

Jharkhand State Electricity Regulatory Commission



**Order on
True-up for
FY 2017-18
for
Jharkhand Urja Sancharan Nigam Limited**

Ranchi

12th June, 2023



CONTENTS

List of Abbreviations	3
List of Tables	4
1: INTRODUCTION.....	6
Jharkhand State Electricity Regulatory Commission	6
Jharkhand Urja Sancharan Nigam Limited (JUSNL).....	8
The Petitioner's Prayers	9
Scope of the Present Order	9
2: PROCEDURAL HISTORY.....	10
Background	10
Information Gaps in the Petitions	10
Inviting Public Comments/Suggestions	10
Submission of Comments/Suggestions and Conduct of Public Hearing.....	11
3: BRIEF FACTS OF THE PETITION	13
Truing up for FY 2017-18	13
4: PUBLIC CONSULTATION PROCESS	14
Compliance of earlier directives issued by the Commission.....	14
Interest and Finance Charges	14
Energy transmitted	15
Revenue Billed	15
Audit Report.....	15
5: TRUE-UP FOR FY 2017-18	17
Capital Expenditure & Capitalization	17
Operation and Maintenance Expenses	19
Depreciation	22
Interest and Finance Charge	23
Interest on Working Capital	24
Return on Equity	25
Non-Tariff Income (NTI)	27
Revenue from Existing Tariff.....	28
Aggregate Revenue Requirement	28
Gap/Surplus.....	29
6: STATUS OF EARLIER DIRECTIVES	30
7: DIRECTIVES.....	32
ANNEXURE 1.....	34



List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
APR	Annual Performance Review
ARR	Aggregate Revenue Requirement
BSEB	Bihar State Electricity Board
Cr.	Crore
CWIP	Capital Work in Progress
DPR	Detail Project Report
FY	Financial Year
GFA	Gross Fixed Assets
GoI	Government of India
IoWC	Interest on Working Capital
JSEB	Jharkhand State Electricity Board
JSERC	Jharkhand State Electricity Regulatory Commission
JBVNL	Jharkhand Bijli Vitaran Nigam Limited
JUSNL	Jharkhand Urja Sancharan Nigam Limited
JUVNL	Jharkhand Urja Vikas Nigam Limited
JUUNL	Jharkhand Urja Utpadan Nigam Limited
MYT	Multi Year Tariff
NTI	Non-Tariff Income
O&M	Operation and Maintenance
R&M	Repair and Maintenance
RoE	Return on Equity
Rs.	Rupee
SBI	State Bank of India
SLDC	State Load Disptach Centre



List of Tables

Table 1: List of newspapers and dates of publication of Public Notice by the Petitioner	11
Table 2: List of newspapers and dates of publication of Public Notice by the Commission	11
Table 3: ARR for FY 2017-18 as submitted by the Petitioner (Rs. Crore)	13
Table 4: Capital Expenditure and Capitalization as submitted by the Petitioner (Rs.Crore)	17
Table 5: Gross Fixed Asset as submitted by Petitioner (Rs. Crore)	18
Table 6: Gross Fixed Asset as approved by the Commission (Rs. Crore)	19
Table 7: O&M Expenses as submitted by the Petitioner (Rs. Crore)	20
Table 8: O&M Expenses as approved by the Commission (Rs. Crore)	21
Table 9: Depreciation as submitted by the Petitioner (Rs. Crore)	22
Table 10: Depreciation as approved by the Commission (Rs. Crore)	22
Table 11: Interest and Finance Charge as submitted by the Petitioner (Rs Crore)	23
Table 12: Interest and Finance Charge as approved by the Commission (Rs. Crore)	24
Table 13: Interest on Working Capital as submitted by the Petitioner (Rs. Crore)	24
Table 14: Interest on Working Capital as approved by the Commission (Rs Crore)	25
Table 15: Return on Equity as submitted by the Petitioner (Rs. Crore)	26
Table 16: Return on Equity as approved by the Commission (Rs. Crore)	27
Table 17: Non-Tariff Income as submitted by the Petitioner (Rs. Crore)	27
Table 18: Non-Tariff Income as approved by the Commission (Rs. Crore)	28
Table 19: Revenue as submitted by the Petitioner (Rs. Crore)	28
Table 20: Revenue as approved by the Commission (Rs. Crore)	28
Table 21: Aggregate Revenue Requirement as submitted by the Petitioner (Rs. Crore)	28
Table 22: Aggregate Revenue Requirement as approved by the Commission (Rs. Crore)	29
Table 23: Gap/(Surplus) as submitted by the Petitioner (Rs. Crore)	29
Table 24: Gap/(Surplus) as approved by the Commission (Rs. Crore)	29



BEFORE

Jharkhand State Electricity Regulatory Commission, Ranchi

Case (Tariff) No.: 02 of 2021

In the matter of:

Petition

For

True-up for FY 2017-18

In the matter:

Jharkhand Urja Sancharan Nigam Limited (JUSNL)
JUSNL Building, Kusai Colony, Doranda, Ranchi **Petitioner**

PRESENT

Shri. Justice Amitav K. Gupta

Chairperson

Shri. Mahendra Prasad

Member (Legal)

Shri. Atul Kumar

Member (Technical)

Order dated 12th June, 2023

Jharkhand Urja Sancharan Nigam Limited (hereinafter referred to as JUSNL or the Petitioner) has prayed for the Truing up for FY 2017-18.



