Jharkhand State Electricity Regulatory Commission

Order
on
True up for FY 2015-16
and
Annual Performance Review of FY 2016-17
and
Determination of Annual Revenue requirement (ARR)
and
Tariff for FY 2017-18
for
Jamshedpur Utilities & Services Company Limited (JUSCO)

Ranchi

June, 2018

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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
CERC	Central Electricity Regulatory Commission
CGRF	Consumer Grievance Redressal Forum
CWIP	Capital Work in Progress
DPS	Delayed Payment Surcharge
DS	Domestic Service
DS HT	Domestic Service High Tension
DSM	Demand Side Management
DVC	Damodar Valley Corporation
FAS	Financial Accounting System
FOR	Forum of Regulators
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
HT	High Tension
IDC	Interest During Construction
JSERC	Jharkhand State Electricity Regulatory Commission
JUSCO	Jamshedpur Utilities and Services Company Limited
LT	Low Tension
kV	Kilovolt
kVA	Kilovolt-ampere
kW	Kilowatt
kWh	Kilowatt-hour
MMC	Monthly Minimum Charges
MU	Million Units
NTI	Non Tariff Income
O&M	Operations and Maintenance
PLF	Plant Load Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity
SAP	System, Application and Production
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLM	Straight Line Method

Abbreviation	Description
TOD	Time of Day
TSL	Tata Steel Limited

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Before

Jharkhand State Electricity Regulatory Commission, Ranchi

Case No.: 08 of 2017

In the matter of:

Petition for True up for FY 2015-16;

And

Annual Performance Review for FY 2016-17;

And

Determination of Annual Revenue Requirement & Tariff for FY 2017-18

In the matter:

Jamshedpur Utilities & Services Company Limited, Sakchi Boulevard Road, Northern Town, Bistupur, Jamshedpur - 831 001 ……. ………Petitioner

PRESENT

Hon'ble Dr. Arbind Prasad - Chairperson

Hon'ble Mr R. N Singh - Member (Engg.)

Order dated 07 June, 2018

In this Petition, Jamshedpur Utilities & Services Company Limited (hereinafter referred to as JUSCO) has prayed for Order of True up for FY 2015-16, Annual Performance Review of FY 2016-17 and Determination of ARR & Tariff for FY 2017-18.

A1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission (JSERC)

1.1 The Jharkhand State Electricity Regulatory Commission (herein after referred to as "JSERC" or "the Commission") was established by the Government of Jharkhand under Section 17 of the Electricity Regulatory Commission Act, 1998 on August 22, 2002. The Commission became operational w.e.f. April 24, 2003. The Electricity Act, 2003 (hereinafter referred to as "the Act" or "EA, 2003") came into force w.e.f. June 10, 2003; and the Commission is now deemed to have been constituted and functioning under the provisions of the Act.

1.2 The Government of Jharkhand vide its notification dated August 22, 2002 defined the functions of JSERC as per Section 22 of the Electricity Regulatory Commission Act, 1998 to be the following, namely:-

(a) to determine the tariff for electricity, wholesale, bulk, grid or retail, as the case may be, in the manner provided in Section 29;

(b) to determine the tariff payable for the use of the transmission facilities in the manner provided in Section 29;

(c) to regulate power purchase and procurement process of the transmission utilities and distribution utilities including the price at which the power shall be procured from the generating companies, generating stations or from other sources for transmission, sale, distribution and supply in the State;

(d) to promote competition, efficiency and economy in the activities of the electricity industry to achieve the objects and purposes of this Act.

1.3 With the Electricity Act, 2003 being brought into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of JSERC are now defined as per Section 86 of the Act.

1.4 In accordance with the Act, the JSERC discharges the following functions: -

(a) determine the tariff for generation, supply, transmission and wheeling of electricity, wholesale, bulk or retail, as the case may be, within the State;

Provided that where open access has been permitted to a category of consumers under Section 42, the State Commission shall determine only the wheeling charges and surcharge thereon, if any, for the said category of consumers;

(b) regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;

(c) facilitate intra-state transmission and wheeling of electricity;

(d) issue licences to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;

(e) promote 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 as brought out by GoI in compliance to Section 3 of the Act. The objectives of the 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.

Jamshedpur Utilities and Services Company Limited (JUSCO)

1.8 Jamshedpur Utilities and Services Company Limited (hereinafter referred to as 'JUSCO' or the 'Petitioner') is a company incorporated, in August 2003, under the provisions of the Companies Act, 1956 and is a wholly owned subsidiary of Tata Steel Limited (TSL). JUSCO has been incorporated primarily to cater to the infrastructure and power distribution services in the city of Jamshedpur. In addition to Power services, the company's services encompasses of water and waste management; public health & horticulture services; and planning, engineering & construction.

1.9 The Petitioner is the second Distribution Licensee operating in the Saraikela- Kharsawan district, the first being the Jharkhand Bijli Vitaran Nigam Limited (JBVNL). This is the first district in India where two utilities have been allowed to build parallel networks for distribution of power. JUSCO has a separate Power Business Division (PBD), which is engaged in distribution of electricity in Jamshedpur town as a power distribution franchisee of Tata Steel Limited (Licensee of Jamshedpur).

1.10 The Electricity Act, 2003 opened up power distribution to the private sector and permitted more than one power distributor in a revenue region, vide proviso 6 of Section 14 of the said Act which states:

"Provided also that the Appropriate Commission may grant a licence to two or more persons for distribution of electricity through their own distribution system within the same area, subject to the conditions that the applicant for grant of licence within the same area shall, without prejudice to the other conditions or requirements under this Act, comply with the additional requirements [relating to the capital adequacy, credit-worthiness, or code of conduct] as may be prescribed by the Central Government, and no such applicant, who complies with all the requirements for grant of licence, shall be refused grant of licence on the ground that there already exists a licensee in the same area for the same purpose."

1.11 In line with the above provision and in reference to the Commission's communication to the Petitioner with regard to filing a Petition for distribution license for one or more revenue districts (letter no. JSERC/06/2004-05/64), the Petitioner applied for a Second Distribution License vide application no. PBD/176/69/06 dated May 5, 2006 for the revenue district of Saraikela-Kharsawan. The Saraikela-Kharsawan district is contiguous to the Petitioner's service area of Jamshedpur.

1.12 The Commission granted a Power Distribution License (No. 3 of 2006-07) to the Petitioner on December 1, 2006 for the aforementioned revenue district.

1.13 Consequently, the Petitioner began its power distribution services in revenue district of Saraikela –Kharsawan in September 2007 as a second distribution licensee.

Scope of the Present Order

1.14 In accordance with the provisions of the JSERC (Multi Year Distribution Tariff) Regulation, 2010, (hereinafter referred to as 'Distribution Tariff Regulations, 2010'), the Petitioner filed the Petition for approval of True-up of the ARR for FY 2015-16 on August 28, 2017.

1.15 Further, in accordance with the provisions of the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulation, 2015, (hereinafter referred to as 'Distribution Tariff Regulations, 2015'), JUSCO filed the Annual Performance Review for FY 2016-17 and Tariff determination for FY 2017-18 for its licensed area on August 28, 2017.

1.16 The Petitioner in the above-mentioned Petitions filed before the Commission has prayed for:

(a) Approval of the True up of ARR for FY 2015-16;
(b) Approval of the revised estimates of ARR for FY 2016-17;
(c) Approval of Annual Revenue Requirement and Tariff for FY 2017-18;
(d) Pass suitable orders to recover the cumulative revenue gap till FY 2017-18 along with carrying cost.

1.17 While processing the above petition, the Commission has taken into consideration the following:

(a) Provisions of the Electricity Act, 2003,
(b) Provisions of the National Electricity Policy,
(c) Provisions of the National Tariff Policy;
(d) Principles laid down in the JSERC (Multi Year Distribution Tariff) Regulation, 2010;
(e) Principles laid down in the JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.

1.18 Accordingly, the Commission has scrutinized the Petitions in detail and hereby issues the Order for True Up for FY 2015-16, Annual Performance Review for FY 2016-17 and determination of ARR and Tariff for FY 2017-18 for the licensed business of JUSCO.

A2: PROCEDURAL HISTORY

Background

2.1 The Petitioner commenced its power distribution operations in the Saraikela-Kharsawan district - the licensed area of the Petitioner from September 2007 onwards and filed its first ARR & Tariff Petition with the Commission for FY 2007-08 in June 2007.

2.2 The Commission issued an order dated October 16, 2007 on the ARR & tariff petition of JUSCO, stating that:

"Since two distribution licensees JUSCO and JSEB are operating in the same area (i.e. Saraikela-Kharsawan), for immediate operation of the distribution licensee JUSCO, we approve the maximum ceiling of the retail tariff as approved for the JSEB in terms of the proviso of Section 62(1)(d) of the Electricity Act, 2003. Within the aforesaid maximum ceiling of tariff the licensee JUSCO shall propose its own tariff for approval of the Commission within 15 days from the receipt of the order. The tariff shall be reviewed after four months, on receipt of required relevant details/information with reference to our regulations and its profit/loss will be taken into count in the next tariff period."

2.3 Subsequently, as per the order issued by the Commission vide order no. JSERC/Legal/08/2007-08/469 dated November 1 2007, the Petitioner was directed to apply the erstwhile JSEB tariff in full as its provisional tariff, till further Orders. Accordingly, the Petitioner started charging the same tariff as that of erstwhile JSEB in its licensed area.

2.4 The Petitioner filed a tariff petition in April 2009 for approval of the Annual Revenue Requirement for FY 2007-08, FY 2008-09 and FY 2009-10 and determination of tariff for FY 2009-10. Subsequently, the Commission issued the Tariff Order on 20th January, 2010 but decided not to make any revision in the tariff schedule as the effective time period remaining for the tariff year was less and the implementation of revised tariff schedule would have resulted in a tariff shock to consumers.

2.5 The Petitioner filed next tariff petition in May, 2010 for approval of Annual Revenue Requirement for FY 2007-08, FY 2008-09, FY 2009-10, FY 2010-11 and determination of distribution tariff for FY 2010-11. The Commission issued the Tariff Order on August 24, 2010.

2.6 On 10 January, 2011, the Petitioner filed tariff petition for approval of Annual Revenue Requirement for FY 2009-10, FY 2010-11 and determination of distribution tariff for FY 2011-12. The Commission issued the Tariff Order on August 27, 2011.

2.7 On 10 November 2011, the Petitioner filed tariff petition for approval of true-up for FY 2010-11, revised estimates for FY 2011-12 and determination of ARR and retail supply tariff for FY 2012-13. The Commission issued the Tariff Order on 15th June 2012.

2.8 Petitioner filed the petition for finalisation of Business Plan for the MYT Control Period FY 2013-14 to FY 2015-16 for the licensee area of Seraikela Kharsawan on 1st August 2012 and vide its Letter No. PBD/582/59/12 dated 31st October 2012, requested the Commission to grant time extension for filing of MYT Petition for the Control Period FY 2013-14 to FY 2015-16 till 10th November 2012. The Commission in its reply to the Petitioner vide letter no. JSERC/Legal/08 of 2012/679 dated 07th November 2012 granted the time extension for filing of the said petition till 10th November 2012.

2.9 Subsequently, the Petitioner filed the petition on 10 November, 2012 for approval of true-up of ARR for FY 2011-12, revised estimate of ARR for FY 2012-13, Multi Year ARR for the first Control Period from FY 2013-14 to FY 2015-16 and determination of retail supply tariff for FY 2013-14 for the Licensed area- district of Saraikela - Kharsawan. The Commission issued the Multi Year Tariff Order on 4th June, 2014. The Petitioner filed review petition against the MYT Order dated 4th June, 2014 for relief under the provisions of Section 94 (1) (f) of the Electricity Act 2003 and Regulation 36 (1) of the Jharkhand State Electricity Regulatory Commission (Conduct of Business) Regulations, 2011 on 3 July 2014. The Commission decided the matter under the review Petition in its Order dated 26th September 2014, which will now be considered as part of the MYT Order for JUSCO dated 4th June, 2014.

2.10 The Petitioner filed the petition for the approval of True-up of ARR for FY 2013-14, Annual Performance Review of FY 2014-15 and Revised Annual Revenue Requirement and Tariff Proposal for FY 2015-16 on 1st November 2014. The Commission issued the Tariff Order on May 31, 2015.

2.11 Subsequently, the Petitioner filed the petition for approval of True up of ARR for FY 2014-15, Annual Performance Review of FY 2015-16 on December 2, 2015.

2.12 The Petitioner filed the Business Plan Petition for MYT Control Period FY 2016-17 to FY 2020-21 on May 3, 2016, followed by Multi Year Tariff Petition for Control Period from FY 2016-17 till FY 2020-21 and Tariff determination for FY 2016-17 for its licensed area on October 6, 2016. The Commission issued the order on February 28, 2017.

2.13 The Petitioner has now filed the Petition for True up of ARR for FY 2015-16, Annual Performance Review of FY 2016-17 and determination of ARR and Tariff for FY 2017-18 for its licensed area on August 28, 2017.

Information Gaps in the Petition

2.14 During the course of scrutiny of the Petitions, several deficiencies were observed which were communicated to the Petitioner vide letter no. JSERC/Case(T) No. 08 of 2017/455 dt. 04.10.2017 & Letter No. JSERC/Case(T) No. 08 of 2017/664 dt. 17.01.2018.

2.15 The Petitioner submitted its response to the aforesaid letters vide letter no. PBD/832/59-J/2017 dated 20.10.2017, PBD/101/59-J/2017 dated 12.02.2018.

Inviting Public Response

2.16 After scrutinizing the Petitions and the additional information/ data furnished by the Petitioner, the Commission, in order to afford proper opportunity of hearing the representation of all stakeholders and general public, directed the Petitioner to issue public notice for inviting comments/suggestions from public and to make copies of the ARR and tariff Petitions available to the general public.

2.17 The public notice was subsequently issued by the Petitioner in various newspapers, as detailed hereunder:

Table 1: List of newspapers and dates on which the public notice appeared

Newspaper	Date
Dainik Jagran	February 23 & 24, 2018
Chamkta Aaina	February 23 & 24, 2018
New Ispat Mail	February 23 & 24, 2018
Khabar Mantra	February 23 & 24, 2018
Hindustan	February 23 & 24, 2018
Udit Bani	February 23 & 24, 2018
The Avenue Mail	February 23 & 24, 2018
Hindustan Times	February 23 & 24, 2018

2.18 A period of 21 (twenty-one) days was provided for submitting the comments/suggestions. The Commission subsequently issued advertisement on its website www.jserc.org and in various newspapers for conducting the public hearing on Petitions filed by the Petitioner. The newspapers wherein the advertisement for public hearing was issued by the Commission are detailed in the following table.

Table 2: List of newspapers and dates on which the public notice by JSERC appeared

Newspaper (Jamshedpur Edition)	Date
Hindustan	March 24, 2018
Dainik Jagran	March 24, 2018
The Times of India	March 24, 2018
Prabhat Khabar	March 25, 2018
Dainik Bhaskar	March 25, 2018
Pioneer	March 25, 2018

2.15 The public hearing was held on April 4, 2018 at Adityapur. Many persons drawn from different walks of life participated in hearing and gave their comments and suggestions on the Petition filed by the Petitioner. The comments/suggestions of the public as well as the Petitioner's response and comments thereto are detailed hereafter in the section on the public consultation process in this Order.

A3: SUMMARY OF ARR & TARIFF PETITIONS

Overview

3.1 Saraikela-Kharsawan - the licensed area of the Petitioner is the first district in the country where two distribution licensees have been allowed to build parallel networks for distribution of power. The Petitioner is the second distribution licensee in the area, JBVNL being the first.

3.2 The Petitioner in the present petition has requested for:

(a) Truing up of costs and revenue for FY 2015-16 on basis of audited annual accounts for FY 2015-16;
(b) Annual Performance Review of ARR for FY 2016-17 based on revised estimates;
(c) Approval of Annual Revenue requirement and Tariff for FY 2017-18.

True Up for FY 2015-16

3.3 The Petitioner has requested for True Up for FY 2015-16 based on the actual performance on various operational and financial related parameters. The True up of ARR, as proposed by the Petitioner for FY 2015-16, is summarised in the following table:

Table 3: True up of ARR of FY 2015-16 as submitted by the Petitioner (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submission Now
Power Purchase Cost	162.26	209.8	205.54
O&M Expenses	11.61	9.72	12.33
Depreciation	6.19	5.86	6.54
Interest & Finance Charges	10.7	10.15	9.88
Return on Equity	4.83	4.56	5.79
Less: Non-Tariff Income	1.3	1.3	0.3
Net ARR for Control Period	**194.29**	**238.79**	**239.79**
Revenue from Sale of Power @ Existing Tariff	180.01	245.72	244.1
Add: sharing of Gains			1.67
Revenue Gap / (Surplus) for the year	**14.28**	**-6.93**	**-2.64**
Add: Past Gap / (Surplus)	8.61	**20.63**	**23.6**
Total Revenue Gap / (Surplus)	**22.89**	**13.7**	**20.96**
Average Cost of Supply	**4.99**	**5.12**	**5.15**

Annual Performance Review (APR) of FY 2016-17

3.4 The Petitioner, in the APR Petition, requested for the Review of FY 2016-17 based on the actual performance during first half (April 2016 to September 2016) of FY 2016-17 and projections for remaining period i.e. October 2016 to March 2017. The estimates for FY 2016-17 are summarised in the following table:

Table 4: Annual Performance Review of FY 2016-17 as submitted by the Petitioner (Rs Cr)

Particulars	Approved in MYT Order	Submission Now
Power Purchase Cost	225.21	213.32
O&M Expenses	12.76	14.72
Depreciation	6.32	6.19
Interest & Finance Charges	9.64	10.39
Return on Equity	5.13	6.84
Less: Non-Tariff Income	0.12	0.31136
Net ARR for Control Period	**258.93**	**251.15**
Revenue from Sale of Power @ Existing Tariff	264.75	260.32
Revenue Gap / (Surplus) for the year	**(5.82)**	**(9.16)**
Add: Past Gap / (Surplus)	16.74	18.14
Total Revenue Gap / (Surplus)	**10.92**	**8.97**

Annual Revenue Requirement (ARR) for FY 2017-18

3.5 The estimates of the ARR proposed by the Petitioner for FY 2017-18 are summarised in the following table:

Table 5: ARR for FY 2017-18 as submitted by the Petitioner (Rs Cr)

Particulars	Approved in MYT	Submitted Now
Power Purchase Cost	228.64	228.11
Operation & Maintenance Expenses	13.32	16.20
Depreciation	6.52	6.52
Net Interest & Finance Charges	9.21	9.21
Total Costs	**257.68**	**260.04**
Add: Reasonable Return	5.26	5.26
Less: Non-tariff Income	0.12	0.12
Aggregate Revenue Requirement	**262.83**	**265.18**
Add: Sharing of Gains	**-**	
Aggregate Revenue Requirement		**265.18**
Revenue @ Existing Tariff		273.80
Revenue claimed through FPPPA		6.36
Revenue @ Existing Tariff including FPPPA	**244.49**	**280.16**
Revenue Gap/ (Surplus) for the year	**18.34**	**(14.98)**
Add: Past recoveries and Other Gaps		8.97
Total Revenue Gap / (Surplus) including past periods		**(6.00)**

Particulars	Approved in MYT	Submitted Now
Energy Sales	508.73	508.73
Average Cost of Supply	**5.17**	**5.21**

Tariff Proposal for FY 2017-18

3.6 JUSCO has proposed an average tariff hike of around 5% in order to liquidate the cumulative revenue gap till FY 2017-18. The consumer category-wise tariff proposal by JUSCO for FY 2017-18 has been summarized in following table.

