

Jharkhand State Electricity Regulatory Commission



Order on
Petition for True Up for FY 2019-20, APR for FY 2020-21,
Business Plan and ARR for MYT control period
FY 2021-22 to FY 2025-26
&
SLDC charges for FY 2021-22
for
STATE LOAD DESPATCH CENTRE (SLDC), JUSNL
Kusai Colony, Ranchi-834010
June 06, 2024



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List of Abbreviations

Abbreviation	Description
A&G	Administrative and General
ARR	Aggregate Revenue Requirement
Cr	Crores
CWIP	Capital Work in Progress
BOQ	Bill of Quantity
CEA	Central Electricity Authority
COD	Date of Commercial operation
DPR	Detailed Project Report
EA	Electricity Act
FAR	Fixed Asset Register
FY	Financial Year
GFA	Gross Fixed Assets
GOI	Government of India
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
IDC	Interest During Construction
IOWC	Interest on Working Capital
kWh	Kilowatt-Hour
MAT	Minimum Alternative Tax
MU	Million Units
MW	Megawatt
MYT	Multi Year Tariff
NAPAF	Normative Annual Plant Availability Factor
O&M	Operation and Maintenance
PAF	Plant Availability Factor
PLR	Prime Lending Rate
PPA	Power Purchase Agreement
R&M	Repair and Maintenance
RoE	Return on Equity
Rs	Rupees
SBI	State Bank of India
SERC	State Electricity Regulatory Commission
SLDC	State Load Dispatch Centre
SLM	Straight Line Method



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BEFORE

**Jharkhand State Electricity Regulatory Commission,
Ranchi**

Case (Tariff) No.: 05 of 2023

In the matter of:

Petition for

True up for FY 2019-20, APR for FY 2020-21, Business Plan & MYT
for the Control Period (2021-22 to 2025-26) for SLDC, JUSNL

In the matter:

State Load Despatch Centre, JUSNL
Kusai Colony, Ranchi-
834010.....

Petitioner

PRESENT

Hon'ble Mr.Mahendra Prasad
Hon'ble Mr.Atul Kumar

Member(Law)
Member(Technical)

**Order dated
6th June, 2024**

State Load Despatch Centre (hereinafter referred to as 'SLDC' or 'thePetitioner') has filed the Petition dated September 01, 2023 for approval of True Up for FY 2019-20,APR for FY 2020-21 & Business Plan and Multi Year Tariff for the third control period i.e. FY 2021-22 to FY 2025-26 along with SLDC charges for FY 2021-22.



Chapter 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 (hereinafter referred to as the 'Act') came into force, the earlier Electricity Regulatory Commissions Act, 1998 stands repealed and the functions of SERCs 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;
 - b) 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;
- c) 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;
 - d) facilitate intra-State transmission and wheeling of electricity;
 - e) issue licenses to persons seeking to act as transmission licensees, distribution licensees and electricity traders with respect to their operations within the State;
 - f) 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;
 - g) adjudicate upon the disputes between the licensees and generating companies; and to refer any dispute for arbitration;
 - h) levy fee for the purposes of this Act;
 - i) specify State Grid Code consistent with the Grid Code specified under Clause (h) of sub-section (1) of Section 79;
 - j) specify or enforce standards with respect to quality, continuity and reliability of service by licensees;
 - k) fix the trading margin in the intra-state trading of electricity, if considered, necessary;
 - l) 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) reorganization 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 also guided by the Tariff Policy notified by the Government of India under Section 3 of the Act. The objectives of the 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.

State Load Despatch Centre, JUSNL

1.8 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 Bijli Vitran Nigam Ltd**”, means the Distribution Company to which the Distribution Undertakings of the Board are transferred in accordance with this Scheme.