1: INTRODUCTION

Jharkhand State Electricity Regulatory Commission

- 1.1 The Jharkhand State Electricity Regulatory Commission (hereinafter referred to as the '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 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 After the Electricity Act, 2003 came into force, the earlier Electricity Regulatory Commission Act of 1998 stands repealed and the functions of State Electricity Regulatory Commission are now defined under Section 86 of the Act.
- 1.4 In accordance with Section 86 (1) of 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;
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;
 - (b) facilitate intra-state transmission and wheeling of electricity;
 - (c) issue licenses to persons seeking to act as transmission licensees, distribution



- licensees and electricity traders with respect to their operations within the State;
- (d) 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;
 - (e) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
 - (f) levy fee for the purpose of this Act;
 - (g) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
 - (h) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
 - (i) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
 - (j) discharge such other functions as may be assigned to it under this Act.
- 1.5 The Commission has to also advise the State Government as per sub section 2 of Section 86 of the Act, 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 shall ensure transparency while exercising its powers and discharging its functions.
- 1.7 In discharge of its functions, the State Commission is also guided by the National Tariff Policy, 2016 as brought out by Government of India 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;
 - (e) Promote generation of electricity from Renewable sources;
 - (f) Promote Hydroelectric Power generation including Pumped Storage Projects (PSP)



to provide adequate peaking reserves, reliable grid operation and integration of variable renewable energy sources;

- (g) Evolve a dynamic and robust electricity infrastructure for better consumer services;
- (h) Facilitate supply of adequate and uninterrupted power to all categories of consumers;
- (i) Ensure creation of adequate capacity including reserves in generation, transmission and distribution in advance, for reliability of supply of electricity to consumers.

Jharkhand Urja Sancharan Nigam Limited (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 the Government of Jharkhand to reorganize erstwhile JSEB.
- 1.11 Reorganization of the JSEB has been done by the 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 the 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.
- 1.12 Jharkhand Urja Sancharan Nigam Ltd was incorporated on October 23, 2013 with the Registrar of Companies, Jharkhand, Ranchi and obtained the Certificate of Commencement of Business on November 28, 2013.
- 1.13 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.

- 1.14 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

1.15 The Petitioner in this Petition had made following prayers before the Commission:

- a) Admit True-Up Petition for FY 2017-18 in accordance with the principles outlined in JSERC Transmission Tariff Regulations, 2015
- b) Approve the True-Up for FY 2017-18 to the extent claimed by the Petitioner in accordance with the submissions and rationale submitted in the Petition
- c) Approve revenue gap of Rs. 528.69 Crores for FY 2017-18 along with carrying cost till date in the subsequent Tariff Order to be issued by the Commission for JUSNL
- d) To issue appropriate directives to ensure that the Tariff determined for the past period is applied.
- e) To condone any inadvertent omissions/errors/rounding off differences/ shortcomings/ deficiencies in the Petition and permit the Petitioner to add/modify/alter this filing and make further submissions as may be required at a future date.

1.16 The Petitioner filed for the truing up based on the actual information and audited accounts.

Scope of the Present Order

1.17 The Commission in this Order has approved the True-up for FY 2017-18.

1.18 While conducting the review and approval of True-up for FY 2017-18, the Commission has taken into consideration:

- a) Material placed on record
- 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) Provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015;

1.19 Accordingly, the Commission has scrutinized the Petitions in detail and hereby issues the Order on the True-up for FY 2017-18.



2: PROCEDURAL HISTORY

Background

- 2.1 The Commission 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 vide its Order dated December 14th, 2015 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.
- 2.3 The Commission vide its Order dated February 24th, 2018 issued the Business plan and MYT for the 2nd Control period from FY 2016-17 to FY 2020-21.
- 2.4 Moreover, the Commission vide Order dated February 1st, 2019 issued the True- up Order for FY 2013-14 (January 06, 2014 to March 31, 2014) and FY 2014-15. The Commission vide Order dated December 3rd, 2020 had disposed off the Review Petition filed by the Petitioner for the aforesaid Order.
- 2.5 Furthermore, the Commission in its order dated December 30, 2020 approved the TrueUp for FY 2015-16 and FY 2016-17. The Petitioner vide Case no. 07 of 2022 filed review Petition of the order dated December 30, 2020. The Review Petition was disposed by the Commission vide Order dated January 11, 2023.
- 2.6 The Petitioner in this instant Case no. 02 of 2021 has sought for Truing-up for FY 2017-18.

Information Gaps in the Petitions

- 2.7 As part of tariff determination, several deficiencies/ information gaps were observed in the Petitions submitted by the Petitioner. The information gaps were identified, pointed out and communicated to the Petitioner vide letter no. JSERC/Case (T) No. 02 of 2021/35 dated June 24th, 2022.
- 2.8 The Petitioner vide letter no. 99 /JUSNL dated August 11th, 2022, in reply, furnished additional data/information as pointed out by the Commission.
- 2.9 The Commission scrutinized and considered the additional data/ information submitted by the Petitioner while passing this Order. The Commission has analyzed and examined the replies and the documents submitted by the Petitioner with respect to the discrepancies as pointed out.

Inviting Public Comments/Suggestions

- 2.10 The Commission directed the Petitioner to make available the copies of the Petition to the

members of general public on request, and issued public notice inviting comments/suggestions on the above petition.

- 2.11 The public notice was published in various newspapers by the petitioner and twenty one (21) days' time was given to general public for submitting their comments/suggestions.

