFY)				Annual Fixed Charge (AFC) (Rs. Cr.)	Recoverable fixed charges as per CERC formula (Rs. Cr.)	Share of firm consumer	Recoverable Fixed charge from Firm Consumers (Rs. Cr.)
		High Demand Peak	High Demand Off-peak	Low Demand Peak	Low Demand Off-peak				
BTPS 'B'	75.00%	74.28%	74.28%	31.02%	31.00%	124.45	69.40	100.00%	69.40
DTPS U # 4	74.00%	100.91%	101.73%	53.87%	53.87%	84.35	67.13	100.00%	67.13
MTPS U#1 to 3	85.00%	99.95%	99.94%	98.35%	98.43%	381.29	381.29	100.00%	381.29
MTPS U#4	85.00%	98.55%	99.19%	80.20%	80.87%	137.98	132.79	100.00%	132.79
MHS	80.00%	80.00%				20.22	20.22	100.00%	20.22
PHS	80.00%	80.00%				18.74	18.74	100.00%	18.74
THS	80.00%	80.00%				5.47	5.47	100.00%	5.47
T&D System	98.50%	99.60%				477.32	482.66	100.00%	482.66
<b>Sub Total</b>						<b>1,249.81</b>	<b>1,177.70</b>		<b>1,177.70</b>
MTPS U#5 & 6	85.00%	100.14%	99.60%	92.71%	92.77%	431.43	431.43	72.47%	312.66
MTPS U# 7 & 8	85.00%	84.21%	84.02%	94.26%	94.27%	1,070.03	1,067.07	15.81%	168.71
CTPS U # 7 & 8	85.00%	102.00%	101.72%	86.64%	86.51%	566.45	566.45	0.42%	2.36
DSTPS U # 1 & 2	85.00%	99.26%	99.43%	90.87%	91.13%	1,114.26	1,114.26	71.45%	796.14
KTPS U # 1 & 2	85.00%	100.91%	100.88%	97.85%	97.84%	1,177.27	1,177.27	1.58%	18.57
BTPS 'A'	85.00%	98.61%	98.07%	88.27%	87.79%	754.49	754.49	55.61%	419.55
RTPS U # 1 & 2	85.00%	97.61%	97.41%	89.61%	89.44%	1,432.97	1,432.97	40.12%	574.86
<b>Sub Total</b>						<b>6,546.90</b>	<b>6,543.94</b>		<b>2,292.86</b>
<b>GRAND TOTAL</b>						<b>7,796.72</b>	<b>7,721.64</b>		<b>3,470.56</b>



**Damodar Valley Corporation (DVC) True-up for FY 2020-21**

**TABLE 21: SOURCE-WISE POWER PURCHASE COST SUBMITTED BY PETITIONER AND APPROVED BY THE COMMISSION (RS. CR.)**

Particulars	Petition						Approved					
	Quantum (MU)	Fixed Charges	Energy Charges	Other Charges	Rebate passed on to end consumers as one-time consolidated rebate received from different CSGS in Fixed Charges due to COVID-19 pandemic (Rs. Cr.)	Total Cost	Quantum (MU)	Fixed Charges	Energy Charges	Other Charges	Rebate passed on to end consumers as one-time consolidated rebate received from different CSGS in Fixed Charges due to COVID-19 pandemic (Rs. Cr.)	Total Cost
<b>NHPC</b>												
Rangit	27.47	6.14	5.36	0.35	0.37	11.47	27.47	6.14	5.36	0.35	0.37	11.47
Teesta	231.78	29.16	27.55	4.30	1.58	59.43	231.78	29.16	27.55	4.30	1.58	59.43
<b>NTPC</b>												
FSTPS I&II			0.06			0.06		-	0.06	-	-	0.06
FSTPS III			5.08			5.08		-	5.08	-	-	5.08
TSTPS I	5.76	0.77	1.20	0.04	-	2.01	5.76	0.77	1.20	0.04	-	2.01
KBUNL	39.85	17.64	10.56	1.03	0.62	28.62		17.64	10.56	1.03	0.62	28.62
<b>Solar</b>												
NTPCL-Solar	29.23	-	27.51	-	-	27.51	29.23	-	27.51	-	-	27.51
NTPC-VVNL (Solar)	26.76	-	29.75	-	-	29.75	26.76	-	29.75	-	-	29.75
NVVNL		-	4.10	-	-	4.10		-	4.10	-	-	4.10
<b>PTC</b>												
Chukha	210.83	-	51.60	-	-	51.60	210.83	-	51.60	-	-	51.60
Kurichu	45.84	-	10.13	-	-	10.13	45.84	-	10.13	-	-	10.13
Tala	184.26	-	40.58	-	-	40.58	184.26	-	40.58	-	-	40.58
MPL	439.79	158.98	111.00	(8.42)	-	261.56	439.79	158.98	111.00	(8.42)	-	261.56
IEX/PXIL	49.14	-	19.38	-	-	19.38	49.14	-	19.38	-	-	19.38
GTAM (Solar)	47.05	-	19.14	-	-	19.14	47.05	-	19.14	-	-	19.14
GTAM (Non-solar)	60.36	-	26.13	-	-	26.13	60.36	-	26.13	-	-	26.13
UI	105.09	-	80.64	-	-	80.64	105.09	-	80.64	-	-	80.64
<b>Total</b>	<b>1,503.22</b>	<b>212.69</b>	<b>469.78</b>	<b>(2.71)</b>	<b>2.56</b>	<b>677.19</b>	<b>1,463.36</b>	<b>212.69</b>	<b>469.78</b>	<b>(2.71)</b>	<b>2.56</b>	<b>677.19</b>