

Jharkhand State Electricity Regulatory Commission



Order on
True-up for FY 2018-19
for
Jharkhand Urja Sancharan Nigam Limited
June 23, 2023



Table of Contents

List of Abbreviations	4
List of Tables	5
A 1 Introduction	7
Jharkhand State Electricity Regulatory Commission	7
The Petitioner - Jharkhand Urja Sancharan Nigam Ltd. (JUSNL)	9
The Petitioner's Prayers.....	10
Scope of the Present Order.....	11
A 2 Procedural History	12
Background	12
Information Gaps in the Petition	13
Inviting Public Comments/Suggestions	14
Submission of Comments/ Suggestions and Conduct of Public Hearing	15
A 3 Brief Facts of the Petition	16
True-up for FY 2018-19	16
A 4 Public Consultation Process	18
Compliance of earlier directives issued by the Commission	18
Interest and Finance Charges	19
Energy transmitted	19
Revenue Billed	20
Audit Report.....	20
A 5 True Up for FY 2018-19	21
Capital Expenditure, Capitalization & CWIP	21
Operation and Maintenance Expenses.....	23
Depreciation.....	27
Interest on Loan.....	28
Return on Equity	29
Interest on Working Capital	31
Non-tariff Income	32
Incentive for Transmission Availability	32
Revenue from Operations.....	34
Summary of ARR Components and Revenue Gap/(Surplus).....	35
A 6 Status of Earlier Directives	37
A 7 Directives	39
Submission of Utilization & Loading Certificates for Transmission Lines and Transformers	39
Submission of Fixed Asset Register.....	39
Stores and Scraps.....	39



Energy Accounting and Audit	39
Details of Transformer Earthing.....	40
Data adequacy in the next Petition	40
Timeliness and Data Adequacy in the Next Tariff Petition.....	40
ANNEXURE - I	42
List of participating members in the Public Hearing	42



List of Abbreviations

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



List of Tables

TABLE 1: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY THE PETITIONER.....	14
TABLE 2: LIST OF NEWSPAPERS AND DATES OF PUBLICATION OF PUBLIC NOTICE BY THE COMMISSION.....	15
TABLE 3: CAPEX, CWIP AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	16
TABLE 4: GROSS FIXED ASSETS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	16
TABLE 5: INCENTIVE FOR TRANSMISSION SYSTEM AVAILABILITY FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	16
TABLE 6: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)..	17
TABLE 7: CAPEX, CWIP AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	21
TABLE 8: CAPEX AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	22
TABLE 9: GROSS FIXED ASSETS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	22
TABLE 10: GROSS FIXED ASSETS FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.).....	23
TABLE 11: O&M EXPENSE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.).....	25
TABLE 12: O&M EXPENSE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	27
TABLE 13: DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	27
TABLE 14: DEPRECIATION FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.).....	28
TABLE 15: INTEREST ON LOAN FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	28
TABLE 16: INTEREST ON LOAN FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.).....	29
TABLE 17: RETURN ON EQUITY FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.).....	29
TABLE 18: RETURN ON EQUITY FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	31
TABLE 19: INTEREST ON WORKING CAPITAL FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)..	31
TABLE 20: INTEREST ON WORKING CAPITAL FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	32
TABLE 21: NON-TARIFF INCOME FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	32
TABLE 22: NON-TARIFF INCOME FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.).....	32
TABLE 23: INCENTIVE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	33
TABLE 24: ANNUAL FIXED COST FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.).....	34
TABLE 25: INCENTIVE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	34
TABLE 26: REVENUE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.).....	35
TABLE 27: REVENUE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	35
TABLE 28: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)	35
TABLE 29: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)	36



Before
Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 10 of 2022

In the matter of:

Petition for
True-up for FY 2018-19

In the matter:

Jharkhand Urja Sancharan Nigam Limited.....**Petitioner**

PRESENT

Hon'ble Justice Amitav Kumar Gupta

Shri Mahendra Prasad

Shri Atul Kumar

Chairperson

Member (Legal)

Member (Technical)

Order dated June 23, 2023

Jharkhand Urja Sancharan Nigam Limited (hereinafter referred to as 'JUSNL' or the 'Petitioner') filed a petition dated August 24, 2021, for True-up for FY 2018-19, Annual Performance Review of FY 2019-20, and Annual Revenue Requirement for FY 2020-21 for the transmission of electricity in the State of Jharkhand.



A 1 Introduction

Jharkhand State Electricity Regulatory Commission

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



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



1.7 In discharge of its functions, the State Commission is guided by the National Tariff Policy framed and published by Government of India under the provisions of Section 3 of the Act. The objectives of the present National Tariff Policy are to: -

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

The Petitioner - Jharkhand Urja Sancharan Nigam Ltd. (JUSNL)

1.8 The erstwhile Jharkhand State Electricity Board (JSEB) was constituted on March 10, 2001 under the Electricity (Supply) Act, 1948 as a result of the bifurcation of the erstwhile State of Bihar. Before that, the Bihar State Electricity Board (BSEB) was the predominant entity entrusted with the task of generating, transmitting and supplying power in the State.

1.9 The Energy Department, Government of Jharkhand, vide its Letter No. 1/Board-01-Urja-26/13-1745 dated 28th June 2013 unbundled the erstwhile JSEB into following companies:

- a) Jharkhand Urja Vikas Nigam Ltd (JUVNL) being the holding company;
- b) Jharkhand Urja Utpadan Nigam Ltd (JUUNL) undertaking the generation function of the erstwhile JSEB;
- c) Jharkhand Bijli Vitaran Nigam Ltd (JBVNL) undertaking the distribution function of the erstwhile JSEB;
- d) Jharkhand Urja Sancharan Nigam Ltd (JUSNL) undertaking the transmission function of the erstwhile JSEB.

1.10 Jharkhand Urja Sancharan Nigam Ltd. (herein after to be referred to as JUSNL or the Petitioner or erstwhile JSEB-Transmission function) has been



incorporated under Indian Companies Act, 1956 pursuant to the decision of Government of Jharkhand to reorganize erstwhile JSEB. 1.11 Reorganization of the JSEB has been done by Government of Jharkhand pursuant to 'Part XIII-Reorganization of Board' read with Section 131 of The Electricity Act 2003. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6th January 2014, and is duly registered with the Registrar of Companies, Ranchi.

- 1.11 Jharkhand Urja Sancharan Nigam Ltd was incorporated on October 23, 2013 with the Registrar of Companies, Jharkhand, Ranchi and obtained Certificate of Commencement of Business on November 28, 2013.
- 1.12 The Petitioner is a Transmission Licensee under the provisions of the Electricity Act, 2003 (EA, 2003) having license to establish or operate transmission lines in the State of Jharkhand.
- 1.13 The Petitioner is functioning in accordance with the provisions envisaged in the Electricity Act, 2003 and is engaged in the business of Transmission of electricity to its consumers situated over the entire State of Jharkhand.