Table 6: Summary of Proposed Tariff

Sr. No.	Category of Consumer	Existing JUSCO		Proposed JUSCO	
		Fixed Charge	Energy Charge	Fixed Charge	Energy Charge
DS I	**Domestic Supply I**				
	Kutir Jyothi				
	0 - 50 units	0.00	1.10	0.00	1.14
	51 - 100 units	0.00	1.10	0.00	1.14
	Metered				
	0 - 200 units	0.00	1.10	0.00	1.14
	201 and above units	0.00	1.10	0.00	1.14
DS II	**Domestic Supply II**				
	Less than or equal to 4KW				
	0-200 units	40.00	1.65	46.00	1.72
	201 units and above	55.00	2.05	63.00	2.13
DS III	**Greater than 4 KW**	65.00	2.10	75.00	2.42
DS HT	**Domestic Supply HT**	50.00	1.70	58.00	1.96
NDS I	**Non Domestic Supply I**				
	Metered (Less than or equal to 2KW)				
	0-100 units	0.00	1.40	0.00	1.46
	101 units and above	0.00	1.40	0.00	1.46
NDS II	**Non Domestic Supply II**	125.00	4.25	144.00	4.42
NDS III	**Non Domestic Supply III**	125.00	4.25	144.00	4.42
LTIS	**Low Tension Industrial Supply**				
	Installaton Based	80.00	4.05	92.00	4.21
	Demand Based	170.00	4.05	196.00	4.21
IAS I	***Irrigation & Agricultural Service I***	0.00	0.00		
	Metered	0.00	0.50	0.00	2.26
IAS II	***Irrigation & Agricultural Service II***	0.00	0.00		
	Metered				2.26
HTS	***HighTension Voltage Supply Service***	0.00	0.00		
	11 KV / 33 kV	195.00	5.15	224.00	5.36
HTSS	***HighTension Special Service***				
	11 KV / 33 kV	365.00	3.30	420.00	3.43
SS	***Street Light***	25.00	3.90	29.00	4.06
	Rural Electric Cooperatives & Small Housing Groups	0.00	0.70	0.00	1.21
MES	**Military Services**	160.00	3.40	184.00	3.54

A4: PUBLIC CONSULTATION PROCESS

4.1 The tariff petition evoked response from several consumers. A public hearing was held on April 4, 2018 at Adityapur to ensure maximum public participation wherein the Petitioner presented a summary of the Petition filed by it to the Commission as well as to the public.

4.2 The members of the public put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached in **Annexure I**. The Commission also received written suggestions/ comments by the public on the tariff petition filed by the Petitioner.

4.3 During the course of public hearing, the Commission allowed persons/ representatives of entities, who had not submitted prior written representations but attended the public hearing, to express their views regarding the Petitions filed by the Petitioner for True-Up for FY 2015-16, Annual Performance Review of FY 2016-17 and Determination of ARR and Tariff proposal for FY 2017-18.

4.4 The issues raised in the written submissions, by the participants in the hearing and the reply of the Petitioner have been summarised herein below.

Tariff Hike proposed for FY 2017-18

Public Comments/Suggestions

4.5 The Objector submitted that in the tariff proposal of JUSCO for FY 2017-18, the thrust is to increase the fixed charges of all categories substantially. The Petitioner should explain the reason for proposing steep increase of fixed charges in almost all categories of consumers.

4.6 The Objectors pointed out that there is huge and regular tariff increase in HTSS category. They are facing issue in running their business and keeping it competitive.

4.7 The objectors also opposed hike in Irrigation and Agricultural category.

Petitioner's Response

4.8 The Petitioner submitted that revenue from fixed charges should ideally be approximately 30%, based on the cost structure of the licensee. However, at current tariffs, revenue from fixed charges is low, which needs to be increased. In view of the same, Petitioner has proposed an optimal amount of increase in fixed charges.

4.9 The proposed charges are also in line with the existing power tariff of other licensees in the state. In categories where fixed charges were not there or were very low, the same has been proposed to be increased to keep it in line with the tariff principles.

4.10 The Petitioner submitted that there are few agricultural consumers in its distribution area and the tariff set is still very low and is being highly subsidised by tariff of other categories.

Views of the Commission

4.11 The Commission has dealt with these issues in Tariff Schedule of this Order.

A5: TRUE UP FOR FY 2015-16

5.1 The Commission, in its MYT Order for FY 2013-14 to FY 2015-16, determined the ARR for each year of the 1st MYT Control period i.e. FY 2013-14 to FY 2015-16 based on the principles specified in the Distribution Tariff Regulations, 2010 and the information provided by the Petitioner.

5.2 The Commission, later, undertook the Annual Performance Review exercise for FY 2015-16 in its Tariff Order dated February 28, 2017 for True up of FY 2014-15, Annual Performance Review of FY 2015-16 and Business Plan & ARR for Multi Year Tariff Period from FY 2016-17 to FY 2020-21 and Tariff for FY 2016-17.

5.3 The Petitioner has now sought approval from the Commission for True Up of variations in the ARR for FY 2015-16 based on audited annual accounts.

5.4 The Commission has undertaken the exercise for truing up of controllable and uncontrollable components of ARR in line with Regulations 5.30 to 5.32 of the Distribution Tariff Regulations, 2010, as reproduced below.

"5.30 The variation on account of uncontrollable elements shall be treated as a pass through to be ultimately charged to the consumers, subject to validation and approval by the Commission;

5.31 The Commission shall also permit pass-through of variations in controllable items on account of Force Majeure events such as acts of god, war, change in law etc, in the ARR for the ensuing year, based on the submission of actual values by the Licensee and subsequent validation and approval by the Commission;

5.32 The variation, from targets specified by the Commission, on account of controllable elements shall be subject to incentive-penalty framework, as detailed in the subsequent section".

5.5 For the purpose of clarity, the following table summarises the controllable and uncontrollable elements of the ARR, as defined in the Regulation 5.29 of the above-mentioned regulation.

Table 7: Controllable & Uncontrollable ARR Elements

ARR Element	"Controllable"/"Uncontrollable"
Sales	Uncontrollable
Power Purchase Cost (excluding short term power)	Uncontrollable
Transmission & Load Dispatch charges;	Uncontrollable
O&M Expenses (excluding terminal liabilities of employees)	Controllable
Terminal liabilities of employees	Uncontrollable

ARR Element	"Controllable"/"Uncontrollable"
Interest and Financial Charges (including interest on loans, interest on working capital, interest on consumer security deposit, lease charges)	Controllable
Return on Equity	Controllable
Depreciation	Controllable
Taxes on Income	Uncontrollable
Foreign Exchange Rate variation	Uncontrollable
Non-Tariff income	Uncontrollable
Income from Other Businesses	Uncontrollable
Distribution Loss and Collection Efficiency	Controllable
Quality of Supply	Controllable
Capital Expenditure	Controllable

5.6 Accordingly, the Commission has passed through variation on account of uncontrollable parameters, after scrutiny with due diligence and verification and analysed the variation on account of controllable parameters which are subject to incentive/penalty framework subject to prudence check and verification.

5.7 In addition to above, while undertaking the truing up for FY 2015-16, the Commission is also guided by the Regulation 11.3, 11.4 and 11.5 of the Distribution Tariff Regulations, 2010, as reproduced below.

"11.3 These Regulations do not provide for any truing up for controllable items during the Control Period. Depreciation and return on capital shall be trued up only at the end of the Control Period. Truing up of other controllable items would be done only on account of Force Majeure events;

11.4 Variations on account of uncontrollable items like energy sales and power purchase cost shall be trued up with the Annual Performance Review. Truing-up shall be carried out for each year based on the actual/audited information and subject to the prudence check by the Commission;

11.5 Provided that if such variations are large, and it is not feasible to recover in one year alone, the Commission may take a view to create a regulatory asset, as per the guidelines provided in clause 8.2.2 of the National Tariff Policy;

Provided further that any adverse financial impact for variation in uncontrollable items due to lapse on part of the Licensee or its suppliers/contractors shall not be allowed in truing up;

The Commission, to ensure tariff stability, may include the trued-up costs in the subsequent Control Period's ARR instead of including in the year succeeding the relevant year of the Control Period"

5.10 The Commission shall review the actual capital investment at the end of each year of the Control Period. In the normal course, the Commission shall not revisit the approved capital investment plan during the Control Period and adjustment to depreciation and return on equity for the actual capital investment vis-à-vis approved capital investment shall be done at the end of the Control Period;"

5.8 Accordingly, the Commission has analysed the submission of the Petitioner with respect to the truing up of ARR for FY 2015-16, and has undertaken the true up exercise of various components based on the principles specified in the Distribution Tariff Regulations, 2010.

5.9 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Balance

Petitioner's submission

5.10 The Petitioner has submitted energy sales for FY 2015-16 as 465.75 MUs in line with the Commission's approval in the last tariff order dated February 28, 2017.

5.11 The actual distribution losses achieved by Petitioner for FY 2015-16 were 1.18% against the approved level of 2.5% in Tariff Order dated February 28, 2017.

5.12 Based on above, the Petitioner submitted the actual energy available for FY 2015-16 as 471.30 MU.

Commission's analysis

5.13 The Commission scrutinised the figures submitted by the Petitioner and finds them to be in line with audited annual accounts for FY 2015-16. Accordingly, the Commission has approved the energy sales for FY 2015-16 as 465.75 MU based on audited accounts.

5.14 During FY 2015-16, the Petitioner has procured power from Damodar Valley Corporation (DVC) and Tata Steel Limited (TSL) for meeting energy requirements in its licensed area. The Commission has validated the data from actual power purchase bills for power procured from various sources. Accordingly, the Commission has approved 96.11 MU procured from DVC 33 KV, 35.65 MU from DVC 132 KV and 339.55 MU from TSL for FY 2015-16.

5.15 Based on the approved energy sales and power purchase quantum, the Commission estimated the actual distribution loss achieved as 1.18% and same has been approved for FY 2015-16.

5.16 The following table details the energy sales, distribution losses and power purchase quantum as approved by Commission in the revised ARR order dated May 31, 2015, approved by the Commission in the previous Tariff Order dated February 28, 2017, actuals submitted by the Petitioner and approved now by the Commission for FY 2015-16:

Table 8: Energy Balance approved by Commission for FY 2015-16

Particulars	Approved in MYT Order	Approved in APR Order	Submitted by the Petitioner	Approved Now
A. Energy Requirement				
Total Energy Sales	378.78	465.75	465.75	465.75
Overall distribution loss (%)	2.50%	2.50%	1.18%	1.18%
Overall distribution loss (MUs)	9.71	11.95	5.55	5.56
Total Energy Requirement	**388.49**	**477.95**	**471.30**	**471.31**
B. Energy Availability				
DVC				
132 kV	106.89	40.00	35.65	35.65
33kV	108.50	100.00	96.11	96.11
From Tata Steel Ltd.	173.10	337.95	339.55	339.55
RPO Purchases	-	-	-	-
Total Energy Availability	**388.49**	**477.95**	**471.31**	**471.31**

Power Purchase Cost

Petitioner's submission

5.17 As mentioned above, the Petitioner has sourced power from Tata Steel Limited (TSL) and Damodar Valley Corporation (DVC) during FY 2015-16.

5.18 The Petitioner purchased 339.55 MUs from TSL at cost of Rs. 141.42 Cr and 131.76 MU from DVC at cost of Rs. 64.12 Cr during FY 2015-16.

5.19 The Petitioner has further submitted that, in case of power procurement from TSL is claimed based on the average power purchase cost of TSL for FY 2015-16, as Rs. 4.16/unit (i.e Rs.4.16 per unit) for 339.55 MUs amounting to Rs. 141.42 Cr.

5.20 The audited account has been made based on monthly power purchase cost entries and few debit bill entries made during FY 2015-16 (as per approvals under Tariff Order dated 31st May 2015).

5.21 Other than above, the Petitioner also submitted that it is not required to meet the RPO on its purchase from DVC and TSL as both the licensees have already complied with the RPO obligations on units sold by them to JUSCO.

5.22 Based on above, the Petitioner has claimed a total of Rs. 205.54 Cr towards the true-up of power purchase cost of FY 2015-16.

Commission's analysis

5.23 In case of power purchase from DVC, the Commission approves Rs. 64.12 Cr as power purchase cost based on audited accounts for FY 2015-16 and verification from month-wise power purchase bills from DVC.

5.24 In case of power purchase from TSL, the Commission has approved the power purchase rate at Rs. 4.16 per unit based on the average power purchase cost from all sources for TSL, for FY 2015-16, as approved by the Commission in the Order on True up for FY 2015-16 and APR for FY 2016-17 dated May 18, 2018. Accordingly, the Commission has approved the power purchase cost from TSL to be Rs. 141.42 Cr. for FY 2015-16.

5.25 The Petitioner submitted it has not considered any RPO as same has already been complied by DVC and TSL on units sold by them to JUSCO. The Commission has accepted the claim submitted by the Petitioner, which is also in line with the previous filing and subsequent Order of JUSCO dated February 28, 2017 issued by the Hon'ble Commission.

5.26 The following table summarises the power purchase cost as approved by the Commission in the Revised ARR order dated May 31, 2015, APR order dated February 28, 2017 and the power purchase cost submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16.

Table 9: Power Purchase Cost approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
DVC	91.13			
132 kV		18.97	16.91	16.91
33 kV		49.12	47.21	47.21
From Tata Steel Ltd.	71.13	141.71	141.42	141.42
Total power purchase cost	**162.26**	**209.80**	**205.54**	**205.54**
Power purchase quantum (MU)	388.49	477.95	471.30	471.30
Average power purchase rate (Rs/kWh)	**4.18**	**4.39**	**4.36**	**4.36**

Operation and Maintenance expenses

Petitioner's submission

5.27 For FY 2015-16, the Petitioner submitted the O&M expenses as per the audited accounts at Rs 12.33 Cr which includes Rs. 6.28 Cr. of Employee cost, Rs. 3.48 Cr of R&M cost and Rs. 2.57 Cr. of A&G Cost.

Commission's analysis

5.28 In line with the Regulations 5.29 to 5.32 of the Distribution Tariff Regulations, 2010, the O&M expense (excluding terminal liabilities of employees) is a controllable element of the ARR and any variation from targets on account of controllable elements is subject to incentive-penalty framework. Regulation 5.36 of the Distribution Tariff Regulations, 2010, further states that in case of aggregate loss, the licensee shall bear the entire loss.

5.29 The Commission had approved Rs. 9.72 Crore as O&M costs for FY 2015-16 in Tariff Order dated February 28, 2017. The actual O&M cost incurred by Petitioner during FY 2015-16 is Rs. 12.33 Crore as provided in the audited accounts for the year. As can be seen, the Petitioner has incurred higher costs than target. The entire aggregate loss on account of underperformance in case of controllable costs has to be borne by the licensee in line with the Distribution Tariff Regulations, 2010.

5.30 Accordingly, the Commission has approved the actual O&M costs incurred during FY 2015-16 at Rs. 12.33 Crore and also adjusted the share of licensee of the aggregate gain/loss on account of controllable parameters in the section on Sharing of aggregate gains/losses on account of controllable parameters in Para 5.76 of this Tariff Order.

5.31 The following table summarises the O&M expenses as approved by the Commission in the revised ARR order dated May 31, 2015, the O&M expenses approved by the Commission in Tariff Order dated February 28, 2017, the actual O&M expenses submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16:

Table 10: O&M Costs as approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
Employee cost	6.69	6.29	6.28	6.28
A&G cost	3.48	2.04	2.57	2.57
R&M cost	1.44	1.39	3.48	3.48
Total O&M Cost	**11.61**	**9.72**	**12.33**	**12.33**

Revision of Target Employee Cost of Control period FY 2013-14 to FY2015-16

Petitioner's submission

5.32 The Petitioner has submitted that while calculating the normative O&M expense for control period FY 2013-14 to FY 2015-16, the Commission did not include additional employee cost due to increase in load growth/ network base. The Petitioner has submitted that Commission in its MYT order dated February 28, 2017 has stated that:

8.22 " Further , 6.6(b) of Distribution Tariff regulations,2015 provides for determination of G(n) factor to compute the increase in employee expenses due to increase in consumer base/ load growth. Accordingly, the Commission has computed the total employee cost per connected load for FY 2011-12 based on audited data and inflated it by weighted average inflation factor of each year to arrive total employee cost per connected load for FY 2015-16. There on the weighted average inflation factor for FY 2015-16 has been used to determine the total employee cost per connected load for each year of the control period. The total employee cost for each year of the control period has been multiplied by the increase in the connected load of each year to determine the increase in employee cost, because of increase in load growth / network base."

5.33 The Petitioner, on the principal adopted above, has calculated revised employee cost based on this normative employee cost computation for FY 2013-14 to FY 2015-16 as summarised below:

Table 11: New Normative cost from FY 2013-14 to FY 2015-16

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Revised Normative Employee Cost	8.90	9.79	11.44
Total O&M Cost (New)	13.14	14.86	14.87

5.34 The Petitioner has also submitted that since this revised O&M cost is within the prescribed targets for FY 2013-14 to FY 2015-16 thus no penalty on O&M cost should be imposed and past penalty charged should be returned to the petitioner.

5.35 The Petitioner has thus claimed the following incentive on O&M cost reduction for FY 2013-14 to FY 2015-16:

Table 12: Calculation of Incentive on O&M Cost for FY 14 to FY 16

Particulars	FY 2013-14	FY 2014-15	FY 2015-16
Total Normative / Target O&M Cost	13.14	14.86	14.87
Total Actual / Audited O&M Cost	10.18	11.23	12.33
Saving in Total O&M Cost	2.96	3.63	2.54
Share of Consumer - 40%	1.18	1.45	1.02
Share of JUSCO - 60%	1.78	2.18	1.52
Add- Penalty of FY14 and FY 15	0.12	0.47	0
Amount to be included in ARR	**1.90**	**2.65**	**1.52**
Total amount to be included in ARR			**6.07**

Commission's Analysis

5.36 The Commission observes that the Petitioner in its submission of ARR for MYT period 2013-14 to FY 2015-16 in the order dated June 4, 2014 had submitted that it has increased base employee cost with inflation factor to project cost for MYT period. Relevant extract of the order is given below:

"Petitioner's Submission

7.28 The Petitioner has projected O&M expenses based on the methodology approved by the Commission in previous Tariff Order. In case of employee costs and A&G costs, the Petitioner has increased the base costs on the basis of inflation factor per annum to project costs for MYT period. While in case of R&M costs, the ratio of actual R&M costs to opening GFA based on audited accounts has been considered for projecting R&M costs for MYT period."