- b. “**Jharkhand Urja Utpadan Nigam Ltd**” means the Generating Company to which the Generating Undertakings of the Board are transferred in accordance with this Scheme;
- c. “**Jharkhand Urja Sancharan Nigam Ltd**” means the Transmission Company to which the Transmission Undertakings of the Board are transferred in accordance with this Scheme;
- d. “**Jharkhand Urja Vikas Nigam Ltd**” means the Company that owns all shares of newly incorporated reorganized three companies i.e. Jharkhand Urja Utpadan Nigam Ltd, Jharkhand Urja Sancharan Nigam Ltd and Jharkhand Bijli Vitran Nigam Ltd;
- 1.9 Jharkhand Urja Sancharan Nigam Ltd. (herein after to be referred to as “JUSNL” or “the Petitioner”) was incorporated on 23rd October 2013 with the Registrar of Companies, Jharkhand, Ranchi and has obtained Certificate of Commencement of Business on 28th November 2013. The Petitioner is a Company constituted under the provisions of Government of Jharkhand, General Resolution as notified by transfer scheme vide notification no. 8, dated 6th January 2014. The Transmission Company -Jharkhand Urja Sancharan Nigam Ltd. is duly registered with the Registrar of Companies, Ranchi on 23rd October 2013.
- 1.10 JUSNL 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.
- 1.11 The State Load Despatch Centre is a Centre established by the State Government to be operated by a Government company or any Authority or Corporation established or constituted by or under the State Act, as may be notified by the State Government.
- 1.12 Section 31 of the Electricity Act, 2003, provides for constitution of State Load Despatch Centre (SLDC). The section 31 of Electricity Act, 2003 is reproduced below:
- “31. (1) The State Government shall establish a Centre to be known as the State Load Despatch Centre for the purposes of exercising the powers and discharging the functions under this Part.*
- (2) The State Load Despatch Centre shall be operated by a Government company or any authority or corporation established or constituted by or*



under any State Act, as may be notified by the State Government.

Provided that until a Government company or any authority or corporation is notified by the State Government, the State Transmission Utility shall operate the State Load Despatch Centre:

Provided further that no State Load Despatch Centre shall engage in the business of trading in electricity.”

- 1.13 As no Separate entity either in the form of Government company or authority or corporation has been notified by the State Government, the State Transmission utility namely Jharkhand Urja Sancharan Nigam Limited (JUSNL) is operating the State Load Despatch Centre (SLDC).
- 1.14 The Petitioner has filed the petition before the Honorable Commission for True up for FY 2019-20, Annual Performance Review (APR) of FY 2020-21, estimating the Annual Revenue Requirement (ARR) for The MYT Control Period FY 2021-22 to FY 2025-26 and SLDC Charges for FY 2021-22.
- 1.15 The Petitioner has prepared the petition in accordance with the provisions of Section 32, 61 and 62 of the Electricity Act, 2003 and has taken into consideration the Jharkhand State Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2020, and amendments thereof.

Petitioner's Prayer

- 1.16 The Petitioner in the Filing of Petition for True up for FY 2019-20, APR for FY 2020-21 & Business Plan and MYT of the third control period i.e. FY 2021-22 to FY 2025-26 along with SLDC charges for FY 2021-22 has prayed following 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 Annual Revenue Requirement (ARR) & Business Plan for MYT Control Period FY2021-22 to FY 2025-26 under Jharkhand State Electricity Regulatory Commission (Levy and Collection of Fees and Charges by SLDC) Regulations, 2020, other amendments and orders issued by the Hon'ble Commission from time to time;
- d) Pass suitable Orders with respect to the True up for FY 2019-20, APR for FY 2020-21 & ARR for MYT Control Period FY 2021-22 to FY 2025-26 and allow recovery of the revenue gap in terms of additional tariff to the current tariff;
- e) Pass separate Order for the Petitioner against the present petition;
- f) SLDC may also be permitted to propose suitable changes to the respective ARR, prior to the final approval by the Hon'ble Commission. SLDC believes that such an approach would go a long way towards providing a fair treatment to all the stakeholders and may eliminate the need for a review or clarification;
- g) Condone any inadvertent omissions / errors / shortcomings and permit SLDC to add / change / modify / alter this filing and make further submissions as may be required at a future date;
- h) Pass such Order, as the Hon'ble Commission may deem fit and appropriate keeping in view the facts and circumstances of the case;



Chapter 2 : PROCEDURAL HISTORY

- 2.1 The Petitioner i.e. SLDC(JUSNL) has filed the following Petitions before the Commission for the first time
- a) True up for FY 2019-20, Annual Performance Review for FY 2020-21.
 - b) Business Plan for the period FY 2021-22 to FY 2025-26.
 - c) ARR for MYT control period FY 2021-22 to FY 2025-26 & SLDC charges for FY 2021-22.