The Petitioner's Prayers

- 1.14 The Petitioner in this petition has made the following prayers before the Commission: -
 - a) Admit the instant Petition;
 - b) Examine the proposal submitted by the Petitioner in the enclosed petition for a favorable dispensation;
 - c) Approve the True up for FY 2018-19, APR for 2019-20 and ARR 2020-21 under Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, and the amendments/ orders issued, time to time by the Hon'ble Commission;
 - d) Pass a separate order for the present petition;
 - e) JUSNL may also be permitted to propose suitable changes to the respective ARR, prior to the final approval by the Hon'ble Commission, as the Petitioner believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and will eliminate the need for a review or



clarification;

- f) Condone any inadvertent omissions / errors / shortcomings and permit JUSNL to add / change / modify / alter this petition and make further submissions as may be required in future;
- g) Pass such order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;

Scope of the Present Order

1.15 The Petitioner has filed the petitions for True-up for FY 2018-19, Annual Performance Review of FY 2019-20, and Annual Revenue Requirement for FY 2020-21.

1.16 As per JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, the Petitioner was required to submit the true-up petition for FY 2018-19 latest by November 30, 2019, but the Petitioner filed the instant petitions on August 24, 2021, with several deficiencies which were communicated and pointed out by the Commission regarding the deficiencies to the Petitioner.

1.17 The Commission by this order while approving the True-up for FY 2018-19, has taken into consideration: -

- (a) Material placed on record by the Petitioner;
- (b) Provisions of the Electricity Act, 2003;
- (c) Principles laid down in the National Electricity Policy;
- (d) Principles laid down in the National Tariff Policy;
- (e) JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015;

1.18 The Commission has scrutinized the petition in detail and accordingly is issuing the order on True-up for FY 2018-19.



A 2 Procedural History

Background

- 2.1 The Commission had issued an order on Annual Revenue Requirement for FY 2011-12 and FY 2012-13 for the Transmission Business of erstwhile JSEB on August 02, 2012.
- 2.2 The Commission had issued the Provisional Tariff order on Review of Annual Revenue Requirement for FY 2013-14 (January 06, 2014 to March 31, 2014) & FY 2014-15 and Annual Revenue Requirement and Transmission Tariff for FY 2015-16 on December 14, 2015.
- 2.3 The Commission had issued the order for the approval of Business plan and MYT for the 2nd Control period from FY 2016-17 to FY 2020-21 on February 24, 2018.
- 2.4 The Commission by Order dated February 01, 2019 had issued the True-up for FY 2013-14 (January 06, 2014 to March 31, 2014) and FY 2014-15. The Petitioner had filed a review petition against the order dated February 01, 2019 which was disposed off by the Commission vide order dated December 03, 2020.
- 2.5 In the meantime, the Commission vide order dated February 24, 2018 had directed the Petitioner to file true-up petition for FY 2015-16 & FY 2016-17 and ARR for FY 2017-18 & FY 2018-19 within two months from the date of issuance of the order. However, the Petitioner vide letter no. 255 dated August 02, 2018 had prayed for extension of time of three months for filing the aforesaid petition.
- 2.6 The Commission vide letter no. JSERC/Case(T) no. 17 of 2016 & 03 of 2017/299 allowed extension of time till October 2018 for filing the True-up petition for FY 2015-16 & FY 2016-17 and APR for FY 2017-18 & FY 2018-19 and to submit the compliance request as per directives of the Commission.



- 2.7 Thereafter the Petitioner filed the petition for approval of True-up for FY 2015-16 & FY 2016-17 and Annual Revenue Requirement for FY 2017-18 & FY 2018-19 on October 05, 2018, and Commission passed the order on December 03, 2020.
- 2.8 The Petitioner on February 05, 2021 filed the petition for approval of True-up for FY 2017-18 and the Commission on June 12, 2023 passed the order on the aforesaid Petition.
- 2.9 The instant petition has been filed by the Petitioner for True-up for FY 2018-19, Annual Performance Review of FY 2019-20, and Annual Revenue Requirement for FY 2020-21 on August 24, 2021. However, the petition for True-up of FY 2019-20, Annual Performance Review of FY 2020-21, and Business Plan & Multi Year Tariff (MYT) for the Control Period FY 2021-22 to FY 2025-26 has been filed on October 17, 2022. Accordingly, the Commission in this order has approved the True-up for FY 2018-19.

Disclaimer: Relevant information provided herein regarding the Commission, the Petitioner, and the Procedural History have been extracted/ reproduced from the previous orders of the Commission. This is for information purpose only and does not in any matter reflect opinion or analysis thereon.

Information Gaps in the Petition

- 2.10 As part of tariff determination exercise, several deficiencies/information gaps were found and noted in the petition submitted by the Petitioner, which were pointed out and communicated vide Letter No. JSERC/Case(T) No. 10 of 2022/233 dt. 02.11.2022 with respect to the petition for True-up for FY 2018-19, Annual Performance Review of FY 2019-20, and Annual Revenue Requirement for FY 2020-21,
- 2.11 The Petitioner vide letter no. 21 dt. 16.01.2023 furnished the additional data/information as directed for on the petition for True-up of FY 2018-19, Annual Performance Review of FY 2019-20, and Annual Revenue Requirement for FY 2020-21.



- 2.12 The Commission has scrutinized the additional data/ information and has considered the same while passing this order. The Commission has examined the replies and supporting documents as supplied by the Petitioner on the discrepancies pointed out to it on material already on record in the petitions filed by the Petitioner.
- 2.13 In order to provide adequate opportunity to all stakeholders and general public as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulation(s) framed by the Commission and further in order to ensure transparency in the process of tariff determination, the Commission decided to conduct public hearing on April 15, 2023 in the Conference room of Jharkhand Small Industries Association (JSIA) at Ranchi for inviting comments/ suggestion/ objections.

Inviting Public Comments/Suggestions

- 2.14 The Commission directed the Petitioner to make available copies of the petition to the members of general public on request, and also issued a public notice inviting comments/ suggestions on the above said petition.
- 2.15 The aforesaid public notice was issued by the Petitioner in various newspapers and a period of twenty-one (21) days was given to the members of the general public for submitting their comments/suggestions.