Table 1: List of newspapers and dates of publication of Public Notice by the Petitioner

Sl. No.	Newspaper	Edition name	Date of Publication
1.	Hindustan	Bhagalpur Edition(Hindi)	28.09.2022 & 29.09.2022
2.	Hindustan	Ranchi Edition(Hindi)	28.09.2022 & 29.09.2022
3.	Hindustan	Dhanbad Edition(Hindi)	28.09.2022 & 29.09.2022
4.	Hindustan	Jamshedpur Edition(Hindi)	28.09.2022 & 29.09.2022
5.	Prabhat Khabar	Dhanbad Edition(Hindi)	28.09.2022 & 29.09.2022
6.	Prabhat Khabar	Deoghar Edition(Hindi)	28.09.2022 & 29.09.2022
7.	Prabhat Khabar	Jamshedpur Edition(Hindi)	28.09.2022 & 29.09.2022
8.	Prabhat Khabar	Ranchi Edition(Hindi)	28.09.2022 & 29.09.2022
9.	Dainik Jagran	Ranchi Edition(Hindi)	28.09.2022
10.	Dainik Jagran	Jamshedpur Edition(Hindi)	28.09.2022
11.	Dainik Jagran	Dhanbad Edition(Hindi)	28.09.2022
12.	Dainik Jagran	Bhagalpur Edition(Hindi)	28.09.2022
13.	Dainik Bhaskar	Ranchi Edition(Hindi)	28.09.2022
14.	Dainik Bhaskar	Jamshedpur Edition(Hindi)	28.09.2022
15.	Dainik Bhaskar	Dhanbad Edition(Hindi)	28.09.2022
16.	Times of India	Patna Edition(English)	28.09.2022 & 29.09.2022

- 2.12 Subsequent to that the Commission also posted a notice on its website www.jserc.org and in various newspapers for conducting public hearing on the petitioner's petition. The list of the newspapers containing the public notice published by the Commission is listed as below:

Table 2: List of newspapers and dates of publication of Public Notice by the Commission

Sl. No.	Newspaper	Date of Publication
1.	Prabhat Khabar(Hindi)	07.04.2023,14.04.2023 & 09.04.2023
2.	Dainik Bhaskar(Hindi)	07.04.2023 & 14.04.2023
3.	The Times of India(English)	07.04.2023,14.04.2023 & 09.04.2023
4.	The Hindustan Times(English)	07.04.2023,14.04.2023 & 09.04.2023
5.	Hindustan Dainik(Hindi)	09.04.2023
6.	Prabhat Khabar(Hindi)	07.04.2023,14.04.2023 & 09.04.2023

Submission of Comments/Suggestions and Conduct of Public Hearing

- 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 relevant provisions of



JSERC Transmission Tariff Regulations, 2015 to ensure transparency in the process of tariff determination, public hearing was held by the Commission on April 15th, 2023 in the Hall of Jharkhand Small Industries Association Campus, Udyog Bhawan, Industrial Area, Kokar, Ranchi (Near Niramaya Hospital).

- 2.14 Comments/Suggestions on the Petition were received. The Comments/Suggestions of the Public, Petitioner's responses and Commission's views thereon are detailed in **paragraph 4** of this Order.



3: BRIEF FACTS OF THE PETITION

Truing up for FY 2017-18

3.1 The summary of True-up for FY 2017-18 as submitted by the Petitioner vis-à-vis that approved by the Commission in MYT Order for FY 2017-18 dated February 02, 2018 along with revenue detail is tabulated below:

Table 3: ARR for FY 2017-18 as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
O&M Expenses	76.84	133.19
Interest & Finance Charges	135.75	382.94
Interest on Working Capital	9.98	19.61
Depreciation	82.16	74.77
Return on Equity	55.37	150.81
Non-Tariff Income	6.20	13.98
Aggregate Revenue Requirement	353.89	747.34
Revenue	353.89	218.65
Gap/(Surplus)	0.00	528.69

3.2 Accordingly, the Petitioner prayed to approve ARR of Rs. 747.34 Crore for FY 2017-18, including Gap/Surplus for the said year.



4: PUBLIC CONSULTATION PROCESS

- 4.1 The Public Hearing was held at Ranchi to ensure maximum Public participation and transparency, the Stakeholders participated and put forth their comments and suggestions before the Commission in the presence of the Petitioner. The list of the attendees is attached as **Annexure-1**, to this Order.
- 4.2 The Comments/Suggestion of the members of the Public along with the response thereon of the Petitioner and the views of the Commission are detailed hereunder:

Compliance of earlier directives issued by the Commission

Public Comments/Suggestions

- 4.3 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

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

View of the Commission

- 4.5 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

- 4.6 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

- 4.7 The Petitioner has submitted that they are making all efforts for re-financing of the 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

- 4.8 The Commission has gone through the submission made by the Stakeholder and the Petitioner which is discussed and dealt with in para 7 of this Order.



Energy transmitted

Public Comments/Suggestions

- 4.9 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

- 4.10 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

- 4.11 The Commission has taken note of the response of the Petitioner.

Revenue Billed

Public Comments/Suggestions

- 4.12 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

- 4.13 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

- 4.14 The Commission has taken note of the response of the Petitioner.