Information Gaps in the Petition

- 2.2 In exercise of Tariff determination process, several deficiencies/information gaps were found in the Petition submitted by the Petitioner and the same was communicated to the Petitioner vide letter no. JSERC/Case (Tariff) no:05 of 2023/324 dated 14.09.2023.
- 2.3 In response the Petitioner furnished additional data/information to the Commission vide letter no: Ref 306/SLDC, Ranchi dated 06/10/2023.
- 2.4 The Commission has scrutinized the Petition and the additional data/information furnished by the Petitioner with respect to its discrepancies identified and has considered the same while passing this order.
- 2.5 During the time of submission of the Petition, the Petitioner had submitted projected values for FY 2020-21 & FY 2021-22, however in due course of time the actual audited data was available at Petitioners end to which the Petitioner was directed by the Commission to submit actual data for the respective years, which the Petitioner had submitted accordingly. The Commission has considered the same while passing this order.
- 2.6 In order to provide adequate opportunities to all stakeholders and general



public, as mandated under Section 64 (3) of the Electricity Act 2003 and in relevant provisions of Regulations framed by the Commission and in order to ensure transparency in the process of tariff determination, the Commission held Public Hearing on 13th of March 2024.

Inviting Public Comments/Suggestions

- 2.7 On scrutiny of the Petition, the Commission directed the Petitioner to publish a Public Notice inviting comments/suggestions from public and to make available copies of the Petition to the members of general public on request.
- 2.8 Accordingly, Public Notice was published by the Petitioner in the newspapers and a period of twenty-one (21) days was given for submitting the comments/suggestions by the general public:

Table 1 List of newspapers and dates of publication of public notice by the Petitioner

Newspaper	Language	Date of Publication
Hindustan	Hindi	30.12.2023 & 06.01.2024
Prabhat Khabar	Hindi	30.12.2023 & 06.01.2024
Times of India	English	30.12.2023
Dainik Bhaskar	Hindi	06.01.2024
Hindustan Times	English	06.01.2024

- 2.9 The Commission has also published a Public Notice on its website www.jserc.org and various newspapers confirming the date of conducting public hearing on the Petition giving time to various Stakeholders to submit their comments/suggestions. Accordingly, the Commission had also organized a Public Hearing on March 13th,2024 where an additional opportunity was provided to all the Stakeholders to submit their comments/suggestions on the above Petition. The details of newspapers wherein the Notice was published by the Commission are as under:

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

Newspaper	Language	Date of Publication
Prabhat Khabar	Hindi	02.03.2024
Dainik Bhaskar	Hindi	02.03.2024
The Times of India	English	02.03.2024 & 12.03.2024
Hindustan Times	English	02.03.2024 & 12.03.2024
Dainik Jagran	Hindi	12.03.2024
Hindustan Dainik	Hindi	12.03.2024



Submission of Comments/Suggestions and Conduct of Public Hearing

2.10 Comments/Suggestions on the Petition were received from various Stakeholders. The Comments/Suggestions of the Public, Petitioner's Responses and Commission's views thereon are detailed in **Chapter 4** of this Order.



Chapter 3 : BRIEF FACTS OF THE PETITION

3.1 The following chapter summarizes the petition submitted by the Petitioner for true-up of FY 2019-20, APR of FY 2020-21, business plan and ARR projected for the MYT control period FY 2021-22 to FY 2025-26.