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

True-up for FY 2018-19, APR of FY 2019-20, and ARR of FY 2020-21				
Sl. No.	Newspaper	Edition Name	Version	Date of Publication
1.	Dainik Jagran	Ranchi Edition	Hindi	04.02.2023
2.	Dainik Jagran	Jamshedpur Edition	Hindi	04.02.2023
3.	Dainik Jagran	Dhanbad Edition	Hindi	04.02.2023
4.	Dainik Jagran	Bhagalpur Edition	Hindi	04.02.2023
5.	Prabhat Khabar	Dhanbad Edition	Hindi	04.02.2023
6.	Prabhat Khabar	Deoghar Edition	Hindi	04.02.2023
7.	Prabhat Khabar	Jamshedpur Edition	Hindi	04.02.2023
8.	Prabhat Khabar	Ranchi Edition	Hindi	04.02.2023 & 07.02.2023
9.	Hindustan Times	Ranchi Edition	English	04.02.2023 & 07.02.2023
10.	Times of India	Patna Edition	English	04.02.2023 & 07.02.2023
11.	Hindustan	Ranchi Edition	Hindi	07.02.2023



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

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

Sl. No.	Newspaper	Version	Date of Publication
1.	Prabhat Khabar	Hindi	07.04.2023, 09.04.2023 & 14.12.2023
2.	Dainik Bhaskar	Hindi	07.04.2023 & 14.12.2023
3.	The Hindustan Times	English	07.04.2023, 09.04.2023 & 14.12.2023
4.	Times of India	English	07.04.2023, 09.04.2023 & 14.12.2023
5.	Hindustan Dainik	Hindi	09.04.2023

Submission of Comments/ Suggestions and Conduct of Public Hearing

2.17 The public hearing was held on April 15, 2023 in the Conference room of Jharkhand Small Industries Association (JSIA) at Ranchi. Comments/Suggestions on the petition were received. The Comments/Suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in **Chapter A 4** of this order.



A 3 Brief Facts of the Petition

True-up for FY 2018-19

a) Capital Expenditure, CWIP and Capitalization

3.1. The details of Capital Expenditure, CWIP and Capitalization as submitted by the Petitioner is provided in table below:

TABLE 3: CAPEX, CWIP AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	Opening	Addition	Closing
Capital Expenditure during the Year	4,013.89	251.00	4,264.89
Capitalization	1,435.49	108.40	1,543.89
Capital Works in Progress	2,578.40	142.60	2,721.00
<i>Asset Capital Work in Progress</i>	1,504.98	429.55	1,934.53
<i>Capital Advances</i>	297.13	-	297.13
<i>Advance to Suppliers</i>	745.85	(288.49)	457.36
<i>Stock of Materials at Site</i>	30.44	1.54	31.98

b) Gross Fixed Assets

3.2. The details of Gross Fixed Assets as submitted by the Petitioner is provided in table below:

TABLE 4: GROSS FIXED ASSETS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Opening Gross Fixed Asset (GFA)	2286.91	1435.49
Addition to Gross Fixed Asset (GFA)	922.57	108.40
Closing Gross Fixed Asset (GFA)	3209.49	1543.89

c) Incentive for Transmission System Availability

3.3. The details for the incentive for transmission system availability as submitted by the Petitioner is provided in table below:

TABLE 5: INCENTIVE FOR TRANSMISSION SYSTEM AVAILABILITY FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	Petition
Annual Transmission System Availability Factor	98.61%
Annual Transmission System Target Availability Factor for Incentive consideration as per JSERC Regulations	98.50%
Max availability factor that can be claimed for incentive	99.75%
Net Aggregate Revenue Requirement	607.44
Incentive / (Penalty)	6.08



d) Aggregate Revenue Requirement (ARR)

3.4. The details of Aggregate Revenue Requirement as submitted by the Petitioner is provided in table below:

TABLE 6: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Operation and Maintenance Expense	99.88	123.37
<i>Employee Expense</i>	39.91	72.52
<i>A&G Expense</i>	9.04	32.64
<i>R&M Expense</i>	50.92	18.22
Depreciation	132.09	49.77
Interest and Finance Charge	94.14	304.68
Return on Equity	55.37	150.96
Interest on Working Capital	11.36	15.86
Less: Non-tariff Income	(6.51)	(37.21)
Incentive / (Penalty)	-	6.08
Net Aggregate Revenue Requirement	386.34	613.52
Revenue from Operations	-	230.01
Revenue Gap / (Surplus)	-	383.51



A 4 Public Consultation Process

- 4.1 The Petition filed by the Petitioner evoked responses from several Stakeholders. The Public Hearing was held on April 15, 2023 to ensure maximum Public participation and transparency wherein Stakeholders put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as **Annexure-I** to this order.
- 4.2 The comments and suggestions of the members of the public along with the response thereon of the Petitioner and the view of the Commission are summarized in this Chapter. Some of the issues raised by the stakeholders, which do not relate to True-up, is not discussed in this Chapter.
- 4.3 The Comments/Suggestion of the members of the Public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder:

Compliance of earlier directives issued by the Commission

Public Comments/Suggestions

- 4.4 The Stakeholder submitted that the Commission may take into account that the Petitioner has not complied with the earlier directives issued by the Commission and requested to check the Compliance status of the directives issued by the Commission.

Petitioner's Response

- 4.5 In reply, the Petitioner has submitted that the directives of the Commission are being complied with from time to time.

View of the Commission

- 4.6 The Commission has gone through the submissions of the Stakeholder and the Petitioner and the details of Commission's earlier Directives and Petitioner's compliance, along with further Directions is dealt in para 7.



Interest and Finance Charges

Public Comments/Suggestions

4.7 The Stakeholder has submitted that the ARR Interest and Finance Charges are 2.75 times higher than the MYT which is the major reason for revenue gap. The funding of the capex is @13% p.a. The capital expenditure at such unreasonably high rate of interest is not a proper business plan.

Petitioner's Response

4.8 The Petitioner has submitted that they are making all efforts for re-financing of loan at the cheapest rate from various sources and submitted that the communication made in this regard has already been submitted to the Commission.

View of the Commission

4.9 The Commission has noted the stakeholder's objection and Petitioner's response on the said issue.

Energy Transmitted

Public Comments/Suggestions

4.10 The Stakeholder has submitted that the Petitioner has not transmitted power as approved by the Commission for each year of the 2nd MYT Control Period i.e. FY 2016-17 to FY 2020-21.

Petitioner's Response

4.11 The Petitioner has submitted that the energy flow through the system of the Petitioner depends upon the demand of its beneficiaries i.e. JBVNL and Railways. Hence, if the energy drawl is less than the allocated power, then the Petitioner is not liable for the same.

View of the Commission

4.12 The Commission has noted the stakeholder's objection and Petitioner's response on the said issue.



Revenue Billed

Public Comments/Suggestions

4.13 The Stakeholder has submitted that the Petitioner's billing is lesser than the revenue as approved by the Commission for each year of the 2nd MYT Control Period i.e. FY 2016-17 to FY 2020-21.

Petitioner's Response

4.14 The Petitioner has submitted that the last hike in the transmission charges was done in the year 2018. Since the last 5 years the cost has risen substantially but the tariff has not increased. Therefore, the Petitioner was not able to bill the revenue as approved by the Commission for each year of 2nd MYT Control Period.