Audit Report

Public Comments/Suggestions

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



Petitioner's Response

4.16 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

4.17 The Commission has taken note of the response of the Petitioner.



5: TRUE-UP FOR FY 2017-18

- 5.1 The Petitioner has submitted the True-up petition for FY 2017-18 based on the audited accounts, taking into consideration the provision of JSERC (Term and Condition for determination of Transmission Tariff Regulation), 2015 and the methodology adopted by the Commission in the earlier Orders.
- 5.2 The Commission, based on the provision of the JSERC Transmission Tariff Regulations, 2015 has now carried out true-up for FY 2017-18 taking into consideration:
- Audited (Statutory) accounts for FY 2017-18 and additional details submitted by the Petitioner;
 - JSERC Transmission Tariff Regulations, 2015;
 - Methodology adopted by the Commission in the earlier Orders:

Capital Expenditure & Capitalization

Petitioner's Submission

- 5.3 The Petitioner has considered the actual capital expenditure and capitalization that has incurred in the book of accounts for truing up of expenses for FY 2017-18. The opening and closing balances of the capital expenditure, capitalization, CWIP are considered as per the audited annual accounts for FY 2017-18.
- 5.4 In accordance with the audited accounts, the Petitioner submitted that they have incurred a capital expenditure of Rs. 883.50 Crore and capitalization of Rs. 26.75 Crore in the FY 2017-18.
- 5.5 The following table shows the capital expenditure and capitalization incurred during the FY 2017-18 against the approved capital expenditure and capitalization.

Table 4: Capital Expenditure and Capitalization as submitted by the Petitioner (Rs.Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Opening CWIP	847.74	1721.65
Capital Expenditure during FY	1650.60	883.50
Asset Capitalization	969.01	26.75
Closing CWIP	1529.33	2578.4

- 5.6 The Petitioner has claimed the opening Gross Fixed Asset as per the audited accounts for FY 2017-18, after consideration of the final transfer scheme. The following table shows the opening and closing balance of Gross Fixed Asset as per audited annual accounts against that approved by the Commission in its Business Plan Order dated February 24, 2018.



- 5.7 The Petitioner has further requested the Commission to approve the closing Gross Fixed Asset as Rs. 1435.49 Crore for FY 2017-18 as given in the table below:

Table 5: Gross Fixed Asset as submitted by Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Opening Gross Fixed Asset	1317.9	1408.74
Capitalization during FY	969.01	26.75
Closing GFA	2286.91	1435.49

Commission's Analysis

- 5.8 The Commission has approved the capital expenditure and capitalization for 2nd Control period in its MYT order dated February 24, 2018 subject to true up based on actual of FY 2017-18.
- 5.9 The Commission vide its letter dated June 24, 2022 directed the Petitioner to provide Scheme-wise capitalization and its mode of financing. In compliance to Commission's query, the Petitioner vide its reply dated August 11, 2022 submitted the Scheme-wise detail of assets capitalization as Rs.26.74 Crore for FY 2017-18.
- 5.10 The Commission has therefore approved the capitalization as Rs. 26.74 Crore as submitted by the Petitioner in its reply dated August 11, 2022.
- 5.11 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 projectwise details of CWIP as directed by the Commission.
- 5.12 Furthermore the Commission, vide its letter dated June 24, 2022 directed the Petitioner to provide project-wise & scheme-wise Capital work in Progress detail of Rs. 1504.98 Crore along with the work order. In compliance to Commission's query, the Petitioner vide its reply dated August 11, 2022 submitted the Scheme-wise detail of asset capital work in progress.
- 5.13 The Commission has scrutinized the submission made by the Petitioner and found that the claimed figure of Closing CWIP for FY 2017-18 doesn't match the details provided by the Petitioner in its reply. Hence due to the above mentioned reason the Commission has not approved CWIP in this order.
- 5.14 The Commission has observed that there is a mismatch in the closing GFA of FY 2016-17 and opening GFA of FY 2017-18 which is higher than the approved value of FY 2016-17 and accordingly directed the Petitioner to submit the reason behind that. In its reply to the above mentioned query, the Petitioner submitted that it has claimed the opening GFA of FY 2017-18 as per the audited account.

- 5.15 The Commission has considered opening GFA for FY 2017-18 equal to closing GFA for FY 2016-17 as approved in its True-up Order dated December 30, 2020.
- 5.16 The Commission has scrutinized the additional information submitted by the Petitioner and approves the capitalization for FY 2017-18 as Rs. 26.74 Crore against Rs. 26.75 Crore as claimed by the Petitioner as shown below:

Table 6: Gross Fixed Asset as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Opening Gross Fixed Asset	1317.9	1408.74	1395.94
Capitalization	969.01	26.75	26.74
Closing GFA	2286.91	1435.49	1422.68

Operation and Maintenance Expenses

Petitioner's Submission

- 5.17 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.
- 5.18 **Employee Expenses:** The Petitioner has submitted that the employee expenses as per the annual audited accounts for FY 2017-18; the actual employee expense for FY 2017-18 is Rs. 82.52 Crore including the terminal benefits which are high in comparison to Rs. 38.75 Crore as approved in MYT Tariff Order dated 24.02.2018.
- 5.19 The Petitioner has highlighted the reason for the exceptional increase as the Revision of Pay structure of the employees of JUSNL with effect from the 01.01.2016 vide notification no 1848/Nigam HQ, Ranchi dated 10.07.2017 and addition of new employees which was not under the control of JUSNL.
- 5.20 **Administrative and General Expenses:** The Petitioner has submitted that the A&G expenses were claimed as per the annual audited accounts for FY 2017-18. The Petitioner highlighted the actual A&G expense for FY 2017-18 as Rs. 27.97 Crore which is high in comparison to Rs. 8.75 Crore as approved in its MYT Tariff Order dated 24.02.2018. The major reason for increase in the A&G expense claimed by the Petitioner is due to increase in Consultancy Charges paid during FY 2017-18 i.e. Rs. 18.98 Crore.