True-up for FY 2019-20

3.2 The summary of Aggregate Revenue Requirement for FY 2019-20 as submitted by the Petitioner is shown in the table below:

Table 3 Summary of ARR for FY 2019-20 as submitted by the Petitioner (Rs.Cr)

S. No	Particulars	Petition
1	O&M Expense	5.10
2	Depreciation	0.11
3	Interest Cost	0.04
4	Interest on Working Capital Loans	0.26
5	Total	5.51
6	Less:	-
7	Non-Tariff Income	0.08
8	Annual Revenue Requirement	5.43

3.3 The Summary of Revenue gap/(surplus) as submitted by the Petitioner for FY 2019-20 is shown in the table below:

Table 4 Summary of gap/(surplus) as submitted by the Petitioner for FY 2019-20 (Rs.Cr)

S. No.	Particulars	Petition
1	Annual Revenue Requirement	5.43
2	Total Revenue	-
3	Revenue gap/(surplus)	5.43

Annual Performance Review(APR) for FY 2020-21

3.4 The Summary of Aggregate Revenue Requirement as submitted by the Petitioner for FY 2020-21 is shown in the table below:

Table 5 Summary of Aggregate Revenue Requirement as submitted by the Petitioner for FY 2020-21(Rs.Cr)

S.No	Particulars	Petition
1	O&M Expense	5.31
2	Depreciation	0.11
3	Interest Cost	0.05
4	Interest on Working Capital Loans	0.24



S.No	Particulars	Petition
5	Total	5.71
6	Less:	-
7	Non-Tariff Income	0.08
8	Annual Revenue Requirement	5.62

3.5 The Summary of Revenue gap/(surplus) as submitted by the Petitioner for FY 2020-21 is shown in the table below:

Table 6 Summary of gap/(surplus) as submitted by the Petitioner for FY 2020-21 (Rs.Cr)

S.No	Particulars	Petition
1	Annual Revenue Requirement	5.62
2	Total Revenue	-
3	Revenue gap/(surplus)	5.62
4	Previous Years gap/(surplus) carried over	5.43
5	Total Revenue gap/(surplus)	11.05

Business Plan for MYT control period i.e. FY 2021-22 to FY 2025-26

3.6 The Petitioner has submitted detailed capital investment plan and capitalization schedule against the various heads for the MYT control period i.e. FY 2021-22 to FY 2025-26 as per details shown in the table below:

Table 7 Summary of Capital Investment Plan(Rs.Lacs) as projected by the Petitioner for FY 2021-22 to FY 2025-26.

S.No	Particulars /Name of Scheme	Estimated Amount	Proposed Expenditure(in lacs)				
			FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Building	500.00	0.00	0.00	500	0.00	0.00
2	Civil Works	290.00	0.00	50.00	60.00	80.00	100.00
3	Furniture & Fixtures	35.00	0.00	10.00	5.00	5.00	15.00
4	Office Equipment	50.00	0.00	15.00	10.00	10.00	15.00
5	Vehicles	11.00	0.00	2.00	2.50	3.00	3.50
6	Procurement of AC	55.00	0.00	15.00	10.00	15.00	15.00
7	Procurement of four wire telephone	3.00	0.00	0.50	0.50	1.00	1.00
8	Procurement of IP phone	6.00	0.00	1.00	1.00	2.00	2.00



9	Earth Pit (chemical type)	50.00	0.00	30.00	10.00	5.00	5.00
10	CCTV	27.00	0.00	4.00	10.00	5.00	8.00
11	Battery Bank	40.00	0.00	20.00	0.00	0.00	20.00
12	Router with firewall	10.00	0.00	0.00	10.00	0.00	0.00
13	SCADA server module with Software	20.00	0.00	20.00	0.00	0.00	0.00
14	Samast Software	1758.90	0.00	500	1258.90	0.00	0.00
	Total	2855.90	0.00	667.50	1877.90	126.00	184.50