View of the Commission

4.15 The Commission has noted the stakeholder's objection and Petitioner's response on the said issue.

Audit Report

Public Comments/Suggestions

4.16 The Stakeholder has submitted that the Auditors comments have not been addressed by the JUSNL.

Petitioner's Response

4.17 The Petitioner has submitted that all the comments of the auditors have been addressed by the Petitioner and incorporated as deemed necessary.

View of the Commission

4.18 The Commission has noted the stakeholder's objection and Petitioner's response on the said issue.



A 5 True Up for FY 2018-19

- 5.1 The Petitioner has submitted that the true-up petition for FY 2018-19 has been prepared based on the audited accounts taking into consideration the provisions of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, and the methodology adopted by the Commission in the earlier orders.
- 5.2 The Commission based on the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 has carried out true-up taking into consideration: -
- Audited (Statutory) Accounts for FY 2018-19 and additional details submitted by the Petitioner;
 - JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015; and;
 - Methodology adopted by the Commission in the earlier orders.

Capital Expenditure, Capitalization & CWIP

Petitioner Submission

- 5.3 The Petitioner submits that it has considered the actual capital expenditure and capitalization that has incurred in the books of accounts for truing up of expenses for FY 2018-19. The opening and closing balances of the capital expenditure, capitalization, CWIP are considered as per the audited annual accounts for FY 2018-19. In accordance with the same, the Petitioner submits that it has incurred actual capital expenditure of Rs. 251.00 Crore and actual capitalization of Rs. 108.40 Crore in FY 2018-19.
- 5.4 The Capital Expenditure, Capitalization and CWIP as submitted by the Petitioner are given in the tables below:

TABLE 7: CAPEX, CWIP AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	Opening	Addition	Closing
Capital Expenditure during the Year	4,013.89	251.00	4,264.89
Capitalization	1,435.49	108.40	1,543.89
Capital Works in Progress	2,578.40	142.60	2,721.00
<i>Asset Capital Work in Progress</i>	1,504.98	429.55	1,934.53
<i>Capital Advances</i>	297.13	-	297.13



Particulars	Opening	Addition	Closing
Advance to Suppliers	745.85	(288.49)	457.36
Stock of Materials at Site	30.44	1.54	31.98

TABLE 8: CAPEX AND CAPITALIZATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Capital Expenditure during the Year	2,650.33	251.00
Asset Capitalized during the year	922.57	108.40

5.5 The Commission in its Business Plan order dated 24th February 2018, had determined the opening balance of GFA for FY 2018-19 based on the closing balance approved for FY 2017-18 in the same order.

5.6 The Petitioner has claimed opening GFA as per the audited annual accounts for FY 2018-19, after consideration of final transfer scheme. The following table shows the opening and closing balance of GFA as per audited annual accounts against that approved by JSERC in the last tariff order. The Petitioner has requested the Commission to approve GFA for FY 2018-19 as provided in the table below.

TABLE 9: GROSS FIXED ASSETS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Opening Gross Fixed Asset	2,286.91	1,435.49
Asset Capitalized during the year	922.57	108.40
Closing Gross Fixed Asset	3,209.49	1,543.89

Commission Analysis

5.7 The Commission vide its letter dated November 02, 2022 directed the Petitioner to provide details of capitalization along with DPRs for all projects capitalized during FY 2018-19 along with detailed cost benefit analysis. In compliance to Commission's query, the Petitioner, vide its reply dated January 16, 2023 submitted the requisite data of assets capitalization as for FY 2018-19.

5.8 The Commission has therefore approved the capitalization as Rs. 108.40 Crore as submitted by the Petitioner.

5.9 The Commission has not approved the CWIP in the previous true-up order dated December 30, 2020 for FY 15-16 & FY 2016-17 and the review order dated January 11, 2023 as the Petitioner had not submitted the proper justification and scheme-wise and project-wise details of CWIP as directed by the Commission.



- 5.10 The Commission has scrutinized the submission made by the Petitioner and found that the claimed figure of Closing CWIP for FY 2018-19 doesn't linked with the Detailed Project Report. Hence due to the above mentioned reason the Commission has not approved CWIP in this order.
- 5.11 The Commission has considered opening GFA for FY 2018-19 equal to the closing GFA approved in the True-up for FY 2017-18.
- 5.12 The Commission has scrutinized the additional information submitted by the Petitioner and approves the capitalization for FY 2018-19 as shown below.

TABLE 10: GROSS FIXED ASSETS FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Opening Gross Fixed Asset	2,286.91	1,435.49	1,422.68
Asset Capitalized during the year	922.57	108.40	108.40
Closing Gross Fixed Asset	3,209.49	1,543.89	1,531.08

Operation and Maintenance Expenses

Petitioner Submission

- 5.13 The Petitioner has submitted that the Operation and Maintenance (O&M) cost is mainly driven by the length of transmission line and number of substations. Employee Expenses constitute a major portion of the O&M expenses and the expenses include salaries of the staff, payments related to surrender leave, various medical allowances, leave travel allowances and other allowances.
- 5.14 **Employee Expenses:** The Petitioner submits that the employee expenses primarily include costs towards salaries, Dearness Allowances, bonus, staff welfare and medical benefits, leave travel and earned leave encashment, and the terminal benefits in the form of pension, gratuity etc.
- 5.15 The Petitioner has claimed the employee expenses as per the annual audited accounts for FY 2018-19. The major reason for such exceptional increase is due to the following:
- Revision of Pay structure of the employees of JUSNL with effect from 01.01.2016:** Govt. of Jharkhand vide its Resolution No. 11/07 (Ve, Aa)-01/2016-217/F dated 18.01.2017 of Additional Chief Secretary, Planning-cum-Finance Department (Finance Division), Govt. of Jharkhand has issued an order regarding the revision of pay structure for the State Govt. employees



with effect from 01.01.2016. Accordingly, same was also adopted for the employees of JUSNL vide notification no 1848/Nigam HQ, Ranchi dated 10.07.2017 and by way of this the salaries and terminal benefits of the employees of JUSNL was revised w.e.f. 01.01.2016 retrospectively. The arrear for the period from 01.01.2016 to 31.03.2017 was paid during FY 2017-18. Also, the cost on account of terminal benefits was increased due to mass retirement during FY 2017-18.

- b) **Recruitment drives conducted by JUSNL:** JUSNL is running at 50% of the total sanctioned strength. JUSNL conducted recruitment drives for filling of the vacant positions at various levels vide JUVNL Employment Notification No. 03/2016 and 04/2016. The new recruits are also entitled to the revised pay structure as per the notification of JUVNL vide notification no. 1848/Nigam HQ, Ranchi dated 10.07.2017. The addition of new employees has also contributed to the increase in employee expenses during FY 2018-19 which may further increase after all the vacant positions are fulfilled as per the sanctioned strength.