5.37 The Commission observes that the Petitioner had not submitted proposal for additional cost specifically due to increase in load growth/ Network base but had projected employee cost considering inflation factor only. The Commission had projected the O&M cost based on the petitioner submission and its prudence check.

5.38 Moreover, the Commission had issued its Tariff Order for FY 2013-14 to FY 2015-16 in June 2014 and since the Petitioner had not filed any review petition against the Order of the Commission (with respect to the above mentioned contention of the Petitioner) within the timelines stipulated in the relevant Regulations, the said Order has achieve finality. Accordingly, the Commission does not find any merit in the submission of the Petitioner to review the O&M targets for the already expired MYT Control period.

CWIP & Gross Fixed Asset

Petitioner's submission

5.39 The Petitioner submitted the Capital Work in Progress (CWIP) as Rs 6.36 Cr for FY 2015-16 against Rs 14.00 Cr approved by the Commission in the Tariff Order dated February 28, 2017 and Gross Fixed Assets (GFA) addition as Rs 33.77 Cr as derived from the audited annual accounts for FY 2015-16.

Commission's analysis

5.40 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that capital expenditure is a controllable element of the ARR and any truing up under this head shall be carried out at end of the Control Period. However, Note 1 under Regulation 6.16 of the above-mentioned regulations provides for re-look at the capitalisation on account of deferment in actual capitalisation falling within the original scope of work and same can be serviced in the normative debt –equity ratio specified in the said Regulations.

5.41 On scrutiny of the information submitted by the Petitioner, the Commission observed that the difference between the actual expenditure and approved forecasts for FY 2015-16 were on account of slow progress in 3 projects namely a) 33/11KV substation at Saraikela b) Distribution network for Saraikela block and rural areas c) Distribution network for rural areas adjoining Gamarhia due to Right of Way isssues.

5.42 In light of above, the Commission scrutinised the audited information provided by the Petitioner for actual additions to GFA, CWIP & capital expenditure during FY 2015-16.

5.43 The Commission has approved the GFA, CWIP and capital expenditure incurred during the year as per the audited accounts for FY 2015-16 based on the provisions specified in the above mentioned Regulations and the information submitted by the Petitioner.

5.44 The following table summarises the CWIP & GFA as approved by the Commission in the Revised ARR order dated February 28, 2017, the CWIP & GFA submitted by the Petitioner in the present Petition and now approved by the Commission for FY 2015-16:

Table 13: CWIP and GFA approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
I. Capital works in progress (CWIP)				
Opening CWIP	32.94	29.92	29.92	29.92
Capex during the FY	14.00	14.00	6.36	6.36
Sub-total	**46.94**	**43.92**	**36.28**	**36.28**
Less: transferred to GFA	*27.77*	*27.77*	*33.77*	*33.77*
Closing CWIP	**19.17**	**16.15**	**2.52**	**2.52**
II. Gross fixed assets (GFA)				
Opening GFA	136.99	131.35	131.35	131.35
Transferred from CWIP	27.77	27.77	33.77	33.77
Closing GFA	**164.76**	**159.12**	**165.12**	**165.12**

Depreciation

Petitioner's submission

5.45 The Petitioner submitted that it has computed the depreciation costs based on Straight Line Method as prescribed in the Distribution Tariff Regulations, 2010 and as per the rates provided in Appendix-I to the above-mentioned regulations. Further, the depreciation cost proportionate to the extent of fixed assets funded through Consumer Contribution, has been deducted from the total depreciation in order to arrive at the net depreciation to be charged in the ARR.

5.46 Accordingly, the Petitioner has computed the gross depreciation for FY 2015-16 to be Rs. 9.22 Cr and after deducting the depreciation proportionate to the fixed assets funded through consumer contribution i.e. Rs. 2.68 Cr, the net depreciation works out to Rs. 6.54 Cr.

Commission's analysis

5.47 As per the Regulation 11.3 of the Distribution Tariff Regulations, 2010, the depreciation and return on capital shall be Trued-Up only at the end of the Control Period. However, as summarised in Para 5.40 and 5.41, the Commission has considered the impact of phasing of capital expenditure and has revised the depreciation to that extent. This approach of the Commission is in line with the approach adopted by the Commission in the previous Tariff Order dated February 28, 2017.

5.48 The following table summarises the depreciation as approved by the Commission in the Revised ARR order dated May 31, 2015, depreciation as approved by the Commission in the Tariff Order dated February 28, 2017, the depreciation submitted by the Petitioner in the present petition and now approved by the Commission for FY 2015-16.

Table 14: Depreciation for FY 2015-16 approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
Gross Depreciation	8.83	8.50	9.22	9.22
Less: Depreciation on account of assets added through consumer contribution	*2.64*	*2.64*	*2.68*	*2.68*
Net Depreciation	**6.19**	**5.86**	**6.54**	**6.54**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

5.49 The Petitioner submitted that in the absence of actual loan, the normative loan has been calculated considering capital investment norm in the regulatory regime in which debt equity-ratio has been kept at 70:30.

5.50 Therefore, deemed addition to the normative loan has been considered at 70% of the total CWIP capitalised during the financial year net of consumer contribution being transferred to capital reserve and reduced by the accumulated depreciation on own assets. The deemed repayment has been considered equivalent to the net depreciation cost for the said year.

5.51 The Petitioner states that normative interest rate has been taken at 14.75 % as per Distribution Regulations, 2010. The normative interest is calculated on the average balance of the loan during FY 2015-16 which amounts to Rs. 37.52 Cr. Accordingly, the interest on loan has been computed by the Petitioner as Rs 5.53 Cr for FY 2015-16.

Commission's analysis

5.52 In accordance with the Distribution Tariff Regulations, 2010, the Commission has computed the normative loan for the year equal to 70% of the closing GFA. The GFA has been considered net of consumer contribution on the basis of the audited accounts for the year.

5.53 Further, in accordance with the above-said Regulations, the interest on normative loan has been calculated on the average normative loan as outstanding during the year at the interest rate of 14.75%, which corresponds to SBI PLR as on April 1, 2015.

5.54 The following table summarises the interest and other finance charges as approved by the Commission in the Revised ARR order dated May 31, 2015, the interest and other finance charges as approved by the Commission in the tariff order dated February 28, 2017, the interest and other finance charges as submitted by the Petitioner in the present Petition and now approved by the Commission for FY 2015-16:

Table 15: Interest and Other Finance Charges approved by the Commission for FY 2015-16 (Rs. Cr)

Particulars	Approved in MYT Tariff Order	Approved in APR	Submitted by the Petitioner	Approved Now
Opening Loan	35.40	31.50	31.50	31.50
Normative addition to the loan	16.30	16.29	18.58	18.58
Normative repayment	6.19	5.86	6.54	6.54
Closing loan	45.51	41.93	43.54	43.54
Average loan	**40.46**	**36.72**	**37.52**	**37.52**
Rate of Interest (%)	14.75%	14.75%	14.75%	14.75%
Interest on loans	**5.97**	**5.42**	**5.53**	**5.53**

Interest on Security Deposits

Petitioner's submission

5.55 The Petitioner has submitted the average security deposit amount as on year-end of FY 2015-16 as Rs. 53.77 Cr and the corresponding interest on security deposit claimed by the Petitioner is Rs. 4.35 Cr for FY 2015-16.

Commission's analysis

5.56 Regulation 5.28 read with Regulation 11.3 of the Distribution Tariff Regulations, 2010 specifies that interest on security deposits is controllable and adjustment shall be done only at end of Control Period.

5.57 However, the Commission in its Tariff Order dated February 28, 2017, had approved revised estimates for interest on security deposits for FY 2015-16 taking into account the impact of revised closing balance of security deposits for FY 2014-15 as per Commission's Order dated May 31, 2015. Accordingly, the Commission has not undertaken True-Up of interest on security deposits as per above mentioned regulations and has approved the interest on security deposits as per the approved revised estimates for FY 2015-16 as per Commission's Order dated February 28, 2017.

5.58 The following table summarizes the net interest and finance charges as approved by the Commission in the Tariff Order dated May 31, 2015, the interest and finance charges as approved by the Commission in the tariff order dated February 28, 2017, actual now submitted by the Petitioner and approved now by the Commission for FY 2015-16:

Table 16: Total Interest and finance charges approved by the Commission for FY 2015-16 (Rs. Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
Interest on Normative Loan	**5.97**	**5.42**	**5.53**	**5.53**
Interest on Security Deposit	4.74	4.74	4.35	4.35
Total Interest and Finance Charges	**10.70**	**10.15**	**9.88**	**9.88**

Return on Equity (RoE)

Petitioner's submission

5.59 The Petitioner submitted that the deemed addition to the normative equity has been taken at 30% of the total GFA during the financial year net of consumer. Accordingly, the RoE computed by the Petitioner for FY 2015-16 is Rs 4.63 Cr.

Commission's analysis

5.60 In accordance with the 'Distribution Tariff Regulations, 2010', the Commission has considered the equity base to be equal to 30% of gross fixed assets net of consumer contribution. The Commission has allowed a rate of return of 15.5% (post tax) on equity for FY 2015-16, which is as specified in the Clause 6.21 of the above mentioned regulations.

5.61 The following table summarises the return on equity as approved by the Commission in the Revised ARR order dated May 31, 2015, the return on equity as approved by the Commission in the tariff order dated February 28, 2017 the return on equity submitted by the Petitioner in the present petition and now approved by the Commission for the truing up for FY 2015-16.

Table 17: Return on Equity approved by the Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner for True-Up	Approved Now
Opening Normative Equity	27.65	25.92	25.92	25.92
Deemed Additions during the year	6.99	6.98	7.96	7.96
Closing Normative Equity	34.63	32.90	33.88	33.88
Normative Average Equity Base	**31.14**	**29.41**	**29.90**	**29.90**
Rate of ROE (%)	*15.50%*	*15.50%*	*15.50%*	*15.50%*
Return on Equity (Rs Cr)	**4.83**	**4.56**	**4.63**	**4.63**

Income Tax on Return on Equity

Petitioner's submission

5.62 The Petitioner has computed ROE including tax by grossing up the ROE for FY 2015-16 by the income tax rate of 20.01%. Accordingly, the Return on equity as submitted by the Petitioner is Rs 5.79 Cr.

Commission's Analysis

5.63 According to Regulation 5.46 of Distribution Regulations, 2010, the Distribution licensee is allowed a tax on income, if any, on the allowed return of equity and the consumer's share in the incentive earned by licensee.

5.64 Accordingly, the Commission has allowed a tax on ROE at an income tax rate of 20.01%

Table 18: ROE including Income Tax approved by the Commission for FY 2015-16 (Rs Cr.)

Particulars	Approved in MYT Tariff Order	Approved in APR	Submitted by the Petitioner for True-Up	Approved Now
Return on Equity	**4.83**	**4.56**	**4.63**	**4.63**
Tax Rate	-	-	20.01%	20.01%
Income Tax on ROE	-	-	1.16	1.16
ROE including Income Tax on ROE	-	-	**5.79**	**5.79**

Non-Tariff income

Petitioner's submission

5.65 The Petitioner submitted that Non-Tariff Income includes Meter Rent, Delayed Payment Surcharge and Miscellaneous Charges among others. The amount of Non-Tariff Income as submitted by the Petitioner as per the audited annual accounts for FY 2015-16 is Rs. 0.30 Cr.

Commission's Analysis

5.66 The non-tariff income includes meter rent, equipment charges, hire charges from electrical installations and Miscellaneous charges.

5.67 As per Regulation 5.28 of the Distribution Tariff Regulations, 2010, non-tariff income is an uncontrollable element of the ARR. Regulation 5.30 of the said Regulations specifies that variation on account of uncontrollable items shall be treated as a pass through, to be ultimately charged to the consumers, subject to validation and approval of the Commission. Further Regulation 11.4 also provides for truing up for each year of variation on account of uncontrollable items based on actual/ audited information, subject to prudence check by the Commission.

5.68 In the audited accounts for FY 2015-16, the revenue from sale of power and other non-tariff income has been provided as Rs 244.40 Crore which includes revenue from sale of power of Rs. 244.38 Crore and other non-tariff income of Rs. 0.02 Crore. The Petitioner submitted that the amount of Rs 0.02 Cr is primarily miscellaneous charges from consumers, and the other components of Non-Tariff Income, i.e. Delay Payment Surcharge and Meter Rent is included in Tariff Income (viz. revenue from sale of power of Rs 244.38 Cr) in the audited accounts of FY 2015-16.

5.69 The Commission agrees with the submission of the Petitioner and has accordingly re-classified the other components of non-tariff income. Accordingly, the Commission has now approved the Non-Tariff Income at Rs 0.30 Cr for FY 2015-16.

Revenue from sale of power

Petitioner's submission

5.70 The Petitioner has submitted revenue from sale of power for FY 2015-16 as Rs. 244.10 Cr as against Rs 245.72 Cr approved by the Commission in its Tariff Order dated February 28, 2017 which is not matching with the schedule and statements submitted as part of audited annual accounts for FY 2015-16 due to difference in formats.

Commission's Analysis

5.71 As stated above, the revenue from sale of power submitted by the Petitioner does not match the Revenue from operations from audited accounts of FY 2015-16 because of difference in formats. However, as True-Up is based on the audited data, the Commission approves the revenue from sale of power in line with the audited annual accounts for FY 2015-16 i.e. Rs. 244.10 Crore (i.e. Rs 244.38 Cr- Rs 0.28 Cr which has been re-classified as non-tariff income).

Sharing of aggregate gains/losses on account of controllable parameters

Petitioner's submission

5.72 The Petitioner submitted that its actual distribution loss of 1.18% is below the target of 2.50% set by the Hon'ble Commission. The Petitioner has further submitted that it is able to attain distribution losses at such a low level because of deployment of extra ordinary resources and efforts. To encourage such extra ordinary efforts, the Petitioner requested the Commission to allow sharing of gains for controlling losses as per the prevailing JSERC Tariff Regulations, 2010.

5.73 The Petitioner has considered a sharing of 40% of total savings with the consumers and 60% to be added in its revenue requirement. Accordingly, the Petitioner has claimed Rs. 1.67 Crore as its entitlement on account of savings in distribution loss for FY 2015-16.

Commission's Analysis

5.74 Appellate Tribunal of Electricity in its judgement dated February 19, 2016 in Appeal No 203 of 2014, in the matter of loss levels of the Tata Steel Limited, directed that the loss level considered by the Commission for determination of incentive/ penalty should be the normative one and not the actual one and should be strictly in accordance with the relevant provisions of Distribution Regulations, 2010. The relevant provisions of the judgement is reproduced below:

"18 The State Commission has fixed different percentage of loss level in their Regulations for different licensees considering their respective peculiarities. It is observed that the loss level of Jharkhand State Electricity Board has been fixed at a much higher level considering its specific position since it is catering to domestic & rural areas and the fact that the distribution licensees are not comparable. The loss level fixed in the above regulations is normative. There is no provision in the Regulations providing for adjustment of loss level from normative to the actual one. In the circumstances, the State Commission was required to follow its applicable Regulations and not to have adjusted the normative loss to actual loss. The concern expressed by the State Commission on the Appellant not extending the supply of electricity in various areas including domestic and rural for which the distribution license has been given and that the Appellant maintains the better consumer mix need to be addressed separately in an independent proceeding and the State Commission is at its liberty to act appropriately in accordance with the law. However, the same cannot be a ground for not allowing the benefit of incentive to the Appellant on achieving lower loss level as compared to that of normative as per the applicable Regulations."

"20 In view of the above, loss level to be considered should be the normative one and not actual and should be strictly in accordance with the relevant provisions contained in the Tariff Regulations, 2010 as notified by the State Commission"

5.75 Thus, in view of above and on similar principle, the Commission allows the sharing of gains on account of lower T&D loss of 1.18% achieved by JUSCO against the target of 2.5% for FY 2015-16. Regulation 5.34 of Distribution Tariff Regulations, 2010, specifies that the aggregate gain is to be shared in the ratio of 60:40 between the licensee and consumers; while the aggregate loss is to be borne by the Licensee.

5.76 Other than above, the Commission has determined the aggregate loss, on account of higher O&M cost incurred by the Petitioner vis-à-vis targets, which has to be borne by the Petitioner, in line with provisions of the Distribution Tariff Regulations, 2010. The Petitioner has incurred an actual O&M expense of Rs 12.33 Cr as against the revised O&M expenses of Rs 9.72 Cr approved in the Tariff Order dated May 31, 2015. Accordingly, the Commission has reduced the claim for ARR by Rs. 2.61 Cr (i.e. Rs. 12.33 Cr- Rs 9.72 Cr) on account of aggregate loss which is to be borne by the Petitioner.