Repairs and Maintenance Expenses: The Petitioner has submitted that the R&M expenses include procurement of various spares used for maintenance purposes as well as labour charges for repairs. The Petitioner has further submitted that the opening Gross Fixed Asset as per actual audited accounts for FY 2017-18 is Rs. 1408.74 Crore which is



much higher than the approved value of Rs. 1317.90 Crore in the Tariff Order dated February 24, 2018. Hence, the R&M expenses claimed as Rs. 22.70 Crore is lesser than the approved value of Rs. 29.34 Crore.

- 5.21 The Petitioner has further added that the k-factor arrived at after comparing the actual opening Gross Fixed Asset with the actual R&M Expense as 2.23% which is lower than the approved value of 2.33% in the tariff Order dated February 24, 2018.
- 5.22 The Petitioner has therefore requested to approve Rs. 22.70 Crore as O&M Expenses against Rs. 29.34 Crore approved by the Commission in the Tariff Order dated February 24, 2018.
- 5.23 The Petitioner submitted that savings on employee expenses and A&G expenses should be shared with the consumers as per JSERC Transmission Tariff Regulations, 2015.
- 5.24 The following table shows the O&M Expense approved in Tariff Order dated February, 24, 2018 vis-à-vis actual O&M Expense claimed as per audited annual accounts for FY 2017-18.

Table 7: O&M Expenses as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Employee Expenses	34.90	65.84
Terminal Benefits	3.85	16.68
Administrative & General Expenses	8.75	27.97
Repairs & Maintenance Expenses	29.34	22.70
O&M Expenses	76.84	133.19

Commission's Analysis

- 5.25 **Employee Expenses:** 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%.
- 5.26 The Commission vide its letter dated June 24, 2022, has directed the Petitioner to provide the details of the exceptional increase in employee expense.
- 5.27 The Petitioner, in its reply dated August 11, 2022, has submitted that the major reason for the increase is due to the revision of Pay structure of the employees of JUSNL with effect from 01.01.2016. The arrear for the period from 01.01.2016 to 31.03.2017 was paid during FY 2017-18. However the Petitioner has not provided the details of the arrear paid during the period of 01.01.2016 to 31.03.2017.
- 5.28 As per Note 2 of Regulation 7.36 of Transmission Tariff Regulation, 2015



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

- 5.29 Based on the above regulation, the Commission at present is not considering the exponential increase in employee expense due to revision of Pay Structure as sufficient data is not available to the Commission. The Petitioner may be directed to approach the commission with the details of arrear paid for the period 01.01.2016 to 31.03.2017.
- 5.30 Therefore the Commission has considered the true up value of employee expenses (excluding terminal benefits) for FY 2017-18 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.
- 5.31 **Administrative and General Expenses:** The Commission in its MYT Order dated February 24, 2018 approved the A&G expenses for 2nd control period by increasing the provisionally approved value of A&G cost for FY 2016-17 as per tariff Order dated December 14, 2015 with an inflation factor of 3.35%.
- 5.32 The Commission has considered the true up value of Administrative and General Expenses for FY 2017-18 in this Order and has increased it with the actual inflation factor to determine the Administrative and General Expense.
- 5.33 **Repairs and Maintenance Expenses:** In the MYT Order dated February 24, 2018 the Commission had approved the R&M expense for FY 2017-18 by computing the R&M cost by multiplying the ‘k’ factor with the approved GFA of the FY 2017-18. The K-factor considered by the Commission for estimating R&M cost for the FY 2016-17 to FY 2020-21 is as per Tariff Order dated 14th December 2015 which is computed as 2.23%.
- 5.34 The Commission has adopted the similar methodology and approved the R&M expenses considering the approved opening GFA and ‘k’ factor as 2.23% for FY 2017-18.
- 5.35 The O&M expenses as approved by the Commission in MYT Order dated February 24, 2018 submitted by the Petitioner vis-à-vis as approved by the Commission is shown below:

Table 8: O&M Expenses as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Employee Expenses	34.90	65.84	35.59
Terminal Benefits	3.85	16.68	16.68
Administrative & General Costs	8.75	27.97	7.29
Repairs & Maintenance Expenses	29.34	22.70	31.13
O&M Expenses	76.84	133.19	90.69



Depreciation

Petitioner's Submission

- 5.36 The Petitioner submitted that the depreciation has been calculated as per the depreciation schedule provided in the Appendix-I of the JSERC Transmission Tariff Regulations, 2015.
- 5.37 The Petitioner has further submitted that the depreciation expenses claimed is within the limit approved in the Tariff Order dated 24.02.2018 and is also in line with the annual audited accounts for FY 2017-18.
- 5.38 The Petitioner therefore requested the Commission to approve the actual depreciation expense as Rs. 74.77 Crore, derived on the basis of actual asset base for FY 2017-18.

Table 9: Depreciation as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Depreciation	82.16	74.77

Commission's Analysis

- 5.39 The Commission has observed that the depreciation claimed in the Petition for FY 2017-18 does not match the depreciation calculated by the Commission.
- 5.40 The Commission has calculated asset wise depreciation based on approved value of opening Gross Fixed Asset and addition during the year in this order. The depreciation rate for the various asset classes have been considered as per Appendix-I of JSERC Transmission Tariff Regulations, 2015.
- 5.41 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 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.
- 5.42 The Commission has adopted the similar methodology for computing the depreciation for the FY 2017-18.