5.16 The Petitioner submits that from the above fact, it may be inferred that the increase in employee expense was due to change in pay structure and addition of new employees which was not under the control of JUSNL. The Petitioner has thus requested the Commission to allow employee expense as per actual thereby invoking Clause No. 7.36 which provides that the Hon'ble Commission shall consider any variation in Employee Expense due to changes recommended by the Pay Commission and Clause No. 14.6 which provides that the Commission may adopt a procedure, which is at variance with any of the provisions of the notified Regulations.

5.17 **R&M Expenditure:** The Petitioner has submitted that the repairs and maintenance expenses include procurement expenses for various spares used for maintenance purposes as well as labour charges for repairs. The Commission, in its Business Plan order, has approved R&M expenses based on k-Factor of 2.23% which was applied on opening GFA (Rs. 2286.91 Crore) assumed at that time of FY 2018-19.

5.18 The Petitioner has further submitted that the actual opening GFA as per the actual audited accounts of FY 2018-19 is Rs. 1435.49 Crore which is much lower than that assumed in Business Plan order dated 24th February 2018.



The R&M expenses primarily include costs related to repair of different class of fixed assets etc. Accordingly, R&M expense has been claimed as per actual in line with the annual audited accounts for FY 2018-19.

- 5.19 **A&G Expenses:** The Petitioner has submitted that A&G expenses mainly comprise of costs towards rent charges, telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits. The Petitioner has claimed the A&G expenses as per the annual audited accounts for FY 2018-19. The major contribution to the A&G expense is from Consultancy Charges of Rs. 18.52 Crore. The consultancy charge of FY 2018-19 is almost the same as that incurred in FY 2017-18. The Petitioner has thus requested the Commission to allow A&G expense as per actuals thereby invoking Clause No. 14.6 which provides that the Commission may adopt a procedure, which is at variance with any of the provisions of the notified Regulations.
- 5.20 The summary of the O&M Expenses for FY 2018-19 as approved by the Commission in its MYT order vis-à-vis actually incurred, is as shown in the table below:

TABLE 11: O&M EXPENSE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Emp. Expenses	36.07	68.16
Terminal Benefits	3.85	4.35
R&M Expenses	50.92	18.22
A&G Expenses	9.04	*32.64
O&M Expenses	99.88	123.37

* Includes Rs. 0.20 Cr. of A&G expense of SLDC business

Commission's Analysis

A. Employee Expenses

- 5.21 The Commission in its MYT order dated February 24, 2018 has approved the employee cost for 2nd control period by increasing the provisionally approved employee cost as per tariff order dated December 14, 2015 for FY 2015-16 (excluding the amount of terminal benefits) with an inflation factor of 3.35%
- 5.22 The Commission vide its order dated February 01, 2019 has trued up the Employee Expenses and Terminal Benefits based on actuals for FY 2013-14 (Jan 06, 2014 to Mar 31, 2014) and FY 2014-15 as per audited accounts. Further, the Commission, in its review order dated December 03, 2020



retained the Employee Expenses and Terminal Benefits as approved in order dated February 01, 2019. Further, the Commission, in its order dated December 30, 2020 had approved the Employee Expenses and terminal benefits based on actuals for FY 2015-16 and increased it with the actual inflation factor to determine the employee expenses for FY 2016-17. The terminal benefits for FY 2016-17 was approved on actuals based on audited accounts.

- 5.23 Therefore, the Commission has considered the true up value of employee expenses (excluding terminal benefits) for FY 2018-19 in this order and has increased it with the actual inflation factor to determine the employee expenses. The terminal benefit is approved on actuals based on audited accounts.

B. A&G Expenses

- 5.24 During trueing up for FY 2013-14 (Jan 06, 2014 to Mar 31, 2014) and FY 2014-15, the Commission has considered the actual A&G Expenses for approval and the same was retained in Review order dated December 03, 2020. Further, the Commission in its order dated December 30, 2020 had approved the A&G Expenses based on actuals for FY 2015-16 and increased it with the actual inflation factor to determine the A&G expenses for FY 2016-17.

C. R&M Expenses

- 5.25 In its true-up order dated February 01, 2019, the Commission approved the R&M expenses for FY 2013-14 (Jan 06, 2014 to Mar 31, 2014) and FY 2014-15 by multiplying the approved GFA with 'k' factor (2.33%). Further, the Commission in its review order dated December 03, 2020 revised the R&M Expenses based on the approved GFA and 'k' factor (2.33%). Further, the Commission approved the R&M expenses considering the approved opening GFA and 'k' factor as 2.33% for FY 2015-16 and considering the approved opening GFA and 'k' factor as 2.23% approved the R&M expenses for FY 2016-17.
- 5.26 The O&M expenses as approved by the Commission in MYT order dated February 24, 2018 and submitted by the Petitioner vis-à-vis as approved by the Commission is shown below:



TABLE 12: O&M EXPENSE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Emp. Expenses	36.07	68.16	37.42
Terminal Benefits	3.85	4.35	4.35
R&M Expenses	50.92	18.22	7.67
A&G Expenses	9.04	*32.64	31.73
O&M Expenses	99.88	123.37	81.17

Depreciation

Petitioner's Submission

- 5.27 The Petitioner has submitted that it has calculated the depreciation as per the rates prescribed in the schedule attached to the Regulation as Appendix-I of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.
- 5.28 The Petitioner has submitted that depreciation expense is less than that approved by the Hon'ble Commission in the Business Plan order. The Petitioner further submitted that the depreciation expenses claimed is within the limit approved by the Hon'ble Commission in the tariff order dated 24.02.2018 and is also in line with the annual audited accounts for FY 2018-19, as shown in the table:

TABLE 13: DEPRECIATION FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Depreciation	132.09	49.77

Commission's Analysis

- 5.29 The Commission, in its MYT order dated February 24, 2018 has determined asset-wise depreciation with additions in asset during the year, considered as per the approved capitalization for the year. The Commission has considered the depreciation rates for the various asset classes as per the Transmission Tariff Regulations, 2015. Accordingly, the depreciation cost was approved by the Commission for the control period FY 2016-17 to FY 2020-21.
- 5.30 The Commission after scrutinizing the submission made by the Petitioner approves the depreciation based on the depreciation schedule attached to as Appendix-I to the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and the capitalization as approved earlier in this order.



5.31 The Commission has adopted similar methodology for computing the depreciation for FY 2018-19.

TABLE 14: DEPRECIATION FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Depreciation	132.09	49.77	49.77

Interest on Loan

Petitioner's Submission

5.32 The Petitioner has submitted that interest on loans include loans against schemes, central and state government loans, Bank Overdrafts, public bonds etc. The Petitioner has further submitted that it has been funding its capital expenditure mostly from State Government loan. In this regard, loan balance has substantially increased with increase in capital expenditure and capitalization for each year.