Table 19: Gains/Losses of JUSCO for FY 2015-16

Particulars	Units	Submitted by the Petitioner	Approved Now
Energy Sales	MU	465.75	465.75
Loss Target Set by Commission	%	2.50%	2.50%
Energy Required at normative basis	MU	477.69	477.69
Actual achieved Distribution Loss	%	1.18%	1.18%
Actual energy purchased	MU	471.31	471.31
Power Purchase Cost Claimed	Rs Cr	205.54	205.54

Particulars	Units	Submitted by the Petitioner	Approved Now
Average Power Purchase Cost	Rs /Kwh	4.36	4.36
Energy Saved/ Reduction in Power Purchase	MU	6.38	6.38
Savings in Power Cost	Rs Cr	2.78	2.78
Shared with Consumers (40%)	Rs Cr	1.11	1.11
Entitlement of JUSCO	**Rs Cr**	**1.67**	**1.67**
Penalty on O&M expenses	**Rs Cr**	**-**	**-2.61**
Total Gains/ Losses	**Rs Cr**	**1.67**	**-0.94**

Summary of ARR for FY 2015-16

5.77 The following table contains the summary of the ARR as approved by the Commission in the Revised ARR Order dated May 31, 2015, APR as approved by the Commission in the Tariff Order dated February 28,2017, ARR submitted by the Petitioner in the present petition and now approved by the Commission for the truing up for FY 2015-16:

Table 20: Summary of Annual Revenue Requirement approved by Commission for FY 2015-16 (Rs Cr)

Particulars	Approved in MYT Order	Approved in APR	Submitted by the Petitioner	Approved Now
Power Purchase Cost	162.26	209.80	205.54	205.54
O&M Expenses	11.61	9.72	12.33	12.33
Depreciation	6.19	5.86	6.54	6.54
Interest & Finance Charges	10.7	10.15	9.88	9.88
Return on Equity (including tax on ROE)	4.83	4.56	5.79	5.80
Less: Non-Tariff Income	1.3	1.30	0.30	0.30
Net ARR for Control Period	**194.29**	**238.78**	**239.79**	**239.79**
Revenue from Sale of Power @ Existing Tariff		**245.72**	**244.10**	**244.10**
Add: sharing of Gains/ Losses		-	1.67	-0.94
Revenue Gap / (Surplus) for the year		**-6.93**	**-2.64**	**-4.86**

Sharing of Gains on Distribution loss for FY 2011-12 to FY 2013-14

Petitioner's Analysis

5.78 The Petitioner has submitted incentive for distribution loss reduction for FY 2011-12, FY 2012-13 and FY 2013-14 as follows:

Table 21: Sharing of gains on account of T&D loss as submitted by the Petitioner for FY 12 to FY 14

Particulars	Units	FY 2011-12	FY 2012-13	FY 2013-14
Total Energy sale	MU	250.32	248.89	299.65
Approved Energy losses	%	2.50%	2.50%	2.50%

Particulars	Units	FY 2011-12	FY 2012-13	FY 2013-14
Energy required at approved levels	MU	256.58	255.11	307.14
Actual Energy losses	%	1.11%	0.80%	0.98%
Actual Energy purchase	MUs	253.10	250.88	302.59
Energy saved/reduction in power purchase	MUs	3.48	4.23	4.55
Approved average power purchase cost	Rs./Unit	3.25	3.58	4.23
Total saving in power purchase cost	Rs. Crs	1.13	1.51	1.92
Entitlement of JUSCO	**Rs. Crs**	**0.68**	**0.91**	**1.15**

Commission's Analysis

5.79 The Commission in its previous tariff order dated February 28, 2017 had disallowed the sharing of gains on account of lower distribution losses achieved during FY 2011-12 to FY 2013-14 since the Petitioner had submitted its proposal for the same after the public hearings. Relevant extract of the order is given below:

"9.5 Further, the Commission has disallowed the sharing of gains on account of lower distribution losses achieved during FY 2011-12 to FY 2013-14 since the Petitioner had submitted its proposal for the same after the public hearings had been conducted for the Petition for True-up of FY 2014-15, APR of FY 2015-16, Business Plan and MYT Petition for the MYT Control Period FY 2016-17 to FY 2020-21. It is pertinent to note that any material change in the Petition and any new proposal of the Petitioner, not mentioned in the original Petition, ought to be brought to the notice of the stakeholders prior to the public hearings, in order to maintain transparency in the entire Regulatory process for tariff determination. Hence, the Commission rejects the proposal of the Petitioner to allow sharing of gains on account of lower distribution loss during FY 2011-12 to FY 2013-14 and directs the Petitioner to submit, in future, all its proposals prior to the stakeholder consultation process."

5.80 Thus, in view of above and on similar principle above, the Commission now allows the sharing of gains on account of lower T&D loss achieved by JUSCO against the target set by the Commission.

5.81 The Commission would like to provide the relevant provisions of the Distribution Tariff Regulations, 2010 below:

"Controllable and Uncontrollable elements of ARR

5.28 For the purpose of MYT Framework contained in these Regulations, the elements of ARR shall be identified as 'controllable' and 'uncontrollable';

5.32 The variation, from targets specified by the Commission, on account of controllable elements shall be subject to incentive-penalty framework, as detailed in the subsequent section

Incentive and Penalty Framework

5.33 Various elements of the ARR of the Licensees' will be subject to incentive and penalty framework as per the terms specified in this section. The overall aim shall be to incentivise better performance and penalise poor performance, compared to the norms/benchmarks specified by the Commission;

Multi Year Tariff Framework for the Control Period (FY 2013-14, FY 2014-15 and FY 2015-16)

4.6 Each licensee shall file MYT Application and other documents with the Commission as per timelines specified in Section 12 of these Regulations;

The application shall include statements containing Aggregate Revenue Requirement (ARR) for the Previous Year, Base Year and projections for the Control Period. Information for the Previous Year should be based on audited accounts;

4.7 The guiding principles for MYT framework are described in Section 5 of these Regulations;"

5.82 The provisions of the Distribution Tariff Regulations, 2010 states that the incentive penalty framework is applicable to variation from targets specified by the Commission on account of controllable parameters. Further, provision 5.28 of the Regulation states that the elements of the ARR shall be treated 'controllable' and 'uncontrollable' for the purpose of MYT Framework. **Provision 4.6 of the Regulation clearly defines the MYT Framework for the Control Period (FY 2013-14, FY 2014-15 and FY 2015-16) and not for the transition period (FY 2011-12 and FY 2012-13).**

5.83 **Hence, the Distribution Tariff Regulations, 2010 clearly defines that incentive penalty framework is only applicable to the Control Period and not for the Transition Period.** Therefore, , the Commission approves the incentives on achievement of lower Distribution losses than the normative as per Distribution Tariff Regulations, 2010 for the year FY 2013-14 only. The incentives on reduction in distribution losses is as under:

Table 22: Sharing of gains on account of T&D loss as approved by the Commission for FY 2013-14

Particulars	Units	FY 2013-14
Total Energy sale	MU	299.65
Approved Energy losses	%	2.50%
Energy required at approved levels	MU	307.14
Actual Energy losses	%	0.98%
Actual Energy purchase	MUs	302.59
Energy saved/reduction in power purchase	MUs	4.55
Approved average power purchase cost	Rs./Unit	4.23
Total saving in power purchase cost	Rs. Crs	1.92

Particulars	Units	FY 2013-14
Entitlement of JUSCO	Rs. Crs	1.15

A6: ANNUAL PERFORMANCE REVIEW FOR FY 2016-17

6.1 The Petitioner, in the APR Petition, requested for the Review of FY 2016-17 based on the actual performance during first half (April 2016 to September 2016) of FY 2016-17 and projections for remaining period i.e. October 2016 to March 2017.

6.2 Regulation 9.1, 9.2 , 9.3 and 9.4 of the Distribution Tariff Regulations, 2015, specify the principles for review of performance if the licensee during the control period:

"9.1 To ensure smooth implementation of the Multi Year Tariff (MYT) Framework, the Commission may undertake periodic reviews of Licensees' performance during the Control Period, to address any practical issues, concerns or unexpected outcomes that may arise;

9.2 The Licensee shall submit the Annual Performance Review report as part of annual review on actual performance as per the timelines specified in the Section 11 of these Regulations to assess the performance vis-à-vis the targets approved by the Commission at the beginning of the Control Period. This shall include annual statements of its performance and accounts including audited/authenticated accounts and the tariff worked out in accordance with these Regulations;

9.3 The Licensee shall also submit the True up of Aggregate Revenue Requirement and corresponding tariff adjustments as per the timelines specified in the Section 11 of these Regulations. The revised estimates shall be required to true-up the costs on account of uncontrollable variations, profit sharing mechanism for exceeding the targets, and implementation of performance framework for quality of supply targets;

9.4 The Commission may also specify any modifications to the forecast of the Licensee for the remainder of the Control Period, with detailed reasons for the same"

6.3 Accordingly based on the principles specified in the aforesaid Regulations and the information made available by the Petitioner, the Commission has analysed all the components of revenue and expenditure for FY 2016-17 and has undertaken the annual performance review exercise of various components after a prudence check.

6.4 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.

Energy Balance

Petitioner's submission

6.5 The Petitioner has submitted revised estimates of energy sales for FY 2016-17 as 481.48 MUs against 496.67 MU's approved by the Commission in the last tariff order dated February 28, 2017.

6.6 The Petitioner has submitted energy available from all sources at 487.53 MUs. Accordingly, the distribution loss for FY 2016-17 has been submitted at 1.24%.

Commission's analysis

6.7 The Commission has approved the energy sales for FY 2016-17 based on the revised data submitted by the Petitioner for FY 2016-17. Accordingly, energy sales approved now by the Commission are 487.53 MUs for FY 2016-17, subject to True-up based on audited accounts.

6.8 During FY 2016-17, the Petitioner has procured power from TSL and DVC for meeting its energy requirement in its licensed area. Accordingly, the Commission has approved energy available from all sources during FY 2016-17 at 487.53 MU as submitted by the Petitioner, subject to True-up based on audited accounts.

6.9 Based on approved energy sales and energy availability, the distribution losses for FY 2016-17 are approved at 1.24% as submitted by the petitioner, subject to True-up based on audited accounts.

6.10 The following table details the energy sales, distribution losses and power purchase approved by Commission in the MYT Order dated February 28, 2017, submitted by the Petitioner and now approved by the Commission for FY 2016-17.

Table 23: Energy Balance (MUs) approved by the Commission for FY 2016-17

Particulars	Approved in MYT Order	Petitioner's Submission	Approved Now
A. Energy Requirement			
Total Energy Sales	496.67	481.48	481.48
Overall distribution loss (%)	2.00%	1.24%	1.24%
Overall distribution loss (MUs)	10.14	6.06	6.06
Total Energy Requirement	**506.81**	**487.53**	**487.53**
B. Energy Availability			
DVC at 33 kV	78.86	97.34	97.34
DVC at 132 kV	90.00	110.91	110.91
From Tata Steel Ltd.	337.95	279.29	279.29
RPO *(target in MU)*	-	-	-
Total Energy Availability	**506.81**	**487.53**	**487.53**

Power Purchase Cost

Petitioner's submission

6.11 As stated above, the Petitioner is procuring power from TSL and DVC (33 KV and 132 KV) for meeting consumption in its licensed area for FY 2016-17.

6.12 The Petitioner has considered power procurement from TSL at Rs 4.14 per unit and submitted the cost of power purchase at Rs 115.63 Cr.

6.13 In case of power purchase from DVC 33 KV, the Petitioner has submitted the cost of power purchase for FY 2016-17 as Rs. 47.76 Cr at an average rate of Rs. 4.91 per unit. Further, for DVC 132 KV, the Petitioner has projected the cost of power purchase for FY 2016-17 as Rs. 49.93 Cr at an average rate of Rs 4.50 per unit.

6.14 Other than above, the Petitioner submitted that since it is purchasing power from DVC and TSL, who are already complying with renewable power obligations, it is neither contemplating to procure power from renewable sources nor procuring any renewable energy certificates in FY 2016-17.

6.15 Based on above, the petitioner has submitted the total power purchase cost for FY 2016-17 is Rs. 213.31 Cr in comparison to Rs. 225.21 Cr earlier approved by the Commission in the Tariff Order dated February 28, 2017.

Commission's analysis

6.16 The Petitioner has submitted the copies of the power purchase bills of FY 2016-17. This included the power purchase from TSL and DVC (33 KV and 132 KV). Accordingly, the Commission has estimated the cost of power purchase based on actual power purchase bills for FY 2016-17.

6.17 In case of power purchase from DVC 33KV and 132 KV, the Commission approves power purchase cost after scrutinising the actual power purchase bills of FY 2016-17.

6.18 In case of power purchase from TSL, the Commission has considered the average rate of power purchase from all sources for FY 2016-17 for TSL as approved by the Commission in Tariff Order for TSL dated May 18, 2018. Accordingly, the cost of power purchase from TSL for FY 2016-17 has been approved, as shown in the table below, considering an average rate of power purchase of Rs. 4.14 per unit.

6.19 Accordingly, the following table details the power purchase cost for FY 2016-17 as approved by the Commission in the MYT Order dated February 28, 2017, submitted by the Petitioner in the present Petition and approved by the Commission now.

Table 24: Power purchase cost approved by Commission for FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner's Submission	Approved now
DVC at 33 KV	38.92	47.76	47.76
DVC at 132 KV	42.92	49.93	49.93
From Tata Steel Ltd.	**143.37**	**115.63**	**115.53**
RECs	-	-	-
Total power purchase cost	**225.21**	**213.32**	**213.22**
Power purchase quantum (MU)	506.81	487.53	487.53
Average power purchase rate (Rs/kWh)	**4.44**	**4.38**	**4.37**

Operation and Maintenance expenses

Petitioner's submission

6.20 The Petitioner submitted that the Employee and A&G expenses for FY 2016-17 have been estimated based on provisional accounts. Accordingly, the Petitioner submitted Rs 3.30 Cr and Rs 7.57 Cr as A&G costs and employee costs for FY 2016-17 respectively. The Petitioner submitted the R&M expense as Rs. 3.85 Cr for FY 2016-17.

Commission's analysis

Revision in employee cost trajectory for MYT period

6.21 The Commission had approved the O&M cost trajectory for the MYT Control Period in its last Tariff Order dated 28 February, 2017. While approving the employee cost trajectory, besides considering the inflationary increase in the costs, the Commission had also approved a G(n) factor to account for the increase in employee expenses due to increase in consumer base/load growth. Owing to the improper assessment of increase in connected load, the employee costs were reported to be artificially low. Accordingly, the Commission hereby revises the employee cost trajectory for the MYT period as summarised below:

Table 25: Revised employee expenses for MYT Period approved by the Commission Rs Cr)

Particulars	Approved by the Commission				
	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21
Employee costs					
Employee Expenses-Base year	6.29	6.59	6.90	7.25	7.63
Inflation Factor	4.36%	4.36%	4.36%	4.36%	4.36%
Employee Expenses	6.56	6.87	7.20	7.57	7.96
Additional Manpower Cost on account of increase in Connected Load/Consumer Base	*0.40*	*0.43*	*0.89*	*1.15*	*0.53*
Total Employee Expenses	**6.97**	**7.70**	**8.93**	**10.47**	**11.45**

Approval of O&M expenses for FY 2016-17

6.22 Note 1 under Regulation 6.6 of the Distribution Tariff Regulations, 2015 specifies that the Commission will consider the actual values of the Inflation factor at the end of each year during the Annual Performance Review exercise and True-Up the employee cost and A&G expenses on account of this variation for the Control Period. Accordingly, the Commission has revised the employee expenses and A&G expenses for FY 2016-17 on the basis of actual value of inflation factor for FY 2015-16 viz.3.05%.

6.23 For purpose of projecting R&M expenses, the Commission has considered the actual opening value of Gross Fixed Assets for FY 2016-17 and the 'K' factor as 2.54% as approved in the MYT Order dated February 28,2017.

6.24 The following table summarises the O&M expenses as approved by the Commission in the MYT Order dated February 28, 2017, the projections submitted by the Petitioner in present petition and now approved by the Commission for FY 2016-17.

Table 26: O&M Costs approved by the Commission for FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner's Submission	Approved Now
Employee cost	6.97	7.57	6.47
R&M cost	4.04	3.85	4.19
A&G cost	2.13	3.30	2.65
Total O&M Cost	**13.14**	**14.72**	**13.31**

CWIP & Gross Fixed Asset

Petitioner's submission

6.25 The Petitioner submitted that Capital Work in Progress (CWIP) and Gross Fixed Assets (GFA) have been derived based on provisional accounts of FY 2016-17. The Petitioner has submitted that total additions in CWIP during FY 2016-17 are estimated at Rs. 21.67 Cr and the additions to GFA at Rs. 15.04 Cr.

Commission's analysis

6.26 The Commission in the Tariff Order dated February 28, 2017 had approved a capital expenditure of Rs 9.20 Cr for FY 2016-17 against which the Petitioner has proposed actual expenditure of Rs 21.67 Cr. The Petitioner has submitted that the difference between the estimated expenditure and approved forecasts for FY 2016-17 were on account of:

- Preponing of 33kV Feeder from TGS 132/33KV substation to Phase#4 substation at AIADA through 132KV tower & 33KV underground cable scheme to cater demand of consumers
- Capital expenditure of Rs. 8.88 Cr. on purchase of major materials for different capital schemes, but not shown against specific project

6.27 The Commission in the Tariff Order dated February 28, 2017 had approved a capitalization of Rs 6.12 Cr for FY 2016-17 against which the Petitioner has proposed actual expenditure of Rs 15.04 Cr. The Petitioner has submitted that the difference between the estimated expenditure and approved forecasts for FY 2016-17 were on account of:

- Additional item of fixed assets transfer from one consumer to licensee JUSCO created out of consumer contribution during FY 2016-17

6.28 As per Clause 5.10 of the Distribution Tariff Regulations, 2015:

"The Commission shall review the actual capital investment at the end of each year of the Control Period. ***In the normal course, the Commission shall not revisit the approved capital investment plan during the Control Period*** *and adjustment to depreciation and return on equity for the actual capital investment vis-à-vis approved capital investment shall be done at the end of the Control Period"*

6.29 Moreover, the estimated capital expenditure for FY 2016-17 as proposed by the Petitioner is significantly higher than that approved by the Commission in the Petitioner's Business Plan Order dated February 28, 2017. Such variation in the approved and actual capital expenditure defeats the primary objective of MYT regime which is predictability and certainty.

6.30 The Commission directs the Petitioner to submit detailed justification about the variation in the actual and the approved figures for capex for FY 2016-17 and the rationale between non-exclusion of such expenditure in the Business Plan petition. Accordingly, the Commission at the moment is retaining the capital expenditure as well as capitalisation as approved for FY 2016-17 in the Order on Business Plan dated February 28, 2017.

6.31 The following table summarises the GFA & CWIP as approved by the Commission in the MYT Order dated February 28, 2017, the projections submitted by the Petitioner in present petition and now approved by the Commission for FY 2016-17.

Table 27: CWIP and GFA for as approved by Commission FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner's Submission	Approved Now
Capital Work in Progress (CWIP)			
Opening CWIP	16.15	2.52	2.52
Capex during the FY	9.20	21.67	9.20
Sub-total	25.35	24.18	11.72
Less: transferred to GFA	6.12	15.04	6.12
Closing CWIP	**19.23**	**9.14**	**5.60**
Gross Fixed Assets (GFA)			
Opening GFA	159.12	165.12	165.12
Transferred from CWIP	6.12	15.04	6.12
Closing GFA	**165.24**	**180.16**	**171.24**

Depreciation

Petitioner's submission

6.32 The Petitioner submitted that it has computed the depreciation costs based on Straight Line Method as prescribed in the Distribution Tariff Regulations, 2015, and as per the rates provided in Appendix-I to the above-mentioned regulations.

6.33 Further, the depreciation cost proportionate to the extent of fixed assets being funded through Consumer Contribution, has been deducted from the total depreciation in order to arrive at the net depreciation to be charged in the ARR. Accordingly, the Petitioner has computed the net depreciation for FY 2016-17 to be Rs. 6.19 Cr.

Commission's analysis

6.34 The Commission has determined the gross depreciation amount as per the opening and closing values of Gross Fixed Assets and the depreciation rates as per the JSERC MYT Distribution Tariff Regulations, 2015. Further, the depreciation has been considered as net of depreciation on account of consumer contribution.

6.35 The depreciation on account of consumer contribution has been calculated as per the methodology adopted in the MYT Order dated February 28, 2017.

6.36 Accordingly, the Commission has approved net depreciation at Rs. 6.96 Cr for FY 2016-17. The following table details the depreciation cost as submitted by the Petitioner and approved by the Commission for FY 2016-17.

Table 28: Depreciation approved by the Commission for FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner Submission	Approved Now
Gross Depreciation	9.42	10.24	10.46
Less: Depreciation on a/c of assets added through CC	*3.10*	*4.04*	*3.51*
Net Depreciation	**6.32**	**6.19**	**6.96**

Interest and Other Finance Charges

Interest on Loan

Petitioner's submission

6.37 The Petitioner submitted that in the absence of actual loan, the normative loan has been calculated considering capital investment norm in the regulatory regime in which debt equity ratio has been kept at 70:30.