Table 10: Depreciation as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Depreciation	82.16	74.77	73.93



Interest and Finance Charge

Petitioner's Submission

- 5.43 The Petitioner has submitted that it has been funding its capital expenditure mainly from State Government loan.
- 5.44 The Petitioner has submitted that the loan balance has substantially increased with increase in capital expenditure and capitalization during FY 2017-18. The Petitioner has claimed interest on loan of Rs. 382.94 Crore against the approved value of Rs. 135.75 Crore.
- 5.45 The Petitioner has further submitted that repayment for financial year has been considered equal to depreciation and weighted average Interest Rate has been considered as 13% for FY 2017-18.

Table 11: Interest and Finance Charge as submitted by the Petitioner (Rs Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Opening Debt Balance	600.79	-
Net Additions	969.01	
Repayment	82.16	
Closing Debt Balance	1487.65	
Average	1044.22	
Rate of Interest (%)	13.00	13.00
Interest & Finance Charges	135.75	382.94

Commission's Analysis

- 5.46 The Commission vide its letter dated June 24, 2022 directed the Petitioner to reconcile the interest charges considering the actual capitalization and repayment made instead of loan amount received from the State Government.
- 5.47 In its reply dated August 11, 2022 the Petitioner has submitted that the interest on loan has been claimed based on audited accounts for FY 2017-18.
- 5.48 The Commission has calculated interest on loans as per JSERC Transmission Tariff Regulations, 2015. The Commission has considered the opening balance of the normative loan for FY 2017-18 equal to the approved closing balance of FY 2016-17 from the True-up Order dated December 30, 2020.
- 5.49 As the Petitioner has submitted that all the capitalization is carried out by taking loans from State Government, hence, the Commission has considered the entire capitalisation during the year funded through loan.
- 5.50 The deemed repayment for the financial year has been considered equal to depreciation allowed for FY 2017-18 in accordance with the JSERC Transmission Tariff Regulations, 2015.

5.51 In the absence of the actual loan portfolio, the Commission has considered the rate of interest as 13.00% as approved in MYT Order dated February 24, 2018 and in True-up Order dated December 30, 2020. The interest and finance charges approved by the Commission are as follows:

Table 12: Interest and Finance Charge as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Opening Debt Balance	600.79		661.06
Net Additions	969.01		26.74
Repayment	82.16	-	73.93
Closing Debt Balance	1487.65		613.86
Average Loan Balance	1044.22		637.46
Rate of Interest (%)	13.00%	13.00%	13.00%
Interest & Finance Charges	135.75	382.94	82.87

Interest on Working Capital

Petitioner's Submission

5.52 The Petitioner has submitted that it has calculated the Interest on Working Capital (IoWC) based on the provisions prescribed in JSERC Transmission Tariff Regulations, 2015.

5.53 The Petitioner has submitted that the Maintenance Spares have been considered as 15% of actual O&M Expenses in line to the JSERC Regulations. Further, O&M Expense of one month is considered and receivables equivalent to Annual Revenue Requirement (ARR) for FY 2017-18 have also been considered. The Petitioner has considered interest rate equal to SBI PLR rate as on April 01, 2017.

5.54 The following table shows the IoWC claimed for FY 2017-18 vis-a-vis that approved by the Commission in the Tariff Order dated February 24, 2018.

Table 13: Interest on Working Capital as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
O&M Expenses for 1 Month	6.40	11.10
Maintenance Spares (15% of O&M Exp.)	11.53	19.98
Receivables equivalent for 2 Months	60.02	124.56
Working Capital Requirement	77.94	155.63
Interest Rate	12.80%	12.60%
Interest on Working Capital	9.98	19.61

Commission's Analysis

5.55 The Commission has considered the interest on working capital as per the norms specified in the JSERC Transmission Tariff Regulations, 2015 as reproduced below.



“Working Capital

7.31 The Commission shall determine the Working Capital requirement containing the following components:

(a) Maintenance spares @ 15% of the O&M expenses specified in clauses 7.33-7.36 of these Regulations;

(b) Receivables equivalent to two months of transmission charges calculated on Target Availability Level; and

(c) Operation and Maintenance expenses for one month. Interest on Working Capital

7.32 Rate of interest on working capital shall be on normative basis and shall be considered equal to the base rate of State Bank of India as on 30th September of the financial year in which the Petition is filed plus 350 basis points. At the time of true up, the interest rate shall be adjusted as per the actual rate prevailing on 1st April of the financial year for which true up exercise has been undertaken.

7.33 The interest on working capital shall be payable on normative basis notwithstanding that the Transmission Licensee has not taken working capital loan from any outside agency.”

5.56 The Commission has considered the above mentioned norms and approved the Interest on Working Capital as shown below:

Table 14: Interest on Working Capital as approved by the Commission (Rs Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
O&M Expenses for 1 Month	6.40	11.10	7.56
Maintenance Spares (15% of O&M Exp.)	11.53	19.98	13.60
Receivables equivalent for 2 Months	60.02	124.56	49.46
Working Capital Requirement	77.94	155.63	70.62
Interest Rate	12.80%	12.60%	12.60%
Interest on Working Capital	9.98	19.61	8.90

Return on Equity

Petitioner’s Submission

5.57 The Petitioner has submitted that they have computed the Return on Equity based on the provisions prescribed in the JSERC Transmission Tariff Regulations, 2015. The Petitioner has considered opening base of Equity as Rs. 972.96 Crore and closing balance as Rs. 972.96 Crore for FY 2017-18 as reflected in the annual audited accounts.

5.58 The Petitioner has submitted that the amount of Rs. 972.96 Crore is under Restructuring for Pending Adjustment which is to be received by JUSNL from the State Government in the form of Equity.