TABLE 15: INTEREST ON LOAN FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Net Loan-Opening	1,487.65	-
Additions during the year	922.57	-
Repayment during the Year	132.09	-
Net Loan- closing	2,278.13	-
Average Loan	1,882.89	-
Interest on Loan (%)	5.00%	-
Interest on Loan	94.14	304.68

Commission's Analysis

5.33 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, the Debt : Equity ratio of transmission project will be considered as per the following:-

“For a project declared under commercial operation on or after 1.04.2016, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

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

5.34 As the Petitioner has submitted that all capitalization is carried out by taking loans from State Government, hence, the Commission has considered the entire capitalization during the year funded through loan (i.e Debt : Equity is 100:0).



5.35 The repayment for the year of the tariff period has been considered to be equal to the depreciation allowed for that particular financial year. The closing loan values for the FY 2017-18 has been considered as opening loan value for FY 2018-19.

5.36 In the absence of the actual loan portfolio, the Commission has considered the rate of interest as 5.00% as approved in MYT order dated February 24, 2018, true-up order dated June 12, 2023. The Interest on Loan as approved by the Commission is tabulated hereunder:

TABLE 16: INTEREST ON LOAN FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Net Loan-Opening	1,487.65	-	613.86
Additions during the year	922.57	-	108.40
Repayment during the Year	132.09	-	49.77
Net Loan- closing	2,278.13	-	672.50
Average Loan	1,882.89	-	643.18
Interest on Loan (%)	5.00%	-	5.00%
Interest on Loan	94.14	304.68	32.16

Return on Equity

Petitioner's Submission

5.37 The Petitioner has submitted that it has considered equity base of Rs. 974.96 Crore (Rs. 972.96 Crore towards equity share capital + Rs. 2.00 Crore towards restructuring account pending adjustment) for FY 2018-19 as reflected in the annual audited accounts. The applicable return on equity has been calculated considering 15.50% rate of return as per Regulation 7.12 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015. The detailed calculation of return on equity is provided below:

TABLE 17: RETURN ON EQUITY FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Opening Equity	357.23	972.96
Additions	-	2.00
Closing Equity	357.23	974.96
Average Equity	357.23	973.96
Rate of Return	15.50%	15.50%
Return on Equity	55.37	150.96



Commission's Analysis

- 5.38 The Commission is of the view that the Petitioner has computed the equity component more than the normative equity of 30% of the GFA. The Petitioner was required to justify its claim of equity amount of Rs. 972.96 Crore out of the Total Gross Fixed Asset of Rs. 1,543.89 Crore.
- 5.39 In its reply, the Petitioner has submitted the amount of Rs 972.96 Crore as per the equity amount, reflected in the Audited Annual Account for the FY 2018-19.
- 5.40 The Commission had directed the Petitioner to submit the justification of claiming equity addition of Rs 2 Crore in FY 2018-19 towards the Restructuring Account Pending Adjustment, and in this regard the Petitioner has failed to submit proper justification. Hence, the Commission, in the instant petition, disallows the equity addition of Rs 2 Crore in FY 2018-19 towards the Restructuring Account Pending Adjustment.
- 5.41 As per Clause 7.10 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, the Debt : Equity ratio of transmission project will be considered as per the following:-

“For a project declared under commercial operation on or after 1.04.2016, if the equity actually deployed is more than 30% of the capital cost, equity in excess of 30% shall be treated as normative loan:

Provided that where equity deployed is less than 30% of capital cost, the actual equity shall be considered for determination of tariff.”

- 5.42 The Commission has also observed the equity component considered by the Petitioner as nil, accordingly the Commission has approved equity as nil.
- 5.43 The closing equity for the FY 2017-18 has been considered as opening equity for FY 2018-19. The Commission has accordingly approved the Return on Equity for FY 2018-19.



TABLE 18: RETURN ON EQUITY FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Opening Equity	357.23	972.96	350.61
Additions	-	2.00	-
Closing Equity	357.23	974.96	350.61
Average Equity	357.23	973.96	350.61
Rate of Return	15.50%	15.50%	15.50%
Return on Equity	55.37	150.96	54.34

Interest on Working Capital

Petitioner's Submission

5.44 The Petitioner has submitted that the working capital requirement has been computed according to the applicable norms for Transmission function as provided in the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015, the calculation for which has been detailed in the table below. In line with the above Regulations actual SBI base rate prevailing on 1st April 2018 has been taken into account for calculation of interest on working capital for FY 2018-19.

TABLE 19: INTEREST ON WORKING CAPITAL FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
O&M expenses for 1 month	8.32	10.28
Maintenance spares 15% of O&M expenses	14.98	18.51
2 Months Receivables of Annual Fixed Charges	65.47	101.24
Total Working Capital	88.78	130.03
Interest Rate	12.80%	12.20%
Interest on Working Capital in Rs.Core	11.36	15.86

Commission's Analysis

5.45 The Commission has considered the Interest on Working Capital (IoWC) as per norms specified in Clause 7.31 to Clause 7.33 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.

5.46 The rate of IoWC has been considered to be equal to the Base rate of SBI as applicable on April 01, of the relevant financial year plus 350 basis points as per Clause 7.32 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.



TABLE 20: INTEREST ON WORKING CAPITAL FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
O&M expenses for 1 month	8.32	10.28	6.76
Maintenance spares 15% of O&M expenses	14.98	18.51	12.18
2 Months Receivables of Annual Fixed Charges	65.47	101.24	37.38
Total Working Capital	88.78	130.03	56.32
Interest Rate	12.80%	12.20%	12.20%
Interest on Working Capital in Rs.Core	11.36	15.86	6.87

Non-tariff Income

Petitioner's Submission

5.47 The Petitioner has submitted that Regulation 7.38 & 7.39 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 provides that non-tariff income derived from disposal of assets, rent, DPS, miscellaneous receipts from the beneficiaries are to be deducted from the ARR. In line with the above Regulations, the Petitioner has claimed the Non-Tariff Income as per the audited annual accounts as follows.

TABLE 21: NON-TARIFF INCOME FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Non-tariff Income	6.51	37.21

Commission's Analysis

5.48 The Commission, on evaluation and prudent check has approved the Non-tariff Income based on actuals as summarized in the table below.

TABLE 22: NON-TARIFF INCOME FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Non-tariff Income	6.51	37.21	37.21

Incentive for Transmission Availability

Petitioner's Submission

5.49 The Petitioner has claimed an incentive for achieving 98.61% availability of transmission network against the normative value of 98.50%, detailed below.



TABLE 23: INCENTIVE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	Petition
Annual Transmission System Availability Factor	98.61%
Annual Transmission System Target Availability Factor for Incentive consideration as per JSERC Regulations	98.50%
Max availability factor that can be claimed for incentive	99.75%
Net Aggregate Revenue Requirement	607.44
Incentive/(Penalty) to be claimed	6.08

Commission's Analysis

5.50 The relevant clauses of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 related to the incentive calculation and recovery of fixed charges are extracted hereunder,

“8.6 The fixed cost of the Transmission System shall be computed on annual basis, in accordance with norms contained in these Regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the users.