Table 8 Summary of Capitalization schedule(Rs. lacs) submitted by Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars / Name of Scheme	Estimated Amount	Proposed Capitalization(in lacs)				
			FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Building	500.00	0.00	0.00	500	0.00	0.00
2	Civil Works	290.00	0.00	50.00	60.00	80.00	100.00
3	Furniture & Fixtures	35.00	0.00	10.00	5.00	5.00	15.00
4	Office Equipment	50.00	0.00	15.00	10.00	10.00	15.00
5	Vehicles	11.00	0.00	2.00	2.50	3.00	3.50
6	Procurement of AC	55.00	0.00	15.00	10.00	15.00	15.00
7	Procurement of four wire telephone	3.00	0.00	0.50	0.50	1.00	1.00
8	Procurement of IP phone	6.00	0.00	1.00	1.00	2.00	2.00
9	Earth-Pit (chemical type)	50.00	0.00	30.00	10.00	5.00	5.00
10	CCTV	27.00	0.00	4.00	10.00	5.00	8.00
11	Battery Bank	40.00	0.00	20.00	0.00	0.00	20.00
12	Router with firewall	10.00	0.00	0.00	10.00	0.00	0.00
13	SCADA server module with Software	20.00	0.00	20.00	0.00	0.00	0.00
14	Samast Software	1758.90	0.00	0.00	1758.90	0.00	0.00
	Total	2855.90	0.00	167.50	2377.90	126.00	184.50

Aggregate Revenue Requirement(ARR) projected by the Petitioner for FY 2021-22 to FY 2025-26

3.7 The Summary of ARR projected by the Petitioner for the MYT control period i.e. FY 2021-22 to FY 2025-26 is shown in the table below:

Table 9 Summary of ARR for FY 2021-22 to FY 2025-26 as projected by the Petitioner (Rs.Cr)



S. No	Particulars	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	O&M Expense	6.25	7.56	8.04	9.15	9.43
2	Depreciation	0.09	0.14	0.80	1.42	1.49
3	Interest Cost on Long-term Capital Loans	0.00	0.10	1.00	1.78	1.80
4	Interest on Working Capital Loans	0.14	0.17	0.20	0.24	0.25
5	Total	6.47	7.96	10.03	12.60	12.97
6	Less:	-	-	-	-	-
7	Non-Tariff Income	0.09	0.09	0.10	0.10	0.11
8	Annual Revenue Requirement	6.38	7.87	9.94	12.49	12.86

3.8 The Summary of Revenue gap/(surplus) as submitted by the Petitioner for FY 2021-22 is shown in the table below:

Table 10 Summary of Revenue gap/(surplus) for FY 2021-22 (Rs.Cr)

S. No.	Particulars	FY 2019-20	FY 2020-21	FY 2021-22
		Actual	Actual	Projected
1	Total ARR	5.43	5.62	6.38
2	Revenue @ Existing Tariff	-	-	-
3	Total Revenue	-	-	-
4	Revenue (Gap)/Surplus (3-1)	(5.43)	(5.62)	(6.38)
	Covered By			
5	Previous Years' (Gap)/Surplus Carried Over	-	(5.43)	(11.05)
6	Total (Gap)/Surplus (4+5)	(5.43)	(11.05)	(17.43)
7	Carrying Cost	0.00	0.00	0.00
8	Total (Gap)/Surplus (4+5)	(5.43)	(11.05)	(17.43)

3.9 The Summary of monthly SLDC charges for FY 2021-22 as submitted by the Petitioner is shown in the table below:

Table 11 Summary of SLDC charges as submitted by the Petitioner for FY 2021-22

S.No	Particulars	FY 21-22
1	Aggregate Revenue Requirement (Rs.Crore)	17.43
2	Contracted Capacity (MW)	2061.24
3	Monthly SLDC Charges (Rs./MW/Month)	7048.56



Chapter 4 : PUBLIC CONSULTATION PROCESS

4.1 On the Petitioner petitions several Stakeholders have responded. A Public Hearing was held by the Commission on 13th March,2024 for giving additional opportunity to all the stakeholders to submit their comments/suggestions on the said petition for ensuring maximum public participation and transparency. Accordingly, stakeholders voiced their comments and suggestions and the list of the attendees is attached in **Chapter-8** of this Order.