5.59 The Petitioner has submitted that the amount is to be treated as equity pending to be received from State Government and therefore the Petitioner has calculated return on

equity on the same amount.

- 5.60 The Petitioner has considered average equity balance for claiming Return on Equity for FY 2017-18 and is shown below:

Table 15: Return on Equity as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Opening Equity	357.23	972.96
Addition during the Year	0	0
Closing Equity	357.23	972.96
Average Equity	357.23	972.96
Rate of ROE	15.50%	15.50%
Return on Equity (ROE)	55.37	150.81

Commission’s Analysis

- 5.61 The relevant Clause related to Return on Equity as per JSERC Transmission Tariff Regulations, 2015 is reproduced below.

“Debt-Equity Ratio

7.10 For a project declared under commercial operation on or after 1.04.2011, 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

7.11 Return on equity shall be computed on pre-tax basis at the base rate of 15.50% applicable only for those Transmission systems which meet the norms of operation specified under clause 8.3 of these Regulations to be grossed up as per clause 7.13 of these Regulations.

7.12 Return on equity shall be computed on pre-tax basis at the base rate of 15.50% to be grossed up as per clause 7.13 of these Regulations

7.13 The rate of return on equity shall be computed by grossing up the base rate with the normal tax rate applicable to the Transmission Licensee”

- 5.62 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. 1435.49 Crore.

- 5.63 In the reply dated August 11, 2022 the Petitioner has submitted that the amount of Rs. 972.96Crore shown as “Restructuring Account Pending adjustment” is part of the equity.
As per



Revised Transfer Scheme, 2015 vide notification no. 2917 dated 20-11-2015 of Energy Department, GOJ, and JUSNL has an opening equity as on 06.01.2014 amounting to Rs.972.96 Crore.

- 5.64 The Commission had directed the Petitioner vide letter dated August 08, 2022 to submit the relevant documents with respect to the loans sanctioned as well as the amount sanctioned and amount capitalized of the sanctioned loan for calculation of interest on loan.
- 5.65 In its reply dated August 11, 2022 the Petitioner has submitted the financing details of loans from the State Government. The Commission, after considering the submission of the Petitioner, is of the view that the equity component is nil and has approved nil equity for the FY 2017-18.
- 5.66 The Commission has considered the opening balance for FY 2017-18 as closing balance of equity for FY 2016-17 as per True-up Order dated December 30, 2020.
- 5.67 The Commission has considered the above mentioned norms and approved the Return on Equity for FY 2017-18. The Return on Equity submitted by the Petitioner and as approved by the Commission is shown below:

Table 16: Return on Equity as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Opening Equity	357.23	972.96	350.61
Addition during the Year	0	0	0
Closing Equity	357.23	972.96	350.61
Average Equity	357.23	972.96	350.61
Rate of ROE	15.50%	15.50%	15.50%
Return on Equity (ROE)	55.37	150.81	54.34

Non-Tariff Income (NTI)

Petitioner's Submission

- 5.68 The Petitioner has claimed the Non-Tariff Income as Rs. 13.98 Crore as against the approved value of Rs. 6.20 Crore in Tariff Order dated February 24, 2018.

Table 17: Non-Tariff Income as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Non-Tariff Income	6.20	13.98

Commission's Analysis

- 5.69 On scrutiny and examination of the materials on record the Commission approves the Non-Tariff Income (NTI) based on actual as per the audited accounts, tabulated below:

Table 18: Non-Tariff Income as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Non-Tariff Income	6.20	13.98	13.98

Revenue from Existing Tariff**Petitioner's Submission**

5.70 The Petitioner has submitted the revenue of Rs. 218.65 Crore during the FY 2017-18. The revenue earned was based on the tariff of Rs. 0.25/kWh.

Table 19: Revenue as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Revenue	353.89	218.65

Commission's Analysis

5.71 After scrutinizing the audited accounts the Commission approves the revenue for FY 2017-18 as tabulated below:

Table 20: Revenue as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Revenue	353.89	218.65	218.65

Aggregate Revenue Requirement**Petitioner's Submission**

5.72 The summary of Aggregate Revenue Requirement (ARR) for FY 2017-18 as approved by the Commission in its Order dated February 24, 2018 and that submitted by the Petitioner is shown below:

Table 21: Aggregate Revenue Requirement as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
O&M Cost	76.84	133.19
Interest on Normative Loan	135.75	382.94
Interest in Working Capital	9.98	19.61
Depreciation	82.16	74.77
Return on Equity	55.37	150.81
Non-Tariff Income	6.20	13.98
Aggregate Revenue Requirement	353.89	747.34

Commission's Analysis

5.73 The Commission, after due scrutiny as detailed above, approves the Aggregate Revenue Requirement (ARR) for FY 2017-18 as shown below:

Table 22: Aggregate Revenue Requirement as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
O&M Cost	76.84	133.19	90.69
Interest on Normative Loan	135.75	382.94	82.87
Interest in Working Capital	9.98	19.61	8.90
Depreciation	82.16	74.77	73.93
Return on Equity	55.37	150.81	54.34
Non-Tariff Income	6.20	13.98	13.98
Aggregate Revenue Requirement	353.89	747.34	296.75

Gap/Surplus

Petitioner's Submission

5.74 The Petitioner has claimed the Gap of Rs. 528.69 Crore for FY 2017-18 and requested the Commission to approve the revenue gap as shown below:

Table 23: Gap/(Surplus) as submitted by the Petitioner (Rs. Crore)

Particulars	FY 2017-18	
	MYT Order	Petition
Aggregate Revenue Requirement	353.89	747.34
Revenue	353.89	218.65
Gap/(Surplus)	0.00	528.69

Commission's Analysis

5.75 On Consideration of the submission of the Petition, the Commission has approved each component of the Annual Revenue Requirement and the Gap for FY 2017-18 as tabulated below:

Table 24: Gap/(Surplus) as approved by the Commission (Rs. Crore)

Particulars	FY 2017-18		
	MYT Order	Petition	Approved
Aggregate Revenue Requirement	353.89	747.34	296.75
Revenue	353.89	218.65	218.65
Gap/(Surplus)	0.00	528.69	78.09

5.76 Further, the Commission is of the view that as the Petitioner has not filed the Petition in time, therefore, no carrying cost on the gap amount shall be allowed for the period of delay.