6.38 Therefore, deemed addition to the normative loan has been considered at 70% of the total closing GFA net of consumer contribution being transferred to capital reserve and reduced by the accumulated depreciation on own assets. The deemed repayment has been considered equivalent to the net depreciation cost for the said year.

6.39 The Petitioner states that normative interest rate has been calculated at 11.30% as per the rates prevalent during the period. The normative interest is calculated on the average balance of the loan during FY 2016-17. Accordingly, the Petitioner has claimed interest on normative loan for FY 2016-17.

Commission's analysis

6.40 In accordance with the Distribution Tariff Regulations, 2015 and the principles adopted in the previous tariff order, the Commission has computed the normative loan for the year equal to 70% of the closing value of GFA. The GFA has been considered net of consumer contribution while the normative repayment is deemed to be equal to the depreciation charge during the year.

6.41 Further, in accordance with the above mentioned regulations, interest on normative loan has been calculated on the average normative loan outstanding during the year at the interest rate of 11.30% p.a. for FY 2016-17.

6.42 The following table details the interest on loan as submitted by the Petitioner and approved by the Commission for FY 2016-17.

Table 29: Interest and Other Finance Charges as approved by Commission for FY 2016-17 (Rs. Cr)

Particulars	Approved in MYT Order	Petitioner Submission	Approved Now
Opening Balance of Normative Loan	41.93	43.54	43.54
Add: Deemed additions during the year	0.82	6.63	0.63
Less: Deemed Repayments	6.32	6.19	6.96
Closing Balance of Normative Loan	36.43	43.98	37.21
Average Balance of Normative Loan	**39.18**	**43.76**	**40.38**
Rate of Interest (%)	*11.30%*	*11.30%*	*11.30%*
Normative Interest Amount	**4.43**	**4.94**	**4.56**

Interest on Security Deposits

Petitioner's submission

6.43 The Petitioner has submitted Interest on Security deposit based on provisional figures for FY 2016-17. Accordingly, the proposed interest on Security Deposit for FY 2016-17 is Rs. 5.44 Cr.

Commission's analysis

6.44 Regulation 5.29 read with Regulation 10.1 of the Distribution Tariff Regulations, 2015 specifies that interest on security deposit is a controllable element of the ARR and any truing up under this head shall be carried out at end of control period.

6.45 However, the Commission had revised interest on security deposits in Tariff Order dated February 28, 2017 on account of change in closing balance of security deposits for FY 2013-14 in the review Order dated May 31, 2015.

6.46 As per the analysis of the Commission detailed above, the net interest and finance charges for the FY 2016-17 is approved as follows:

Table 30: Interest and Other Finance Charges as approved by Commission for FY 2016-17 (Rs. Cr)

Particulars	Approved in MYT Order	Petitioner Submission	Approved Now
Interest on Normative Loan	4.43	4.94	4.56
Interest on Security Deposits	5.21	5.44	5.44
Total Interest & Finance Charges	**9.64**	**10.39**	**10.01**

Return on Equity (RoE)

Petitioner's submission

6.47 The Petitioner submitted that the deemed addition to the normative equity has been taken at 30% of the total GFA during the financial year net of consumer contribution. The Petitioner has computed the normative return on equity which has been taken as 15.50%. Accordingly, the RoE computed by the Petitioner for FY 2016-17 is Rs 5.47 Cr.

Commission's analysis

6.48 In accordance with the Distribution Tariff Regulations, 2015, the Commission has considered the equity base to be equal to 30% of GFA. The GFA has been considered net of consumer contribution.

6.49 The Commission has allowed a rate of return of 15.5% (post tax) on equity for FY 2016-17, which is as per Regulation 6.17 of the above mentioned regulations and methodology adopted in MYT Order.

6.50 The table below details the Return on Equity submitted by the Petitioner and approved by the Commission for FY 2016-17 in MYT Order dated February 28, 2017, RoE submitted by the Petitioner and approved by Commission now.

Table 31: Return on Equity as approved by Commission for FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner Submission	Approved Now
Opening Normative Equity	32.90	33.88	33.88
Deemed Additions during the year	0.35	2.84	0.27
Closing Normative Equity	33.25	36.72	34.15
Normative Average Equity Base Rs. Cr.)	33.08	35.30	34.02
Rate of ROE (%)	*15.50%*	*15.50%*	*15.50%*
Return on Equity (Rs Cr)	**5.13**	**5.47**	**5.27**

Income Tax on ROE

Petitioner's submission

6.51 The Petitioner submitted income tax on ROE at MAT rate of 20.01% for FY 2016-17. Accordingly, the Petitioner has requested the Commission to allow normative income tax of Rs 1.37 Cr for Power Business of JUSCO.

Commission's Analysis

6.52 The Commission is not allowing the income tax on ROE during the Annual Performance Review exercise for FY 2016-17. The Commission shall allow the income tax during the True-Up for FY 2016-17 based on audited accounts of the Petitioner and actual income tax paid by the Petitioner for FY 2016-17.

Non-Tariff income

Petitioner's submission

6.53 The Petitioner submitted that Non-Tariff Income includes Income from Interest, miscellaneous charges etc. The amount of Non-Tariff Income as projected by the Petitioner for FY 2016-17 is Rs. 0.31 Cr.

Commission's Analysis

6.54 The Commission has approved NTI as per the Petitioner's submission subject to True-Up based on audited annual accounts for FY 2016-17 and provisions of Distribution Tariff Regulations, 2015.

Revenue from sale of power

Petitioner's submission

6.55 The Petitioner proposed the revenue from sale of power for FY 2016-17 based on the revenue at existing tariff. Accordingly, the revenue from sale of power for FY 2016-17 as proposed by the petitioner is Rs. 260.32 Cr including Rs. 10.17 Cr on account of revenue claimed through FPPPA charges.

Commission's Analysis

6.56 The Commission has estimated the revenue from sale of power considering the approved sales for FY 2016-17 and tariff as per its Order dated May 31, 2015 for the first eleven months of FY 2016-17 and existing tariff as per its Order dated February 28,2017 for the remaining one month. Accordingly, the Commission provisionally approves the revenue from sale of power at Rs. 259.22 39 for FY 2016-17 including revenue claimed on account of FPPPA charges i.e. Rs. 10.17 Cr subject to finalization during the true-up.

Summary of ARR for FY 2016-17

6.57 The following table contains the summary of ARR and revenue gap as submitted by the Petitioner and approved by the Commission for FY 2016-17.

Table 32: Summary of ARR approved by the Commission for FY 2016-17 (Rs Cr)

Particulars	Approved in MYT Order	Petitioner Submission	Approved Now
Power Purchase Cost	225.21	213.32	213.22
O&M Expenses	13.14	14.72	13.31
Depreciation	6.32	6.19	6.96
Interest & Finance Charges	9.64	10.39	10.01
Return on Equity (including tax on ROE)	5.13	6.84	5.27
Less: Non-Tariff Income	0.12	0.31	0.31
Net ARR for Control Period	**259.31**	**251.15**	**248.45**
Revenue from Sale of Power @ Existing Tariff including FPPPA Charges	264.75	260.32	259.39
Revenue Gap / (Surplus) for the year	**-5.44**	**-9.17**	**-10.94**

A7: DETERMINATION OF ARR FOR FY 2017-18

7.1 This section contains a summary of the projections for various cost components of the ARR for FY 2017-18 as submitted by the Petitioner and approved by the Commission.

Energy Sales

Petitioner's Submission

7.2 The Petitioner has submitted the Energy sales for FY 2017-18 as approved in MYT order for FY 2016-17 to FY 2020-21 dated February 28, 2017.

Commission's Analysis

7.3 The Commission approves sales as approved in MYT order for FY 2016-17 to FY 2020-21 dated February 28, 2017. The following table summarizes the energy sales as submitted by the Petitioner and approved by Commission for FY 2017-18:

Table 33: Energy sales approved by the Commission for FY 2017-18 (MUs)

Particulars	Petitioner Submission	Approved by Commission
Domestic		
DS – I	0.18	0.18
DS – II	1.54	1.54
DS – III	6.88	6.88
DS HT	9.94	9.94
Non – Domestic		
NDS – I	0.00	0.00
NDS – II	4.83	4.83
Low Tension		
LTIS – I	11.94	11.94
High Tension Service		
HTS 11 kV	161.96	161.96
HTS 33 kV	274.71	274.71
HT Special Service		
HTSS 11 kV	16.95	16.95
HTSS 33 kV	19.80	19.80
Total	**508.73**	**508.73**

Energy Balance and Distribution Losses

Petitioner's Submission

7.4 The Petitioner projected the net energy requirement for FY 2017-18 by grossing up the energy sales projections with distribution loss of 2.00% for each year of the control period.

7.5 To meet the projected energy requirement for the FY 2017-18, The Petitioner has projected to source power from various sources which include TSL (6.6kV, 132kV), DVC at 132 kV and DVC at 33 kV.

7.6 The Petitioner has submitted energy balance with revised mix of power sourcing. The revision has been done for power purchase quantum of DVC 33 kV, which is expected to be approx. 100 MUs during FY 2017-18.

7.7 The Petitioner has submitted that it has three sources of power feeding to three different areas and set of consumers and the consumers cannot be shifted from one source to another except for complete breakdown etc. Creating arrangements to switch loads will require additional capital investment.

Commission's Analysis

7.8 The Commission has projected the energy requirement for FY 2017-18 after grossing up the approved energy sales by the normative distribution loss target of 2.00%.

7.9 The Commission based on the Petitioner submissions has revised the Energy mix for FY 2017-18.

7.10 Based on the above, the energy balance for the for FY 2017-18 as submitted by the Petitioner and approved by the Commission has been summarised in following table.

Table 34: Energy Balance approved by the Commission for FY 2017-18 (MUs)

Particulars	Approved in MYT Order	As Submitted	As Approved
ENERGY REQUIREMENT			
Sales to LT Consumers	25.38	25.27	25.27
Sales to HT Consumers	483.35	483.35	483.35
Total Energy Sales	**508.73**	**508.62**	**508.62**
Overall Distribution Losses %	2.00%	2.00%	2.00%
Overall Distribution Losses (MU)	10.38	10.38	10.38
Total Energy Requirement	**519.11**	**519.00**	**519.00**
ENERGY AVAILABILITY			
- From Tata Steel Ltd (A)			
132 kV,66 kV, 6.6 kV	337.95	289	289
- RPO Purchases (B)	-	-	-

Particulars	Approved in MYT Order	As Submitted	As Approved
- From DVC at 33 kV (C)	51.16	100	100
From DVC at 132 kV (D)	130.00	130	130
- From Others/Traders (E)	-	-	-
Total Pooled Energy Availability (A+B+C+D+E)	**519.11**	**519.00**	**519.00**

Power Purchase Cost

Petitioner's Submission

7.11 The Petitioner had projected the cost of power purchase from TSL at Rs. 4.17 per unit during FY 2017-18.

7.12 The Petitioner had projected the cost of power purchase from DVC at 33kV and 132 kV at the rate of Rs.4.91 and Rs.4.50 per unit during FY 2016-17 respectively.

Commission's Analysis

7.13 The Commission has projected that the approved energy requirement shall be met through power available from TSL (6.6kV, 132kV), DVC at 132 kV and DVC at 33 kV.

7.14 The Commission has revised the Energy mix for FY 2017-18 based on the Petitioner submissions that it has three sources of power feeding to three different areas and set of consumers and the consumers cannot be shifted from one source to another except for complete break-down etc. and creating arrangements to switch loads will require additional capital investment.

7.15 The power purchase cost from TSL has been projected as per the average power purchase cost of TSL of Rs. 4.08 per unit for the FY 2017-18 approved in the ARR Order for TSL dated May 18, 2018 which is subject to True-up based on audited accounts.

7.16 The power purchase cost per unit from DVC at 33KV and 132 KV for FY 2017-18 has been approved based on revised energy mix and approved cost per unit for FY 2016-17 subject to True-up based on audited accounts.

7.17 Further, the Petitioner is mandated to purchase power from renewable energy (RE) sources to meet its RPO obligation. The Petitioner has submitted that both DVC and TSL are distribution licensees and show energy sale to petitioner as a part of its Energy Requirement and both the licensees fulfil RPO as a percentage of this energy requirement which includes petitioner's requirement. Hence, the Petitioner has not considered any Renewable Power Purchase for meeting the RPO Obligation and the Commission approves the same.

7.18 The following table summarises the power purchase cost as submitted by the Petitioner and approved by the Commission for FY 2017-18.

Table 35: Power Purchase Cost approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT order	As submitted	As Approved
DVC at 33 KV	25.37	49.10	49.06
DVC at 132 KV	62.34	58.50	58.53
TSL (132 kV)	140.93	120.51	117.84
Total power purchase cost (Cr)	**228.64**	**228.11**	**225.43**
Power purchase quantum (MU)	519.11	519.00	519.00
Average power purchase rate (Rs/kWh)	**4.40**	**4.40**	**4.34**

Operation and Maintenance Expenses

Petitioner's Submission

7.19 The Petitioner has segregated the O&M into R&M Expenses, A&G Expenses and Employee expenses. The Petitioner has submitted that O&M cost approved by the Commission is below the historical trend of O&M expenses. Thus based on historical trends the petitioner has revised its O&M expenses.

Commission's Analysis

7.20 For FY 2017-18, the Commission has projected the O&M expenses separately for each component of O&M expenses as per the Distribution Tariff Regulations, 2015. The Commission is approving the component-wise O&M costs only provisionally and these estimates will be subject to true up during the Annual Performance Review/ True up during next year based on the actual break-up of O&M cost provided by the Petitioner in its audited accounts.

7.21 For purpose of projecting R&M expenses, the Commission has considered the actual opening value of Gross Fixed Assets for FY 2017-18 and the 'K' factor of 2.54% as per the MYT Order dated 28 February, 2017.

7.22 The Commission has provisionally approved the A&G cost and employee cost for FY 2017-18 by escalating the actual A&G cost by the weighted average inflation factor i.e. 3.05% p.a. calculated as per JSERC (Terms and Conditions for Determination of Distribution Tariff) Regulations, 2015.

7.23 The following table summarises the O&M expenses as submitted by the Petitioner and approved by the Commission for FY 2017-18.

Table 36: O&M Expenses approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT order	As submitted	As Approved
A. A&G Costs	2.22	3.5	2.73
B. R&M Costs	4.20	4.2	4.35
C. Employee costs	7.70	8.5	6.66
Total O&M Expenses (A + B + C)	**14.12**	**16.20**	**13.75**

Capital Expenditure plan, CWIP and GFA

Petitioner's Submission

7.24 The Petitioner has not proposed any change in Capital Expenditure, CWIP and GFA for FY 2017-18 and has kept them same as approved in MYT order dated February 28, 2017.

Commission's Analysis

7.25 Based on the approved capital investment and the capitalisation plan in the MYT order dated February 28, 2017, the following table summarises the GFA and CWIP as approved by the Commission for FY 2017-18.

Table 37: GFA and CWIP approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT order	As submitted	As Approved
A. Capital Works in Progress (CWIP)			
Opening CWIP	4.42	19.23	5.60
Add: Additions (Capex during FY)	15.28	15.28	15.28
Sub-total	19.70	34.51	20.88
Less: T/fed to GFA during FY	12.71	10.19	10.19
Closing CWIP	**6.99**	**24.32**	**10.69**
B. Gross Fixed Assets (GFA)			
Opening GFA	172.25	165.24	171.24
Add: T/fed from CWIP	12.71	10.19	10.19
Closing GFA	**184.96**	**175.43**	**181.43**

Depreciation

Petitioner's Submission

7.26 The Petitioner has not proposed any change in Depreciation for FY 2017-18 and has kept them same as approved in MYT order dated February 28, 2017.

Commission's Analysis

7.27 The Commission estimated the gross depreciation as per the depreciation rates in the Appendix-I of the Distribution Tariff Regulations, 2015, and the average GFA for the year. Further, depreciation is reduced to the extent of depreciation on account of consumer contribution.

7.28 The following table summarizes the gross and net depreciation as approved by the Commission for FY 2017-18.

Table 38: Depreciation for FY 2017-18 approved by the Commission (Rs Cr)

Particulars	MYT order	As submitted	As Approved
Gross Depreciation	9.89	9.89	10.97
Depreciation on Account of Consumer Contribution	3.37	3.37	3.82
Net Depreciation	6.52	6.52	7.15

Interest and Other Finance Charges

Interest on Loan

Petitioner's Submission

7.29 The Petitioner has not proposed any change in Interest on Loan for FY 2017-18 and has kept them same as approved in MYT order dated February 28, 2017.

Commission's Analysis

7.30 In accordance with the Distribution Tariff Regulations, 2015, the Commission has computed the normative loan for FY 2017-18 equal to 70% of the closing GFA. The GFA has been considered at net of consumer contribution. Normative repayment is deemed to be equal to the depreciation charge during the year. Further, in accordance with the Distribution Tariff Regulations, 2015, the interest on normative loan has been calculated on the average normative loan as outstanding during the year. The rate of interest for the Control Period is considered as applicable SBI Base rate plus 200 basis points as on April 1st, 2017 i.e. 11.10%.

7.31 The following table summarizes Interest on loan as approved by the Commission for FY 2017-18.

Table 39: Interest on Loan for FY 2017-18 approved by the Commission (Rs Cr)

Particulars	MYT order	As submitted	As Approved
Opening Balance of Normative Loan	36.43	36.43	37.21
Deemed Addition during the year	3.33	3.33	3.12

Particulars	MYT order	As submitted	As Approved
Deemed Repayments	6.52	6.52	7.15
Closing Balance of Deemed Loan	33.24	33.24	33
Average balance during the Year	34.84	34.84	35.20
Interest Rate (%)	*11.30%*	*11.30%*	*11.10%*
Interest Payment	**3.94**	**3.94**	**3.91**

Interest on Security Deposits

Petitioner's Submission

7.32 The Petitioner has not proposed any change in Interest on Security Deposit for FY 2017-18 and has kept them same as approved in MYT order dated February 28, 2017.

Commission's Analysis

7.33 The Petitioner is mandated to pay interest on consumer security deposit as per SBI Base Rate prevailing on the 1st of April for the year which works out to 9.10% for FY 2017-18.

7.34 The following table summarises the interest on security deposits as submitted by the Petitioner and approved by the Commission for MYT period:

Table 40: Interest on Security Deposits approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT order	As submitted	As Approved
Opening security deposit	56.46	56.46	58.36
Security deposit received during FY	0.46	0.46	0.46
Closing security deposit	56.92	56.92	58.82
Average security deposit	56.69	56.69	58.59
Interest Rate (%)	*9.30%*	*9.30%*	*9.10%*
Interest on security deposit	**5.27**	**5.27**	**5.33**

Interest on Working Capital

Petitioner's Submission

7.35 The Petitioner has not claimed any Interest on Working capital for FY 2017-18.

Commission's Analysis

7.36 The Commision has also not considered the interest on working capital as a part of the Annual Revenue Requirement for FY 2017-18.