However, the Commission has not received any written comments/suggestions from the stakeholders arising out from the public hearing hence no comments has been mentioned in this chapter.



Chapter 5 : TRUE UP FOR FY 2019-20.

- 5.1 The Petitioner has submitted that the true-up petition for FY 2019-20 has been prepared based on the audited trial balance for the FY 2019-20 from the audited annual accounts of JUSNL since SLDC does not have separate accounts as on date and at present is being operated by JUSNL. The Petitioner has also submitted that the annual accounts of JUSNL for FY 2019-20 has been audited by the Comptroller and Auditor General of India (CAG).
- 5.2 The Commission while conducting the true-up of FY 2019-20 has taken into consideration the following:
- (a) Audited trial balance extracted for FY 2019-20 based upon the audited annual accounts of JUSNL for FY 2019-20.
 - (b) Principles and provisions laid down in the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.
 - (c) Materials submitted before the Commission.
- 5.3 The component-wise details, filed by the Petitioner and the Commission's analysis and discussion is dealt with in the following paragraphs.

Gross Fixed Asset

Petitioners Submission

- 5.4 The Petitioner, in the true-up petition, has claimed and submitted the opening GFA as per the audited trial balance for FY 2019-20. The Petitioner has also submitted that the GFA comprises of plant and machinery and office equipment.
- 5.5 The Petitioner has submitted the opening and closing balance of GFA for FY 2019-20 as per the audited trial balance, as shown in the table below:



Table 12 Gross Fixed Asset (Rs.Cr)as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03

Commissions Analysis

5.6 The Commission upon scrutinizing and verifying the documents submitted by the Petitioner approves the gross fixed asset for FY 2019-20 as mentioned in the table below:

Table 13 Gross Fixed Asset(Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03

Operation and Maintenance Expenses

Petitioners Submission

5.7 The Petitioner has submitted details of O&M expenses comprising of Employee Expense, A&G Expense and R&M Expense.

5.8 The Petitioner has referred to clause 2.1 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations,2015 which defines O&M expenses as follows:

“2.1 (33) “Operation and Maintenance Expenses” or “O&M Expenses” means the expenditure incurred on operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads;

5.9 The Petitioner has clarified that the employee expenses as submitted primarily includes cost towards salaries, dearness allowances, bonus, staff welfare, medical benefits, leave travel, earned leave encashment and terminal benefits in the form of pension, gratuity etc.

5.10 The Petitioner has also clarified that the Administrative and General expense, as submitted primarily consists of cost towards rent charges,



telephone and other communication expenses, professional charges, conveyance and travelling allowances and other debits.

5.11 The Petitioner has also mentioned that the R&M expenses, as submitted consists of costs related to repair of different class of fixed assets.

5.12 The Petitioner has mentioned that it has claimed employee expense, administrative and general expense and repair and maintenance expense as per the audited trial balance for FY 2019-20.

5.13 The Petitioner has submitted O&M expenses for FY 2019-20 as mentioned in the table below:

Table 14 O&M expense (Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Employee expense	4.49
2	R&M expense	0.47
3	A&G expense	0.14
4	Total O&M expense(Rs.Cr)	5.10

Commissions Analysis

5.14 The Commission referring to clause 7.34 to clause 7.36 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations,2015 which specifies as follows:

“7.34 Operation and Maintenance (O&M) expenses shall comprise of the following:

(a) Salaries, wages, pension contribution and other employee costs;

(b) Administrative and General costs;

(c) Repairs and maintenance expenses; and

(d) Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

7.35 The Applicant shall submit details on O&M expenses as required by the Commission. The O&M expenses for the Base Year shall be approved by the Commission taking into account the audited accounts, business plan filed by the Licensees, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.