6: STATUS OF EARLIER DIRECTIVES

The Commission has time and again issued various directives to ensure for improvement in functioning by the Petitioner. However, it is a matter of concern that in spite of direction given by the Commission, the Petitioner has failed to comply with the directives of the Commission. The Commission directs the Petitioner to comply with the directives failing which petitioner will be likely to be penalized under the Electricity Act 2003.

Directives	Status	Views of the Commission
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 twomonths 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 with the 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 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	The Petitioner has submitted: They have been in continuously in talks with various funding agencies for replacement of loans for projects to be funded by State Government. Initially, Petitioner were in talks with NABARD for funding of such projects. The correspondence between NABARD and Petitioner was already submitted along with the True-Up Petition for FY 2015-16, FY 2016-17 and ARR Petition for FY 2017-18 and FY 2018-19 as Annexure-N. However, talks with NABARD on funding of these projects did not work out and therefore Petitioner is now in talks with PFC/REC for funding of such projects. The latest correspondence between PFC/REC and JUSNL is submitted with the Petition. The	The Commission noted the reply submitted by the Petitioner. The Commission again directs the Petitioner to make continuous efforts to re-finance the loan for such schemes from the cheapest source available.



Directives	Status	Views of the Commission
<p>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>Petitioner is currently in the phase of negotiation with PFC / REC and therefore will intimate the agreed interest rate to the Commission on completion of negotiation. The Petitioner has been continuously envisaging options for refinancing of high cost loans with lower ones.</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 Commission. However, in case the 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 has taken note of 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 has taken note of the reply submitted by the Petitioner.</p>



7: DIRECTIVES

Timely submission of the petition before the Commission

- 7.1 The Commission has observed that the Petitioner failed to submit the petition before the Commission within the timeline specified in the 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.

Details of CWIP for FY 15-16, FY 16-17 & FY 17-18

- 7.2 The Petitioner should submit scheme-wise, circle wise, and item-wise details of the capital work in Progress along with capitalization schedule and loan and equity share, funding details for the FY 15-16, FY 16-17 & FY 17-18 in the next 3 months from the date of the order which should be complied forthwith in future.

Data adequacy in the next Petition

- 7.3 It is observed that in the Petition, the Petitioner has not submitted the required data/supporting documents in the required format. Despite several reminders and sufficient opportunity, the Petitioner has adopted a lackadaisical attitude and did not provide the justification and reason for explaining the discrepancy as pointed out by the Commission. In the Surrounding facts the Commission hereby directs the Petitioner to submit the Petition along with the required formats failing which the Petition may be rejected in future. Further, the Petitioner is also directed to submit the claim with supporting documents and reasoning.

Details of Fixed Asset Register

- 7.4 The Commission had previously directed the Petitioner to submit Fixed Asset Register. However, the Petitioner has failed to comply with the directions of the Commission. The Petitioner is directed to do so at the earliest, failing which, appropriate order shall be passed in terms of the provisions of Electricity Act, 2003.

Details of Stores and Scraps

- 7.5 The Commission directs the Petitioner to submit the Item wise details of scraps and store items and the estimated value/amount within 3 months from the date of the Order.

Details of the arrear paid during the period from 01.01.2016 to 31.03.2017.

7.6 The Commission directs the Petitioner to submit the details of the arrear paid during the period from 01.01.2016 to 31.03.2017 in the next Petition.

Energy Accounting and Audit

7.7 The Commission had 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 succeeding month. Such report for the month of April 2018 was to be sent to the Commission by 20th May, 2018. The said direction was not complied with by the Petitioner. In the given circumstances the Petitioner is once again directed to comply with the directives at the earliest failing which appropriate order shall be passed under Electricity Act, 2003.

Details of Transformer Earthing

7.8 The Commission had directed the Petitioner to submit the status/ value of power transformer earth resistance value at an interval of every six (6) months to the Commission and the status of bus coupler bays at various voltage levels in every six (6) months. It is evident that the Petitioner has failed to comply with the aforesaid directions. The Petitioner is once again directed to do so at the earliest, failing which appropriate order shall be passed under Electricity Act, 2003.

In addition to the directives given in the instant Order, the Petitioner is required to comply with the directives issued in previous years Tariff Orders.

This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on 12th June, 2023.

Date: 12.06.2023

Place: Ranchi

Sd/-
(Atul Kumar)
Member (Technical)

Sd/-
(Mahendra Prasad)
Member (Legal)

Sd/-
(Justice Amitav K. Gupta)
Chairperson

ANNEXURE 1

List of participating members of the Public in the Public Hearing

Sr. No.	Name	Address/Organization
Venue: Jharkhand Small Industries Association Campus, Udyog Bhawan, Ranchi		
Date & Time: April 15, 2023 03:30 PM		
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