7.37 The following table summarises the total interest and other finance charges as submitted by the Petitioner and approved by the Commission for FY 2017-18.

Table 41: Interest and Other Finance Charges as approved by Commission for FY 2017-18 (Rs Cr)

Particulars	MYT order	As submitted	As Approved
Interest on normative debt	3.94	3.94	3.91
Interest on security deposit	5.27	5.27	5.33
Total Interest & Finance charges	**9.21**	**9.21**	**9.24**

Return on Equity (RoE)

Petitioner's Submission

7.38 The Petitioner has not proposed any change in Return on Equity for FY 2017-18 and has kept them same as approved in MYT order dated February 28, 2017.

Commission's Analysis

7.39 As per the Distribution Tariff Regulations, 2015, the equity base has been considered equal to 30% of GFA. The GFA has been considered net of consumer contribution.

7.40 The Commission has allowed a rate of return of 15.50% (post tax) on equity for each year of the Control Period as specified in Distribution Tariff Regulations, 2015.

7.41 The detailed calculation of RoE projected by the Petitioner and as approved by the Commission for FY 2017-18 has been summarised in following table.

Table 42: Return on Equity approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT Order	As Submitted	As Approved
Opening normative equity	33.25	33.25	34.15
Deemed additions during FY	1.43	1.43	1.34
Closing normative equity	34.68	34.68	35.49
Average normative equity	**33.97**	**33.97**	34.82
Rate of ROE (%)	15.50%	15.50%	15.50%
Return on equity	**5.26**	**5.26**	**5.40**

Income Tax on ROE

Petitioner's Submission

7.42 The Petitioner has not requested the Commission for Income Tax on ROE.

Commission's Analysis

7.43 The Commission has not grossed up the ROE by the income tax rate. The Commission shall allow the income tax during the truing-up of each year of the Control Period based on audited accounts of the Petitioner and actual income tax paid by the Petitioner during that year.

Non-Tariff Income (NTI)

Petitioner's Submission

7.44 The Non-Tariff Income includes Meter Rent, Delayed Payment Surcharge and Supervision Charges etc. The Petitioner has projected Non-Tariff Income for the FY 2017-18 at Rs. 0.12 Cr per annum.

Commission's Analysis

7.45 The Commission has approved NTI of Rs. 0.12 Cr. as approved in MYT order dated February 28, 2017. Rs 0.12 Cr. The same shall be subject to true up based on actual/ audited information of each year of the 2nd MYT Control Period.

Summary of ARR for FY 2017-18

7.46 The following table summarises the ARR for FY 2017-18 as submitted by the Petitioner and approved by the Commission.

Table 43: Summary of ARR as approved by the Commission for FY 2017-18 (Rs Cr)

Particulars	MYT Order	As Submitted	As Approved
Power Purchase Cost	228.64	228.11	225.43
O&M Expenses	14.12	16.20	13.75
Interest on Loan	3.94	3.94	3.91
Interest on consumer security deposit	5.27	5.27	5.33
Depreciation	6.52	6.52	7.15
Total Costs	**258.48**	**260.04**	**255.57**
Add: Return on Equity	5.26	5.26	5.40
Less: Non-tariff income	0.12	0.12	0.12
Net ARR	**263.63**	**265.18**	**260.85**

A8: TREATMENT OF REVENUE GAP/ (SURPLUS)

Petitioner's submission

8.1 Based on the projected ARR for FY 2017-18 of Rs. 265.18 Cr and the estimated revenue from existing tariffs at Rs. 280.16 Cr (including FPPA charges of Rs 6.36 Cr), the Petitioner has submitted that the revenue gap at existing tariffs for FY 2017-18 works out to Rs 14.98 Cr.

8.2 The cumulative revenue gap at existing tariffs upto FY 2017-18, as submitted by the Petitioner, amounts to Rs. 13.77 Cr including carrying cost.

8.3 Accordingly, the Petitioner has proposed an average tariff hike of 5% to recover its gap.

Commission's Analysis

8.4 Based on the approved ARR for FY 2017-18 of Rs. 260.85 Cr and estimated revenue from existing tariffs during FY 2016-17 of Rs. 281.75 Cr (including revenue from FPPA of Rs. 6.36 Cr), the Commission approves a revenue surplus of Rs. 20.90 Cr for FY 2017-18.

8.5 Based on the True up of FY 2015-16, APR of FY 2016-17 and determination of revised ARR for FY 2017-18, the Commission has estimated a cumulative gap with carrying cost of Rs 7.45 Cr as indicated in the following table:

Table 44: Cumulative Revenue gap and carrying cost upto FY 2017-18 (in Rs Cr)

Particulars	FY 2013-14	FY 2014-15	FY 2015-16	FY 2016-17	FY 2017-18
Opening Revenue Gap/ (Surplus) as on 1st April of the FY	(11.44)	(1.50)	21.87	19.84	11.45
Revenue Gap/ (Surplus) created during the year	8.12	20.09	(4.31)	(10.94)	(20.90)
Add/ Less: Incentives on T&D Losses/ Penalty on O&M expenses	1.15	1.67	-0.94	-	-
Total additions during the year	9.27	21.76	(5.25)	(10.94)	(20.90)
Rate of Interest (as per prevailing SBI PLR)	14.45%	14.75%	14.75%	12.80%	12.60%
Carrying Cost on Opening Balance	-	-	3.23	2.54	1.44
Carrying Cost on Additional Gap	0.67	1.60	-	-	-
Total Carrying Cost	0.67	1.60	3.23	2.54	1.44
Total Gap/ (Surplus) incl. Carrying Cost	**(1.50)**	**21.87**	**19.84**	**11.45**	**(8.01)**

8.6 Adjusting the above surplus through tariff would have resulted in only marginal change in tariffs to the tune of ~2%. Rather, the Commission has undertaken a Tariff Simplification exercise in this Tariff Order.

8.7 The prevailing tariff structure in the state is extremely elaborate with tariff categories and slabs defined for various segments of consumers. These have been developed over the years taking into account the socio-economic profile of the state, consumption patterns, etc. Multiple sub-categories and slabs in each tariff category make the tariff structure highly complex and difficult for the consumer to understand.

8.8 The Economic Survey of India, 2015-16 also observes some of the above issues and views that simplification of tariffs with no more than 4-5 categories, will improve transparency in setting tariffs and may well yield benefits including enhanced consumption, collection efficiency, along with bringing in governance and other administrative benefits.

8.9 The Ministry of Power, Government of India also constituted a committee under the Chairmanship of Ms. Jyoti Arora, Joint Secretary, Ministry of Power, for developing a design framework for creation of tariff categories across India, to enable uniform and homogenous electricity tariff categorization. PricewaterhouseCoopers assisted the Committee to carry out a study for reviewing of the existing scenario of electricity tariffs in India, identifying national/international best practices and developing a framework as well as a roadmap for implementation of the new simplified tariff categories.

8.10 In this background, the Commission approves the new simplified tariff schedule as discussed in section A11 of this Order. This simplified tariff schedule shall also eliminate manual/ human intervention in recording of load through inspection, if any.

8.11 Also, the Commission strongly believes that a cost based tariff structure promotes efficiency, economic investment and rational consumption. Section 61 (g) of the Electricity Act, 2003 also states that tariffs should progressively reflect the cost of supply of electricity and the Commission should reduce cross subsidies gradually within a specified period. Section 61 (d) of the Act provides for safeguarding of the consumers' interest and at the same time recovery of the cost of electricity in a reasonable manner.

8.12 The National Tariff Policy, 2016 mandates the tariffs for consumer categories to be within +/- 20% of the average cost of supply. The existing tariff structure of the licensee is not based on the consumer category-wise cost of supply and the commercial and industrial consumers have been cross subsidizing other consumers like domestic and agricultural to a great extent. The Commission intends to move in the direction of removing this distortion in a phased manner.

A9: DETERMINATION OF OPEN ACCESS CHARGES FOR FY 2017-18

9.1 As per Clause 3.1 of the JSERC Distribution Tariff Regulations, 2015, the Commission shall determine wheeling tariff, cross-subsidy surcharge, additional surcharge and other open access related charges. The relevant extract of the regulations has been reproduced below:

"3.1

...

Provided further that where the Commission has permitted open access to any category of consumers under Section 42 of the Act, the Commission shall determine the wheeling tariff, cross-subsidy surcharge, additional surcharge and other open access related charges in accordance with these Regulations and JSERC (Open Access in Intra-State Transmission and Distribution) Regulations, 2005 and as amended from time to time;"

9.2 As per the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2016, the Open Access charges includes wheeling charges, wheeling losses, Cross subsidy charges and additional surcharge apportioned voltage wise at HT/ EHT and LT levels.

9.3 In line with the directions of the Commission, the Petitioner has submitted its proposal for the determination of open access charges for the FY 2017-18.

Wheeling charges

9.4 The allocation statement submitted by the Petitioner for apportionment of costs and revenues between the respective business is as under:

Table 45: Cost Allocation to Wheeling and Supply as submitted (%)

Sno	Cost Elements	Wheeling %	Retail Supply
1	Power Purchase Cost and Transmission Charges	0%	100%
2	Employee Expenses	60%	40%
3	A&G Expenses	50%	50%
4	R&M Expenses	90%	10%
5	Depreciation	90%	10%
6	Interest on Loan	90%	10%
7	Return on Equity	90%	10%
9	Interest on Security Deposit	0%	100%
10	Non Tariff Income	10%	90%

Commission's Analysis

9.5 According to Regulation 5.4 and Regulation 5.5 of JSERC 'Distribution Tariff Regulations, 2015', the Petitioner is required to segregate the accounts of the Licensed Business into Wheeling Business and Retail Supply Business. In absence of segregated accounts, the Petitioner is required to submit an allocation statement duly approved by the Board of Directors accompanied with an explanation of the basis and methodology used for segregation.

9.6 The relevant extract of the Regulations has been reproduced hereunder:

"5.4 The Licensee shall segregate the accounts of the Licensed Business into Wheeling Business and Retail Supply Business. The ARR for Wheeling Business shall be used to determine Wheeling Tariff and the ARR for Retail Supply Business to determine Retail Supply Tariff;

5.5 For such period until accounts are segregated, the Licensees shall prepare an Allocation Statement to apportion costs and revenues to respective business. The Allocation Statement, approved by the Board of Directors of the Licensee, shall be accompanied with an explanation of the basis and methodology used for segregation which should be consistent over the Control Period."

9.7 The Petitioner in reply to discrepancy note submitted Allocation statement to apportion costs and revenue between wheeling and retail supply duly approved by board. The Petitioner has requested the Commission to follow the allocation principle prescribed in the JSERC (Power regulatory Accounting) Regulation 2015. Board approved allocation statement is presented below:

Table 46: Board Approved cost Allocation to Wheeling and Supply (%)

Sno	Cost Elements	Wheeling	Retail Supply
1	Power Purchase Cost and Transmission Charges	0%	100%
2	Employee Expenses	65%	35%
3	A&G Expenses	65%	35%
4	R&M Expenses	65%	35%
5	Depreciation	90%	10%
6	Interest on Loan	90%	10%
9	Return on Equity	90%	10%
10	Interest on Security Deposit	10%	90%
11	Non Tariff Income	10%	90%
12	Income Tax	0%	100%

9.8 The Commission has approved the allocation ratios in accordance with JSERC (Power Regulatory Accounting) Regulations, 2015. The allocation statement approved by the Commission is as under:

Table 47: Cost Allocation to Wheeling and Supply approved by the Commission (%)

Sno	Cost Elements	Wheeling	Retail Supply
1	Power Purchase Cost and Transmission Charges	0%	100%
2	Employee Expenses	60%	40%
3	A&G Expenses	50%	50%
4	R&M Expenses	90%	10%
5	Depreciation	90%	10%
6	Interest on Loan	90%	10%
7	Interest on Working Capital	10%	90%
9	Return on Equity	90%	10%
10	Interest on Security Deposit	0%	100%
11	Non Tariff Income	10%	90%
12	Income Tax	90%	10%

9.9 Therefore, the ARR for wheeling and supply business submitted by the Petitioner and approved by the Commission for the FY 2017-18 is as under:

Table 48: Wheeling Business ARR as approved by Commission for FY 2017-18 (Cr.)

Particulars	As Submitted	As Approved
Power Purchase Cost	-	-
O&M Expenses	10.63	9.28
Interest & Other Finance Charges		
Interest on Loan	3.54	3.52
Interest on consumer security deposit	2.64	-
Depreciation	5.87	6.44
Total Costs	22.68	19.23
Add: Return on Equity (including Income tax)	4.74	4.86
Less: Non-tariff income	0.01	0.01
Add: Income Tax on Sharing of Gains	-	-
Net ARR	**27.40**	**24.08**
Sales (MU)	508.73	508.73
Wheeling tariff (Rs/Kwh)	0.54	0.47

9.10 Therefore, the wheeling Tariff for FY 2017-18 for the Petitioner is Rs 0.48 per kWh.

9.11 The Commission directs the Petitioner to propose capacity based Wheeling tariff and specify the voltage-wise distribution losses as per clause 7.9 of the JSERC MYT Regulations, 2015 along with the next tariff petition.

Cross Subsidy Surcharge

Petitioner's Submission

9.12 The Petitioner has utilized the formula for Cross Subsidy Surcharge (CSS) as specified in the JSERC Tariff Regulations, 2015.

Commission's Analysis

9.13 As per Clause 21.5 of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2016:

"The Cross subsidy surcharge shall be determined by the Commission in accordance with the principles and formula stipulated in the National Tariff Policy and shall be leviable at the rate as determined by the Commission from time to time."

9.14 The National Tariff Policy, 2016 has stipulated the following formula for computation of Cross Subsidy Surcharge:

$$S = T - [C/(1 - (L/100)) + D]$$

Where,

S is the surcharge;

T is the Tariff payable by the relevant category of consumers, including reflecting the Renewable Purchase Obligation;

C is the weighted average cost of power purchase by Licensee including meeting the renewable purchase obligation;

L is the aggregate of transmission, distribution and commercial losses, applicable to the relevant voltage level, as a percentage;

D is the aggregate of transmission, distribution and wheeling charge applicable to the relevant voltage level;"

Provided that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access.

9.15 The Petitioner has submitted loss levels of 1.31% for all voltage levels. The Commission has considered the same for HT level. The resultant losses have been loaded to the LT voltage level in order to maintain the overall T&D loss at 2.00% as approved in the ARR of the FY 2017-18 above. Accordingly, the loss level at LT level works out to 14.00%.

9.16 The weighted average power purchase cost at the Discom for CSS computation works out to Rs 4.34 per unit as determined in the ARR for FY 2017-18 in this Order.

The Tariff Policy suggests that the surcharge shall not exceed 20% of the tariff applicable to the category of the consumers seeking open access. Accordingly the cross subsidy surcharge approved by the Commission for FY 2017-18 is as follows:

Table 49: Cross Subsidy Surcharge approved for FY 2017-18 (Cr)

Consumer categories	Voltage level	T- Tariff payable (ABR)	C- Power Purchase cost	L- System losses for the applicable voltage	D- Wheeling charge	Cross subsidy surcharge (Rs/kWh)
Domestic	LT	3.13	4.34	14.00%	0.48	-
Commercial	LT	5.20	4.34	14.00%	0.48	-
Industrial- LTIS	LT	5.28	4.34	14.00%	0.48	-
Industrial- HTS 11 KV	HT	5.90	4.34	1.31%	0.48	1.13
Industrial- HTS 33 KV	HT	5.47	4.34	1.31%	0.48	0.64
Industrial- HTSS 11 KV	HT	4.71	4.34	1.31%	0.48	-
Industrial- HTSS 33 KV	HT	5.14	4.34	1.31%	0.48	0.74

A10: TARIFF RELATED OTHER ISSUES

Petitioner's submission

10.1 The Petitioner has proposed following changes in the tariff structure and terms and conditions of supply:

a) The Petitioner has Proposed Tariff Hike in DS III And DS HT category

b) Petitioner has proposed Tariff for temporary supply to be in line with other licensees

c) Time of Day (TOD) Tariff

Existing Clause:

TOD tariff proposed shall be applicable as follows-

- *Off Peak Hours: 10:00 PM to 06:00 AM: 85% of normal rate of energy charge.*
- *Peak Hours: 06:00 AM to 10:00 AM & 06:00 PM to 10:00 PM: 120% of normal rate of energy charge*

Revised Clause:

TOD tariff proposed shall be applicable as follows-

- *Off Peak Hours: 08:00 PM to 06:00 AM: 80% of normal rate of energy charge.*
- *Peak Hours: 06:00 AM to 08:00 PM: 120% of normal rate of energy charge*

d) Tariff Rationalization

The Petitioner has submitted that in current tariff structure, the recovery of fixed charges is limited to 13% of total revenue, whereas the total fixed cost of the petitioner is 23% of the total ARR.