8.7 The transmission charge (inclusive of incentive) payable for a calendar month for a Transmission System or part thereof shall be

a. For TAFM < 98%

$$AFC \times (NDM/NDY) \times (TAFM/98\%)$$

b. For TAFM: 98% < TAFM < 98.5%

$$AFC \times (NDM/NDY) \times (1)$$

c. For TAFM: 98.5% < TAFM < 99.75%

$$AFC \times (NDM/NDY) \times (TAFM/98.5\%)$$

d. For TAFM > 99.75%

$$AFC \times (NDM/NDY) \times (99.75\%/98.5\%)$$

Where,

AFC = Annual fixed cost specified for the year, in Rupees;

NDM = Number of days in the month;

NDY = Number of days in the year; and



TAFM = Transmission system availability factor for the month, in Percent, computed in accordance with Appendix –III to these Regulations.”

5.51 Accordingly, the Commission on prudent check has approved the Incentive as summarized in the table below.

TABLE 24: ANNUAL FIXED COST FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	UoM	Petition	Approved
O&M Expenses	Rs. Cr.	123.37	81.17
Interest & Finance Charges	Rs. Cr.	304.68	32.16
Interest on Working Capital	Rs. Cr.	15.86	6.87
Depreciation	Rs. Cr.	49.77	49.77
Return on Equity	Rs. Cr.	150.96	54.34
Annual Fixed Cost	Rs. Cr.	644.64	224.31

TABLE 25: INCENTIVE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Month	No. of Days	TAFM as Certified by the SLDC	ARR including Incentive
April	30.00	98.66%	18.47
May	31.00	98.36%	19.05
June	30.00	98.71%	18.47
July	31.00	98.26%	19.05
August	31.00	99.32%	19.21
September	30.00	99.04%	18.54
October	31.00	98.59%	19.07
November	30.00	98.86%	18.50
December	31.00	99.22%	19.19
January	31.00	98.69%	19.09
February	28.00	97.58%	17.13
March	31.00	98.05%	19.05
Total	365.00		224.82

Particulars	Approved
Annual Fixed Cost	224.31
ARR inclusive of Incentive	224.82
Net Incentive	0.51

Revenue from Operations

Petitioner’s Submission

5.52 The Petitioner submits that it has recovered transmission charge as approved by the Hon’ble Commission in its order dated 24th February 2018. The relevant extract of the order is quoted below:

“ 6.64 The Commission approves transmission tariff of Rs 0.25 per kWh for FY 2016-17, which shall remain applicable till amended or modified or extended by an Order of this Commission.”



5.53 In line with the direction of the Hon'ble Commission the Petitioner has recovered transmission charge at a tariff of Rs. 0.25 per kWh wheeled through its transmission network for FY 2018-19. The Petitioner has claimed the revenue from the existing tariff as per actual for FY 2018-19.

TABLE 26: REVENUE FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	Petition
Revenue from Existing Tariff	230.01

Commission's Analysis

5.54 The Commission, after scrutinizing and on analysis of the audited accounts approves the revenue from transmission business for FY 2018-19 as tabulated below.

TABLE 27: REVENUE FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	Petition	Approved
Revenue from Existing Tariff	230.01	230.01

Summary of ARR Components and Revenue Gap/(Surplus)

Petitioner's Submission

5.55 The summary of ARR components as submitted by the Petitioner is mentioned in the table below.

TABLE 28: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS SUBMITTED BY THE PETITIONER (RS. CR.)

Particulars	MYT	Petition
Operation and Maintenance Expense	99.88	123.37
<i>Employee Expense</i>	39.91	72.52
<i>A&G Expense</i>	9.04	32.64
<i>R&M Expense</i>	50.92	18.22
Depreciation	132.09	49.77
Interest and Finance Charge	94.14	304.68
Return on Equity	55.37	150.96
Interest on Working Capital	11.36	15.86
Less: Non-tariff Income	(6.51)	(37.21)
Incentive	-	6.08
Net Aggregate Revenue Requirement	386.34	613.52
Revenue from Operations	-	230.01
Revenue Gap / (Surplus)	-	383.51

Commission's Analysis

5.56 The summary of ARR components as approved by the Commission is summarized in the table below:



TABLE 29: SUMMARY OF ARR COMPONENTS FOR FY 2018-19 AS APPROVED BY THE COMMISSION (RS. CR.)

Particulars	MYT	Petition	Approved
Operation and Maintenance Expense	99.88	123.37	81.17
<i>Employee Expense</i>	39.91	72.52	41.78
<i>A&G Expense</i>	9.04	32.64	7.67
<i>R&M Expense</i>	50.92	18.22	31.73
Depreciation	132.09	49.77	49.77
Interest and Finance Charge	94.14	304.68	32.16
Return on Equity	55.37	150.96	54.34
Interest on Working Capital	11.36	15.86	6.87
Less: Non-tariff Income	(6.51)	(37.21)	(37.21)
Incentive	-	6.08	0.51
Net Aggregate Revenue Requirement	386.34	613.52	187.62
Revenue from Operations	-	230.01	230.01
Revenue Gap / (Surplus)	-	383.51	(42.39)

5.57 The Commission observes that the petition was required to be filed in accordance with Clause A 15 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015. However, the instant petition was filed on 24th August, 2021, as such, the Commission disallows the carrying on the net Gap/(Surplus) cost for the period of delay.



A 6 Status of Earlier Directives

6.1 The Commission has time and again issued various directives with the object to improve the functioning of the Petitioner and the compliance report submitted by the Petitioner to the Commission as per earlier directions is mentioned hereunder:

Directives	Status	Views of the Commission
Timely submission of the petition before the Commission:		
The Commission observed that the Petitioner failed to submit the petition before the Commission within the timeline specified in the JSERC Tariff Regulations, 2010 and JSERC Tariff Regulations 2015. The Commission directs the Petitioner to ensure timely submission of the petition in future failing which the same shall be treated as noncompliance of direction and may attract penalty.	No response submitted with the petition.	The Commission re-directs the Petitioner to abide by the directives already issued. Failure to comply with the directions may result in appropriate action as per provisions in EA Act, 2003.
True up petition for FY 2017-18, FY 2018-19 & FY 2019-20 and other pending Petitions:		
The Commission directs the Petitioner to file True up petition for FY 2017-18 in next two months from the issue of this order.	The Petitioner has submitted that the Regulation 6.17 of the Jharkhand State Electricity Regulatory Commission (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and as per earlier true-up orders of the Commission Annual Audited Accounts for the year is a bare minimum requirement for filing of the true-up petition. The Annual Accounts of JUSNL was audited on 21.11.2019 and after compiling and processing all the required information the Petitioner has filed this instant petition.	The Commission observes that the Petitioner failed to timely comply the direction. The Petitioner is directed to speed up the process with the next petition.
Re-financing of State Government Loans:		
The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the rates currently	The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the rates	The Commission observes that most of the schemes of the Petitioner are financed at 13% rate of interest which is higher than the