The proportion of fixed and variable cost and revenue for FY 2016-17 is presented below:

Table 50: Fixed & Variable component of ARR for FY 2016-17

Particulars	Unit	Amounts (Rs. Cr)
Total Annual Revenue Requirement	Rs. Crs	251.15
Power purchase cost	Rs. Crs	213.31
Fixed cost component of Power purchase cost	Rs. Crs	20.22

Particulars	Unit	Amounts (Rs. Cr)
(9.5% of total power purchase cost - refer table 55)		
Variable portion of Licensee's cost	Rs. Crs	193.09
Proportion of Variable cost in ARR	%	77%
Proportion of Fixed cost	%	23%

Table 51: Fixed and Variable component of Tariff Revenue for FY 2016-17

Particulars	Amount (Rs. Cr)	% proportion
Total Tariff Revenue	260.32	100%
Total Fixed / Demand charges	33.15	13%
Total energy charges & other Adjustments due to surcharge / rebate etc.	227.17	87%

The Petitioner has thus proposed to fixed/ Demand charges by 3% of total revenue. With proposed hike in energy charges of 5%, the average effective increased hike in proposed tariff submitted is 7%.

e) Penalty for exceeding Billing/ Contract Demand

Existing clause

- *If the recorded demand exceeds 110% of Contract Demand, then the d mand charge upto 110% of contract demand will be charged as per the normal tariff rate. The remaining recorded demand over and above 110% will be charged @ 1.5 times the normal tariff rate.*
- *In case actual demand is higher than the contract demand for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will have to get into a new agreement for the revised contract demand with the licensee.*

Revised Clause:

- *In case the consumer's actual recorded demand exceeds 110% of the contract demand, then demand charges shall be levied at penal rate, which will be 150% of applicable Demand charges on full exceeded demand.*
- *In cases where contract demand is exceeded in more than 3 billing months in a financial year, penal rate will be 200% of applicable demand on months exceeding 3 months.*

f) Power factor Penalty

Existing Clause

- *In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.01 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges; plus 3% for every 0.01 fall below 0.30.*

Revised Clause:

- *In case average power factor in a month for a consumer (i.e. up to 33 KV consumers) falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.01 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges, plus 3% for every fall below 0.30.*

- *Consumer with power factor of less than 0.80 must install shunt capacitors immediately, failing which their line will be disconnected with 15 days clear notice.*

g) Power factor Rebate

Existing Clause

- *In case average power factor as maintained by the consumer is more than 85%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.*

Revised Clause

- *In case average power factor as maintained by the consumer (up to 33 KV consumers) is more than 90%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy shall be applicable.*

h) Voltage Rebate

Existing Clause:

Voltage rebate will be applicable as given below:

Table 52: Voltage rebate

Consumer Category	*Voltage Rebate*
HTS - 33 kV	*3.00%*
HTS - 132 kV	*5.00%*
HTS - 220 kV	*5.50%*

Consumer Category	Voltage Rebate
HTS - 400 kV	6.00%

Revised Clause:

Voltage rebate will be applicable on energy charges as given below:

Table 53: Proposed Voltage rebate

Consumer Category	Voltage Rebate
HTS - 33 kV	3.00%
HTSS - 33 kV	3.00%

i) Stopped/ defective meters

Existing Clause

In case of meter being out of order from the period before which no pattern of consumption is available, the provisional average bill shall be issued on the basis of sanctioned/ contract load on following load factor applicable to respective categories, as shown below:

Table 54: Stopped/ Defective meter

Category	Load Factor
Domestic & Religious Institution	0.10
Non-Domestic	0.20
LTIS/ PHED LT	0.15
DS-HT	0.15
HTS	
11 KV/ PHED	0.25
33 KV/ PHED	0.30
132/220/400 KV	0.50
HTSS	0.50
RTS	0.25

Revised Clause:

In case of meter being out of order from the period before which no pattern of consumption is available, the provisional average bill shall be issued on the basis of sanctioned/contract load on following load factor

Consumer Category	Load Factor
Domestic & Religious Institution	0.30
Non-Domestic	0.50
LTIS/ PHED LT	0.50
DS-HT	0.30
HTS	
11 KV	0.50
33 KV	0.75
HTSS	0.75

RTS	*0.50*

j) Revision in Miscellaneous Charges:

The petitioner has also proposed the following revisions in the schedule of miscellaneous charges:

Table 55: Revised Miscellaneous Charges

Particulars	Existing Charges/ Clause	Proposed Charges/ Clause
Fuse- Call replacement		
Board fuse due to fault of consumer	20	30
Consumer Fuse	20	30
Disconnection/Reconnection		
Single Phase	40	500
Three Phase	100	700
LT Industrial Supply	400	1000
HT Supply	700	1500

View of the Commission

10.2 The Commission has scrutinized the various proposals for changes in the categorization, tariff structure as well as the terms and conditions of supply proposed by the Petitioner.

10.3 The Commission has scrutinized the proposals submitted by the Petitioner for changes in the categorization /tariff structure. Since the Commission has undertaken tariff simplification exercise and has reduced the number of slabs, the Commission has not undertaken tariff rationalisation exercise separately. Based on the revised tariff structure, the Petitioner may re-work its analysis of the fixed and variable cost structure vis-à-vis tariff recovery.

10.4 The Commission has revised the miscellaneous charges (for fuse-call replacement and disconnection/ re-connection charges) and has provided an inflationary increase to recover the prudent costs incurred by the Utilities with respect to these charges.

10.5 The Commission has also amended the clause with respect to power factor rebate as sought by the Petitioner. This is in line with that approved for other utilities in the state.

10.6 However, the Commission has not accepted other proposals of the Petitioner with respect to change in terms and conditions as no suitable justification was found. In order to justify proposed changes in the terms and conditions, the Petitioner has to submit reasons supported by the intelligible facts and figures, anticipated change in consumption pattern / load profile, financial impact analysis of change in such terms and conditions on the consumer, revenue forecast in existing and proposed scenario, overall impact on the Utility, etc. which are lacking in the Petition.

10.7 The Commission has amended the clause pertaining to prompt payment rebate in line with policy adopted in other utilities in the state and has also introduced additional rebate for payment of energy bills by the consumers online/ through digital modes.

A11: TARIFF SCHEDULE

APPLICABLE FROM 1ST JUNE, 2018[1]

This tariff will come into effect from June 01, 2018 and shall apply to all consumers availing power supply from JUSCO within its licensed area.

A. DOMESTIC SERVICE (DS)

Applicability:

a) Domestic Service–LT (Rural & Urban),

b) Domestic Service-HT

This schedule shall apply to private residential premises for domestic use for household electric appliances such as Radios, Fans, Televisions, Desert Coolers, Air Conditioner, etc. and including Motors pumps for lifting water for domestic purposes and other household electrical appliances not covered under any other schedule.

This rate is also applicable for supply to religious institutions such as Temples, Gurudwaras, Mosques, Church and Burial/ Crematorium grounds and other recognised charitable institutions, where no rental or fees are charged whatsoever. If any fee or rentals are charged, such institution will be charged under Commercial category.

Category of Services:

Domestic Service – Rural: For rural areas (including rural drinking water schemes) not covered by area indicated under DS-Urban.

Domestic Service – Urban: For Urban areas covered by Nagar Nigam, Nagar Parishad, Nagar Panchayat.

Domestic service – HT: This Schedule shall apply for domestic connection in Housing Colonies / Housing Complex / Houses of multi storied buildings purely for residential use for single point metered supply, with power supply at 33 kV or 11 KV voltage level. Individual households in the housing colonies/ multi-storeyed buildings/ housing complexes would pay the same tariff as applicable for this category.

[1] **This schedule shall remain in force till the next tariff schedule is issued by the Commission.**

Service Character:

(i) For DS- LT (Rural and Urban): AC, 50 Cycles, Single Phase at 230 Volts, Three Phase at 400 Volts.

(ii) For DS-HT: For HT: AC, 50 Cycles, at 11 KV or 33 kV

Tariff:

Table 56: Approved Tariff for Domestic Category for FY 2017-18

Consumer Category Domestic	Fixed Charges Unit	Rate	Energy Charges Rate (Rs./kWh)
LT- Rural	Rs./Conn/Month	10	2.50
LT- Urban	Rs./Conn/Month	65	3.00
HT	Rs/KVA/month	50	2.65

Delayed Payment Surcharge: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

Prompt Payment Rebate/ Rebate for online payment: In accordance with Clause IX and Clause X of Terms & Conditions of Supply of the present Order.

B. COMMERCIAL SERVICE

Applicability:

This schedule shall apply to all consumers, using electrical energy for light, fan and power loads for non-domestic purposes like shops, hospitals (govt. or private), nursing homes, clinics, dispensaries, restaurants, hotels, clubs, guest houses, marriage houses, public halls, show rooms, workshops, central air-conditioning units, offices (govt. or private), commercial establishments, cinemas, X-ray plants, schools and colleges (govt. or private), boarding/ lodging houses, libraries (govt. or private), research institutes (govt. or private), railway stations, fuel – oil stations, service stations (including vehicle service stations), All India Radio / T.V. installations, printing presses, commercial trusts / societies, Museums, poultry farms, banks, theatres, common facilities in multi-storied commercial office/buildings, Dharmshala, and such other installations not covered under any other tariff schedule.

This schedule shall also applicable to electricity supply availed through separate (independent) connections for the purpose of advertisements, hoardings and other conspicuous consumption such as external flood light, displays, neon signs at public places (roads, railway stations, airports etc.), departmental stores, commercial establishments, malls, multiplexes, theatres, clubs, hotels and other such entertainment/ leisure establishments.

Service Category:

Commercial Service Rural: For Rural Areas not covered by area indicated for CS- Urban.

Commercial Service Urban: For Urban areas covered by Nagar Nigam, Nagar Parishad, Nagar Panchayat.

Service Character:

AC 50 Cycles, Single phase at 230 Volts or Three Phase at 400 Volts.

Tariff:

Table 57: Approved Tariff for Commercial for FY 2017-18

Consumer Category	Fixed Charges		Energy Charges
	Unit	Rate	Rate (Rs./kWh)
Rural	Rs./KW/Month	-	2.50
Urban	Rs./KW/Month	125	3.75

Delayed Payment Surcharge: In accordance with Clause IV as provided in section on Terms and conditions of supply of the present Order.

Installation of Shunt capacitors: In accordance with Clause VII as provided in section on Terms and conditions of supply of the present Order.

Prompt Payment Rebate/ Rebate for online payment: In accordance with Clause IX and Clause X of Terms & Conditions of Supply of the present Order.

C. INDUSTRIAL SERVICES

Applicability:

- Low Tension Industrial Service (LTIS)
- High Tension Voltage Supply Service (HTS)
- High Tension Special Service (HTSS)

Low Tension Industrial Service (LTIS): This schedule shall apply to all industrial units applying for a load of less than or equal to 100 kVA (or equivalent in terms of HP or kW). The equivalent HP for 100 kVA shall be 114 HP and the equivalent kW for 100 kVA shall be 85.044 kW.

High Tension Voltage supply Service (HTS): The schedule shall apply for consumers having contract demand above 100 kVA.

High Tension Special Service (HTSS): This tariff schedule shall apply to all consumers who have a contracted demand of 300 KVA and more for induction/arc Furnace. In case of induction/arc furnace consumers (applicable for existing and new consumers), the contract demand shall be based on the total capacity of the induction/arc furnace and the equipment as per manufacturer technical specification and not on the basis of measurement. This tariff schedule will not apply to casting units having induction furnace of melting capacity of 500 Kg or below.

Service Character:

Low Tension Industrial Service (LTIS): AC, 50 Cycles, Single Phase supply at 230 Volts or 3 Phase Supply at 400 volts. Demand Based tariff / Installation based tariff for sanctioned load upto 85.044 kW.

High Tension Industrial Service (HTS): 50 Cycles, 3 Phase at 6.6 kV / 11 kV / 33 kV / 132 kV / 220 kV / 400 kV

High Tension Special Service (HTSS): 50 Cycles, 3 Phase at 11 kV / 33 kV / 132 kV / 220 kV / 400 kV.

Tariff:

Table 58: Approved Tariff for Industrial services for FY 2017-18

Consumer Category Industrial services	Fixed Charges Unit	 Rate	Energy Charges Rate (Rs/ kWh)
LTIS – Demand based	Rs./kVA/Month	170	4.05
LTIS – Installation based	Rs/HP/Month	125	4.05
HTS	Rs./kVA/Month	195	5.15
HTSS	Rs./kVA/Month	365	3.75

LTIS – Demand Based: The billing demand shall be the maximum demand recorded during the month or 50% of contract demand whichever is higher. In case actual demand is recorded at more than 100 kVA in any month, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will have to get into a new Agreement under the HTS category for the revised contracted demand with the Petitioner as per the terms and conditions of HT supply.

HTS and HTSS: The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. The penalty on exceeding billing demand will be applicable in accordance with Clause I of Terms & Conditions of Supply as provided in Terms & Conditions of Supply.

Load Factor Rebate for HTS, HTSS: In accordance with Clause VI of Terms & Conditions of Supply.

Voltage Rebate for HTS, HTSS: In accordance with Clause V of Terms & Conditions of Supply.

TOD Tariff for HTS: In accordance with Clause VIII as provided in section on Terms and conditions of supply of the present Order.

Delayed Payment Surcharge: In accordance with Clause IV of Terms & Conditions of Supply as provided in Section A12 of this Tariff Order.

Power Factor Penalty/ Rebate for LTIS: In accordance with Clause II of Terms & Conditions of Supply.

Installation of Shunt Capacitors for LTIS: In accordance with Clause VII of Terms & Conditions of Supply.

Load factor rebate and power factor rebate shall not be allowed to consumers with outstanding arrears.

Prompt Payment Rebate/ Rebate for online payment: In accordance with Clause IX and Clause X of Terms & Conditions of Supply of the present Order.

D. IRRIGATION & AGRICULTURE SERVICE (IAS)

Applicability:

This schedule shall apply to all consumers for use of electrical energy for Agriculture purposes including tube wells and processing of the agricultural produce, confined to Chaff-Cutter, Thresher, Cane crusher and Rice-Hauler, when operated by the agriculturist in the field or farm and does not include Rice mills, Flour mills, Oil mills, Dal mills, Rice-Hauler or expellers.

Service Character:

AC 50 Cycles, Single Phase at 230 volts / 3 Phase at 400 volts

Tariff:

Table 59: Approved Tariff for IAS for FY 2017-18

Consumer Category	Fixed Charges		Energy Charges
	Unit	Rate	Rate (Rs./kWh)
All units	Rs./HP/Month	20	3.70

Delayed Payment Surcharge: In accordance with Clause IV of Terms & Conditions of Supply

Power Factor Penalty/Rebate: In accordance with Clause II of Terms & Conditions of Supply.

Prompt Payment Rebate/ Rebate for online payment: In accordance with Clause IX and Clause X of Terms & Conditions of Supply.

E. INSTITUTIONAL SERVICES

This tariff schedule shall apply for use of Utilities/ Street Lighting system, Railway Traction, Military Engineering Services and Other Distribution Licensees.

Applicability:

Street Light Service (SS): This tariff schedule shall apply for use of Street Lighting system, including single system in corporation, municipality, notified area committee, panchayats etc. and also in areas not covered by municipalities and Notified Area Committee provided the number of lamps served from a point of supply is not less than five.

Railway Traction (RTS) and Military Engineering Services (MES): This tariff schedule shall apply for use of railway traction and Military Engineering Services (MES) for a mixed load in defense cantonment and related area.

Other distribution licensees: This tariff schedule shall apply to other distribution licensees procuring power from JUSCO

Service Character:

Street Light Service (SS): AC, 50 cycles, Three phase at 415V or 220V or 6.6 kV

Railway Traction Service (RTS): AC, 50 cycles, Single phase at 132 kV.

Military Engineering Services (MES): AC, 50 cycles, three phase at 11 KV/ 33 KV/ 132 kV

Other Distribution Licensees: AC, 50 cycles, three phase at 11 KV/ 33 KV/ 132 kV

Tariff:

Table 60: Approved Tariff for Institutional Service for FY 2017-18

Consumer Category	Fixed Charges		Energy Charges
	Unit	Rate	Rate (Rs./kWh)
Street Light	Rs./Connection/Month	50	5.00
Railway Traction Services, Military Engineering Services and Other Distribution Licensees*	Rs/KVA/Month	160	4.00

*Note: The billing demand shall be the maximum demand recorded during the month or 75% of contract demand whichever is higher. The penalty on exceeding billing demand will be applicable in accordance with Clause I of Terms & Conditions of Supply mentioned in this Tariff Order.

Maximum Demand for Railway Traction Services:

The demand charge shall be applied on maximum demand recorded or 75% of the contract-demand whichever is higher at any fifteen minutes time block for which the meter installed should have 15 minutes integration time.

Delayed Payment Surcharge: In accordance with Clause IV of Terms & Conditions of Supply

Load factor rebate shall not be allowed to consumers with outstanding arrears.

Prompt Payment Rebate/ Rebate for online payment: In accordance with Clause IX and Clause X of Terms & Conditions of Supply of the present Order.

F. TEMPORARY CONNECTIONS

Applicability:

The Temporary tariff shall be applicable as per the following conditions:

Temporary tariff is proposed to be equivalent to 1.5 times of the applicable fixed and energy charges for temporary connections falling in each prescribed tariff category with all other terms and conditions of tariff remaining the same.

Temporary connections shall be given prepaid meters with prepaid balance equivalent to 45 days of sale of power which shall be based on the assessment formula (LDHF) prescribed by the Commission.

Temporary connections shall initially be provided for a period of up to 30 days which can be extended on month to month basis upto six months.

Tariff:

Table 61: Approved Tariff for Temporary supply for the FY 2017-18

Consumer Category	Fixed Charges Rate	Energy Charges Rate (Rs./kWh)
All units	1.5 times of the applicable fixed charges	1.5 times of the applicable energy charges

Schedule for Miscellaneous Charges

S.No.	Purpose	Scale of Charges	Manner in which payment will be realized
1	**Application fee**		
	Agriculture	10	Payable with energy bill
	Street light	20	
	Domestic	15 (Kutir Jyoti) 20 (Others)	
	Commercial	20	
	Other LT categories	50	
	HTS	100	
	HTSS, EHTS, RTS	100	
2	**Revision of estimate when a consumer intimates changes in his requirement subsequent to the preparation of service connection estimate based on his original application**		
	Agriculture	10	Payable with energy bill
	Domestic	30	
	Commercial	30	
	Other LT categories	50	
	HT Supply	150	
3	**Testing of consumers Installation**		
	First test and inspection free of charge but should any further test and inspection be necessitated by faults in the installation or by not compliance with the conditions of supply for each extra test or inspection	100	Payable with energy bill
4	**Meter test when accuracy disputed by consumer**		
	Single phase	40	If the meter is found defective within the meaning of the Indian Electricity Rules 1956, no charge shall be levied. If it is proved to be correct within the permissible limits laid down in the Rules, the amount will be charged in the next energy bill.
	Three phase	100	
	Tri-vector of special type meter	650	
5	**Removing/ Re-fixing of meter**		
	Single phase	50	Payable with energy bill
	Three phase	100	
	Trivector of special type meter	300	
6	**Changing of meter /meter equipment/fixing of sub meter on the request of the consumer/fixing of sub meter**		
	Single phase	50	Payable with energy bill
	Three phase	100	
	Trivector of special type meter	300	
7	**Resealing of meter when seals are found broken**		
	Single phase	25	Payable with energy bill
	Three phase	50	
	Trivector of special type meter	100	

S.No.	Purpose	Scale of Charges	Manner in which payment will be realized
8	**Replacement of meter card, if lost or damaged by consumer**	**10**	Payable with energy bill
9	**Fuse call - Replacement**		
	Board fuse due to fault of consumer	30	Payable with energy bill
	Consumer fuse	30	
10	**Disconnection/ Reconnection**		
	Single phase	100	Payable in advance along with the request by the consumer. If the same consumer is reconnected / disconnected within 12 months of last disconnection/ reconnection, 50% will be added to the charges
	Three phase	200	
	LT Industrial Supply	600	
	HT Supply	1000	
11	**Security Deposit**		As per clause 8.2.8 – 8.2.20 of the JSERC (Electricity Supply code) Regulations, 2015
12	**Meter Rent/ Month**		
	Domestic category- Single Phase/ Three Phase	20/ 50	Payable with energy bill
	LT meter with CT	250	
	11 KV at low voltage	400	
	11 KV at 6.6/ 11 KV	600	
	33 KV HT side	2500	
	132 KV	15000	
	RTS or 220 KV	15000	
13	**Replacement of burnt meter**	Cost of meter	Payable with energy bill
14	**Transformer Rent***		
	Upto 200 KVA	5500/ month	Payable with energy bill
	Above 200 KVA	7500/ month	

**Applicable for a 6 month duration from the date of taking the transformer on rent, thereafter monthly escalation of 10% would be applicable*

TERMS AND CONDITIONS OF SUPPLY

Besides the Terms and Conditions provided in the JSERC (Electricity Supply Code), Regulations, 2015, the Commission approves the following additional terms & conditions of supply.

Clause I: Penalty for exceeding Billing/ Contract Demand

In case of the actual demand exceeding 110% of the contract demand, the consumer shall pay penal charges for the exceeded demand. The penal charges would be charged as follows:

If the recorded demand exceeds 110% of Contract Demand, then the demand charge upto 110% of contract demand will be charged as per the normal tariff rate. The remaining recorded demand over and above 110% will be charged @ 1.5 times the normal tariff rate.

In case actual demand is higher than the contract demand for three continuous months, the same shall be treated as the new contract demand for the purpose of billing of future months and the consumer will have to get into a new agreement for the revised contract demand with the licensee.

Once the actual demand is recorded to be higher than contract demand for two continuous months, the licensee would serve notice to the consumer after the end of the second month for enhancement of the contract demand. The consumer would be liable to respond within 15 days of receipt of such notice and submit application for enhancement of contract demand to the licensee. The licensee would, within 15 days of receipt of response from the consumer, finalise the new agreement after making necessary changes at consumer's installations.

In case the consumer fails to respond within 15 days, the licensee would have the right to initiate enhancement of load as per the last recorded contract demand. While, in case the consumer provides an undertaking that the actual demand shall not exceed the contract demand again for a period of atleast six months from the last billing, the licensee shall continue to bill the consumer as per the existing contract demand and billing demand.

Provided that if the consumer fails to adhere to the undertaking and the actual demand exceeds the contract demand within the subsequent six months of the undertaking, the consumer shall have to pay a penal charge of 2 times the normal tariff for a period of three consecutive months and the licensee shall, after serving 7 days notice to the consumer, enhance the contract demand of the consumer as per the last recorded actual demand.

Clause II: Power factor Penalty/Rebate

Power Factor Penalty:

Power Factor Penalty will be applicable in case of maximum demand meters.

In case average power factor in a month for a consumer falls below 0.85, a penalty @ 1% for every 0.01 fall in power factor from 0.85 to 0.60; plus 2% for every 0.01 fall below 0.60 to 0.30 (up to and including 0.30) shall be levied on demand and energy charges; plus 3% for every 0.01 fall below 0.30.

Power Factor Rebate:

Power Factor rebate will be applicable in case of maximum demand meters.

In case average power factor as maintained by the consumer is more than 90%, a rebate of 1% and if power factor is more than 95%, a rebate of 2% on demand and energy charges shall be applicable.

Clause III: Jharkhand Electricity Duty

The charges in this tariff schedule do not include charges on account of Electricity Duty/ Surcharge to the consumers under the Bihar Electricity Duty Act, 1948 as adopted by Jharkhand vide S.O. No. 117 dated 15.12.2000 and the rules framed there under as amended from time to time and any other Statutory levy which may take effect from time to time after making corrections for the loss in the distribution system.

Clause IV: Delayed Payment Surcharge

The Delayed Payment Surcharge will be levied for all consumers at the rate of 1.5% per month and part thereof for all consumer categories. The due date for making payment of energy bills or other charges shall be as stipulated in the JSERC (Supply Code) Regulations, 2015 and its amendments which is presently minimum 15 days after issue date of bill for LT Domestic, Commercial and Agriculture category and minimum 21 days after issue date of bill for other categories.The bill should be generated and delivered on monthly basis. In case, the licensee defaults in generating and delivering bills on monthly basis, DPS will not be charged for the period of default by licensee.

Clause V: Voltage Rebate

Voltage rebate will be applicable as given below:

Consumer Category	Voltage Rebate
HTS & HTSS - 33 kV	3.00%
HTS & HTSS- 132 kV	5.00%
HTS & HTSS - 220 kV	5.50%
HTS & HTSS - 400 kV	6.00%

Note: The above rebate will be available only on monthly basis and consumer with arrears shall not be eligible for the above rebates. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

Clause VI: Load Factor Rebate

Load Factor rebate applicable will be as given below:

Load Factor	Load Factor Rebate
40-60%	Nil
60-70%	7.5%
70-100%	10%

Note: The above rebate will be applicable only on energy charges only on monthly basis and consumer with arrears shall not be eligible for the above rebates. However, the applicable rebates shall be allowed to consumers with outstanding dues, wherein such dues have been stayed by the appropriate authority/Courts.

Clause VII: Installation of Shunt capacitors

All consumers having aggregate inductive load greater than 3 HP (2.2 kW) and above (except domestic and street lights), shall install capacitors of required KVAR rating provided in the following table:

Rating of individual Inductive Load in HP	kVAR rating of LT capacitors
3 to 5	1
5 to7.5	2
7.5 to10	3
10 to 15	4
15 to 20	6
20 to 30	7
30 to 40	10
40 to 50	10 – 15
50 to 100	20 – 30

For existing consumer, the Petitioner should first serve one month’s notice to all such consumers who do not have or have defective shunt capacitors. In case the consumers does not get the capacitor installed/replaced within the notice period, the consumer shall be levied a surcharge at 5% on the total billed amount charge (metered or flat), till they have installed the required capacitors.

No connection shall be released for any consumer having aggregate inductive load greater than 3 HP (2.2 kW) unless the capacitors of suitable rating are installed.

Clause VIII: TOD Tariff

TOD tariff proposed shall be applicable as follows-

- Off Peak Hours: 10:00 PM to 06:00 AM: 85% of normal rate of energy charge.
- Peak Hours: 06:00 AM to 10:00 AM and 06:00 PM to 10:00 PM: 120% of normal rate of energy charge

Clause IX: Rebate for prompt payment

The due date for making payment of energy bills or other charges shall be as stipulated in the JSERC (Supply Code) Regulations, 2015 and its amendments which is presently minimum 15 days after issue date of bill for LT Domestic, Commercial and Agriculture category and minimum 21 days after issue date of bill for other categories. Rebate of 0.5% on the billed amount for payment of the bills within ten (10) days of issue date of bill for all the category of consumers shall be allowed.

Clause X: Rebate for online payment

To motivate the consumers to make online payment of the bills through online web portal or digital methods, a rebate of 1% (subject to a maximum of Rs 250) of the billed amount in addition to rebate @ 0.5% for prompt payment, shall be allowed. However, online payment rebate shall be applicable if the consumer makes full payment of the bill within due date.

Clause XI: Other Terms & Conditions

Point of Supply

The Power supply shall normally be provided at a single point for the entire premises. In certain categories like coal mines power may be supplied at more than one point on request of consumer subject to technical feasibility. But in such cases metering and billing shall be done separately for each point.

Dishonored Cheques

In the event of dishonored cheque for payment against a particular bill, the Licensee shall charge a minimum of 300 Rs or 0.5% of the billed amount, whichever is higher. The DPS shall be levied extra as per the applicable terms and conditions of DPS for the respective category.

Stopped/ defective meters

In case of existing consumers with previous consumption pattern, the provisional average bill shall be issued on the basis of average of previous twelve months consumption.

In case of meter being out of order from the period before which no pattern of consumption is available, the provisional average bill shall be issued on the basis of sanctioned/ contract load on following load factor applicable to respective categories, as shown below:

Category	Load Factor
Domestic & Religious Institution	0.10
Non-Domestic	0.20
LTIS/ PHED LT	0.15
DS-HT	0.15
HTS	
11 KV/ PHED	0.25
33 KV/ PHED	0.30
132/220/400 KV	0.50

Category	Load Factor
HTSS	0.50
RTS	0.25

Sale of energy

No consumer shall be allowed to sell the electricity purchased from the Licensee to any other person/ entity.

Release of new connections

No new connections shall be provided without appropriate meter.

Conversion factors

The following shall be the conversion factors, as and where applicable**:** (PF=0.85):

1 Kilowatt (KW) = 1.176 Kilovolt ampere (kVA)

1 Kilowatt (KW) = 1 / 0.746 Horse Power (HP)

1 Horse Power (1 HP) = 0.878 Kilovolt ampere (KVA)

Fuel & Power Purchase Cost Adjustment (FPPCA)

Applicable as per ‘Distribution Tariff Regulations, 2015’ and as amended by the Commission from time to time.

A12: STATUS OF EARLIER DIRECTIVES

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
Directives as per TO 2011-12		
Separate Accounts The Commission directs the Petitioner to comply with the applicable provisions of JSERC (Power Regulatory Accounting) Regulations, 2015.	The Petitioner has stated that new accounting manual is in draft stage and the same will be submitted to Commission shortly.	The Commission notes the Petitioner submission and directs the petitioner to comply with the applicable provisions of JSERC (Power Regulatory Accounting) Regulations, 2015 and submit accounting manual in next tariff petition failing which the Commission may take an adverse view.
Directives as per TO 2012-13		
Employee Strength of the Petitioner The Petitioner is directed to submit details of productivity/ consumer per employee for Distribution business of other similarly placed utilities within three months of the issuance of this Tariff Order.	The Petitioner submitted that the productivity related figure of other similarly placed utilities are not available in public domain therefore such study is not feasible to be conducted within 3 months. It is evaluating option to engage external consultant to undertake this study and request Hon'ble commission to kindly guide on the same.	The Commission directs the Petitioner to comply with this directive along with the next tariff petition failing which penal action may be initiated.
Power procurement from different sources The Commission directed the Petitioner to continue exploring cheaper power options and submit report on same to the Commission along with next tariff petition.	Petitioner submitted that it is exploring the option of cheaper power through open access via DVC connectivity. Formal application was submitted to DVC. Response from DVC is submitted to the Commission. DVC had indicated that they will allow open access only when sufficient power is not available with DVC	The Commission notes the compliance of this directive by the Petitioner. The Commission directs that Open Access should be strictly allowed as per the provisions of the Open Access Regulations notified by the Commission. No utility can allow/ disallow Open Access as per its own discretion. Further, an Open Access committee (as per the provisions of the above referenced Regulations) comprising of the representatives of all the Discoms has been formed in the State to look into these issues. Accordingly, the Petitioner should continue pursuing this matter with DVC and update the Commission regarding the progress within 3 months of issuance of this Order. The Commission further directs the Petitioner to undertake a detailed demand forecasting exercise for short term, medium term as well as long term based on which it should devise a power procurement strategy with higher focus on managing short term procurement of power through various avenues and optimising costs for procurement other than long term sources.

Directives as per Tariff Order	Status submitted by the Petitioner	Views of the Commission
Directives in MYT order dated February 28, 2017		
Quality of Supply and Services The Commission directs the Petitioner to propose the baseline and performance trajectory for all the quality parameters specified in the JSERC (Distribution Licensee's Standard of Performance) Regulations, 2015 and submit to the Hon'ble Commission within 3 months of issue of this Tariff Order.	The Petitioner submitted that quarterly reports of Standard of performance are being submitted to Hon'ble commission.	The Commission notes the compliance of this directive by the Petitioner. The Commission directs the Petitioner to continue submitting monthly report on Reliability Indices in MS-Excel format along with compliance to SOPs in true spirit, in course of achieving 24x7 quality & reliable power.
Quality of Petition The Commission takes strong objection to the fact that the quality of the Petition submitted by the Petitioner, does not meet the required standards. Besides numerous discrepancies and missing information, the Petitions lack consistency and authenticity. Thus, the Commission directs the Petitioner to improve the quality of its Petitions from the next tariff filing.	The Petitioner submitted that it tries to provide maximum possible data & information along with its petition and which are 99.9% correct and aligned. Further information & data is also provided as & when sought by commission. However there may be inadvertent typographical error - approx in range of 0.01%.	The Commission notes the compliance of this directive by the Petitioner.

A13: NEW DIRECTIVES

13.1 In addition to the compliance of existing directives as mentioned in the status of earlier directives, the Commission directs the Petitioner to comply with following new directives.

Expansion of network and service area

13.2 The Commission directs the Petitioner to make all out efforts to expand its network and service area for reaching rural consumers.

Optimisation of Power Purchase Cost

13.3 The Commission directs the Petitioner to undertake a detailed demand forecasting exercise for short term, medium term as well as long term based on which it should devise a power procurement strategy with higher focus on managing short term procurement of power through various avenues and optimising costs for procurement other than long term sources.

Quality of power/ Reliability Indices and Standard of Performance (SOP)

13.4 The Commission directs the Petitioner to continue submitting monthly report on Reliability Indices in MS-Excel format along with compliance to SOPs in true spirit, in course of achieving 24x7 quality & reliable power.

Impact assessment study for switching from kWh billing to kVAh billing

13.5 The Commission directs the Petitioners to carry out impact assessment study on transition from kWh billing to kVAh billing, for a sample set of consumers in the HTIS category, and submit a report within six months of issuance of this Order.

Report on Demand Side Measures

13.6 The Commission had approved expenditure for implementation of various Demand Side Measures (DSM) as proposed by the Petitioner. However, the Petitioner has failed to submit any progress report in this regard.

13.7 The Commission directs the Petitioner to submit a progress report in this regard within three months of issuance of this Order.

Wheeling Tariff

13.8 The Commission directs the Petitioner to propose capacity based wheeling tariff and specify the voltage-wise distribution losses as per clause 7.9 of the JSERC MYT Regulations, 2015.

Consolidated tariff petition for FY 2018-19 and FY 2019-20

13.9 The Commission directs the Petitioner to file a consolidated Petition for determination of ARR and Tariff for FY 2018-19 and FY 2019-20 along with the True-up of FY 2016-17 and FY 2017-18, within the timelines stipulated in the Tariff Regulations, viz. November 30th, 2018.

Strengthening/ Increasing effectiveness of consumer grievance redressal mechanism

13.10 The Commission directs the Petitioner to strengthen and increase effectiveness of its consumer grievance handling mechanism and submit a report to the Commission along with the next Tariff Petition indicating- total number of complaints received, nature of complaint, complaints resolved, average resolution time, complaints pending etc.

Bank Guarantee for security deposit above Rs 10 Lakhs

13.11 The Commission directs the Petitioner to strictly comply with Clause 8.2.20 of the JSERC (Supply Code) Regulations, 2015 as per which:

"The Consumer whose total amount of Security Deposit exceeds Rs. 10 Lacs may, at his option, furnish irrevocable Bank Guarantee from a nationalized or scheduled commercial Bank initially valid for a period of two years. It shall be the responsibility of the consumer to keep the Bank Guarantee valid at all times and to renew the Bank Guarantee at least 2 months prior to its expiry"

13.12 The above mentioned clause shall be applicable for all existing as well as new consumers.

Investment in Cyber Security solutions

13.13 Owing to widespread cases of compromise of various Government websites in the country, the Commission is of the view that deployment of cyber security solutions needs to be looked into. Moreover, with increasing focus on digital mode of payment coupled with the rebate on payment of electricity bills online/ through digital mode, it becomes even more important to invest in cyber security solutions. In this regards, the Petitioner may look into the possibilities of investing in such cyber security solutions. The cost incurred on such investment shall be allowed to be recovered through the ARR, subject to prudence check.

Power Regulatory Accounts

13.14 The Commission directs the Petitioner to submit Regulatory Accounts in compliance to JSERC Power Regulatory Accounting Regulations, 2016.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on this 7th Day of June, 2018.

Date: 07.06.2018
Place: Ranchi

(Mr. R.N. Singh)	**(Dr. Arbind Prasad)**
MEMBER (T)	**CHAIRPERSON**

A14: ANNEXURE - I

List of participating members of public in the public hearing

Sl. No.	Name	Address / Organization if any
1	Rajesh Kumar	Sonari
2	Suman Mandal	JUSCO
3	S.K. Monsob	JUSCO
4	U.K. Mishra	JUSCO
5	C Nayak	JUSCO
6	M. P. Veem	Sahana Garden City, Jamshedpur
7	M. Gauri S Das	JUSCO
8	Ritesh Gupta	JUSCO
9	K. M. Pandey	JUSCO
10	Suman Kumar Jha	JUSCO
11	S. S. Dubey	JUSCO
12	Sudhipta Chatterjee	JUSCO
13	R. Mullick	JUSCO
14	Shobhna Pati	JUSCO
15	M. K. Panda	JUSCO
16	Manmohan Sigh	JUSCO
17	N. Leena	JUSCO
18	J. Acharya	JUSCO
19	Atul Choudhary	JUSCO
20	Konstin	JUSCO
21	Anirba	JUSCO
22	Neha Pandey	JUSCO
23	Bishwaseet Kumar	TSL
24	Anjit Mitra	Arush Metd casting Ltd.
25	Nirmal Kormakar	JUSCO
26	Abhishek Kumar Singh	JUSCO
27	Arun Prasad	JUSCO
28	A. Kumar	JUSCO
29	A. Agrarwal	JUSCO
30	V.P. Singh	JUSCO
31	Pawan Kumar Sinha	Kalpanapur, Adityapur
32	D. P. Jyotshi	Jamna Auto IND Ltd.
33	Sikandar Mulri	JUSCO
34	S. K. Singh	Rax Hytoculics (P) Ltd
35	I. K. Agarwal	ASIA
36	Mahendra Agarwal	Durge Steel
37	Durgesh Kumar	JUSCO
38	J. P. Pallav	JUSCO
39	Arvind Sinha	JUSCO
40	Mani Pandey	JUSCO
41	D. Mahto	H. S. Road, Jamshedpur

Sl. No.	Name	Address / Organization if any
42	Manoj Harnathka	ASIA
43	G. S. Jalan	Paw, Sigma (LLP)
44	Lok Nath Mahto	Baramari
45	Arun Kumar Singh	Kalpanapur, Adityapur
46	Dhirendra Jena	Utkal Automobiles, Adityapur
47	Gobinda Puran	Ph-I, Jusco office
48	Rajeev Ranjan	Hindustan P M/c indus
49	Nilesh Sheth	MVS Transmission
50	D. Prasad Singh	Kalpanapur, Adityapur
51	R. Jaiswal	Kalpanapur, Adityapur
52	M. K. Mishra	Kalpanapur, Adityapur
53	Santosh Kumar	G S Appartment, Jamshedpur
54	S. C. Jha	CGRF, TSL
55	K. Banerjee	CGRF, TSL
56	S. N. Thakur	Transtec ASIA
57	Sudhir Singh	Secretary ASIA
58	A. K. Tripathi	Adityapur
59	Santosh Khetan	ASIA
60	Amit	ASIA
61	S. Sharma	JUSCO
62	K. Manjunath	JUSCO
63	Deepak	ASIA
64	Mandeep Singh	ASIA
65	Aanand	ASIA
66	Amit Agrawal	ASIA
67	Binood Kumar Singh	AISA, Shiv Engg.
68	Sanjay Singh	Adityapur
69	Budhishewar Bhagat	Madanpur
70	Lal Babu Singh	Kalpanapur, Adityapur
71	Gopikrishna	JUSCO
72	Shivamt	A Metel Ind.P. Ltd.
73	D. Singh	JUSCO
74	Brajesh Singh	Public
75	D. Sinha	Jamshedpur
76	Vishal	Jamshedpur
77	D. Sinha	Jamshedpur
78	Divesh	New Engg. Works