<p>prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding for schemes which may be developed for social cause. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes and efforts made with the State Government to convert the loans from them to a viability gap funding/ soft loan/grant/ equity</p>	<p>currently prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the Petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding for schemes which may be developed for social cause. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes and efforts made with the State Government to convert the loans from them to a viability gap funding/ soft loan/grant/ equity</p>	<p>rates currently prevailing in the market. The Commission also notes that the Petitioner has not taken any step to get these schemes financed from the cheapest source at the first place. The Commission thus directs the Petitioner to make all efforts to re-finance the loan for such schemes from the cheapest source available. The Petitioner may approach the State Government to convert the loans into grant or equity. The Petitioner may also look for Viability Gap Funding for schemes which may be developed for social cause. The Petitioner is directed to submit along with the next tariff petition, the steps taken towards refinancing of these schemes and efforts made with the State Government to convert the loans from them to a viability gap funding/ soft loan/grant/ equity.</p>
<p>Data Gaps:</p>		
<p>The Commission directs the Petitioner to note the data deficiencies highlighted throughout the present petition and submit required details and certificates along with the next petition</p>	<p>The Petitioner has taken care of capturing all the data deficiencies highlighted in the last petition and submitted the same before the Hon'ble Commission. However, in case the Hon'ble Commission requires any further clarification, justification etc. during the processing of the Petition, same shall be submitted as and when required.</p>	<p>The Commission noted the reply submitted by the Petitioner and directs the Petitioner need to improve the quality and standard of future petitions that need to be submitted before the Commission as per timeline specified in the Regulations.</p>
<p>Metering Status:</p>		
<p>The Commission also directs the Petitioner to submit status of meters available and operational at various locations in the JUSNL grid as on 1st April 2017 in the format provided in the MYT order.</p>	<p>The Petitioner has submitted the Status of the Meter with the petition.</p>	<p>The Commission noted the reply submitted by the Petitioner.</p>



A 7 Directives

Submission of Utilization & Loading Certificates for Transmission Lines and Transformers

7.1 The Commission directs the Petitioner to submit certificates showing line wise actual utilization of its transmission assets, including percentage loading & utilization factor of each transmission line, and percentage loading & utilization factor of each transformer, with detailed calculation and the associated data sheets, while filing the petitions for true-up for further financial years.

Submission of Fixed Asset Register

7.2 The Commission directs the Petitioner to prepare an FAR before filing of the next petition, and also directs that the Petitioner should specifically comply with observations of statutory authorities/auditors on the matter of Verification & Monitoring of Fixed Assets/CAPEX/Inventory and Maintenance of proper records preferably in digital form for observance of statutory provisions. The Petitioner should also put in place a robust Integrated Accounts & Financial Management System to minimize the time for preparation of Annual Accounts and filing of Petitions/Business Plans/APR's. in time.

Stores and Scraps

7.3 The Commission directs the Petitioner to submit the Itemized details of scraps and store items along with the estimated values within 3 months from the filing of petition.

Energy Accounting and Audit

7.4 The Commission had earlier directed JUSNL to conduct energy accounting and audit of its transmission system based on the energy meters presently installed on monthly basis and submit a copy of the report to the Commission by 20th of the succeeding month. Such report for the month of April 2018 shall be sent to the Commission by 20th May, 2018. However, the Petitioner has failed to comply with the directions of Commission as such the Petitioner is once again directed to comply with the directions/ orders of the Commission, failing which appropriate action will be taken as per provisions in EA, 2003.



Details of Transformer Earthing

7.5 The Commission had directed the Petitioner to submit the status/ value of power transformer earthing every six (6) months to the Commission, and submit the status of bus coupler bays at various voltage levels every six (6) months. However, the Petitioner has failed to comply with the directions of the Commission the Petitioner consequently is again directed to comply with the directions of the Commission, failing which appropriate action will be taken as per provisions in EA, 2003.

Data adequacy in the next Petition

7.6 The Commission has observed that the Petitioner has not submitted the required data/supporting documents in proper format with the petition. In spite of sufficient time and several reminders, the Petitioner couldn't provide justifiable reasons regarding the discrepancy pointed out by the Commission specially in connection with addition of capex expenditure and capitalization during the year. The Commission directs the Petitioner to submit the petition along with relevant formats, failure to do so may lead to non-acceptance of the petition. The Petitioner is also directed to submit its claim with justifiable reasons and documentary proof.

Timeliness and Data Adequacy in the Next Tariff Petition

7.7 The Commission directs the licensee to file the next tariff petition, after removing the deficiencies highlighted in this tariff order. The Petitioner should ensure that the data submitted to the Commission is accurate with proper certification. The Commission also directs the licensee to ensure submission of the next tariff petition within the time frame as stipulated in Section A 24 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2020. Failure to comply with the directions will make the Petitioner liable for appropriate action under the provisions of the Electricity Act, 2003.



This order is signed and issued by the Jharkhand State Electricity Regulatory Commission on June 23, 2023.

Date: 23.06.2023

Place: Ranchi

Sd/-	Sd/-	Sd/-
Atul Kumar	Mahendra Prasad	Justice Amitav Kumar Gupta
MEMBER (Technical)	MEMBER (Legal)	CHAIRPERSON



ANNEXURE - I

List of participating members in the Public Hearing

Sl. No	Name	Address/Organization
1.	Amit Banerjee	Director(F) JUSNL
2.	Manoj Kr. Karmali	Director(P) JUSNL
3.	Shayam Mahali	JUSNL
4.	Shailesh Prakash	SLDC, JUSNL
5.	R.K. Tripathy	PWC, JBVNL
6.	Anita Parasad	JBVNL
7.	Ajay Kumar	GM(F&A) JUSNL
8.	Ajay Kumar	GM, JUSNL
9.	Anjay Pachoriwala	President JSIA
10.	Vibha Kumari	JBVNL
11.	Shiv Shakar PD. Singh	JUSNL
12.	Gaurav Lohani	JUSNL
13.	Guarav Kumar	JUSNL
14.	Sanjeev Lakra	JUSNL
15.	Ravi Shankar Kumar	JBVNL
16.	Ujjwala K. Guria	JBVNL
17.	Kedar Nath Lal Das	Ranchi
18.	Shahsi Bhusan Kumar	JBVNL
19.	Akhilash Mishra	MTPCL
20.	Gaurav Lohani	JUSNL
21.	Ashish Kumar	JUSNL
22.	Avinash Kumar	JUSNL
23.	Raj Kumar Jha	JUSNL
24.	Sumit Prasad	JUSNL
25.	Akhil Katiyar	Consultant(JUSNL)
26.	Deepak Kumar	Manager, JUSNL
27.	Avinash Alda	JUSNL
28.	Sami Ahmed	Ranchi