7.36 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below: (

$$a) O\&M_n = (R\&M_n + EMP_n + A\&G_n) * (1 - X_n) + \text{Terminal liabilities}$$

Where, $R\&M_n = K * GFA$;

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}); \text{ and}$$

$$INDX = 0.55 * CPI + 0.45 * WPI \text{ Where}$$

(b) $R\&M_n$ – Repair and Maintenance Costs of the Licensee for the nth year;

(c) $A\&G_n$ – Administrative and General Costs of the Licensee for the nth year;

(d) EMP_n – Employee Costs of the Licensee excluding terminal liabilities for the nth year;

(e) X_n is an efficiency factor for nth year. Value of X_n shall be determined by the Commission in the MYT Tariff order based on Licensee’s filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate.

(f) ‘K’ is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;

(g) ‘GFA’ is the opening value of the gross fixed asset of the nth year;

(h) $INDX_n$ – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

Note 1: For the purpose of estimation, the same $INDX_n$ value shall be used for all years of the control period. However, the Commission will consider the actual values in the $INDX_n$ at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period;

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

Note 3: Terminal Liabilities will be approved as per actual submitted by the Licensee or be established through actuarial studies.”

5.15 The Commission referring to the provisions mentioned in the above regulations and after scrutinizing the submission of documents and



information's provided by the Petitioner and after consideration and analyzing the audited accounts submitted by the Petitioner, approves O&M expense giving due consideration to the submissions of the Petitioner, interest of all stakeholders and assessment of the actual costs incurred by the Petitioner during the year. Accordingly, the Commission approves the total O&M expenses for the year FY 2019-20, as given below:

Table 15 O&M Expense(Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	Employee Salaries,allowance.medical expense etc.	4.33
2	Terminal Liability	0.16
3	Total Employee expense	4.49
4	R&M expense	0.47
5	A&G expense	0.14
6	Total O&M expense (Rs.Cr)	5.10

Depreciation

Petitioners Submission

- 5.16 The Petitioner has mentioned that the Honourable Commission has notified the rates for asset wise depreciation in the JSERC Transmission Regulations ,2015 and the same has been considered for calculation of depreciation for the year.
- 5.17 The Petitioner has mentioned that in line with clause 7.25 to clause 7.30 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations,2015 the method for calculation of the depreciation on GFA is referred below:

“Depreciation

*7.25 Depreciation shall be calculated for each year of the Tariff period, on the amount of Capital Cost of the assets admitted by the Commission;
Provided that depreciation shall not be allowed on assets funded by any capital subsidy / grant:*

7.26 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.



7.27 Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset...”

5.18 The Petitioner has calculated depreciation in annual accounts based on the provisions mentioned above.

5.19 The Petitioner has calculated the detailed depreciation and claimed the same as mentioned in the table below:

Table 16 Depreciation expense(Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03
4	Average GFA	2.03
5	Depreciation during the year (Rs.Cr)	0.11

Commissions Analysis

5.20 The Commission referring to clause 7.25 to clause 7.20 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations,2015 which specifies as below:

“Depreciation

7.25 Depreciation shall be calculated for each year of the Tariff period, on the amount of Capital Cost of the assets admitted by the Commission; Provided that depreciation shall not be allowed on assets funded by any capital subsidy / grant:

7.26 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

7.27 Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.

7.28 Depreciation shall be calculated annually based on ‘Straight Line Method’ and at rates specified in Appendix-I to these Regulations for the assets of the Transmission System: Provided that, the remaining depreciable value as on 31st March of the Year closing after a period of 12 Years from the Date of Commercial operation shall be spread over the balance useful life of the assets.

7.29 In case of the Existing Projects, the balance depreciable value as on 1.4.2016 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2016 from the gross depreciable value of the assets.

The rate of depreciation shall be continued to be charged at the rate specified in



Appendix-I till cumulative depreciation reaches 70%. Thereafter the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%.

7.30 Depreciation shall be chargeable from the first Year of commercial operation. In case of commercial operation of the asset for part of the Year, depreciation shall be charged on pro rata basis.”

- 5.21 The Commission has also noted the fact that the Petitioner has not maintained fixed asset register and is in the process of reconciling the same.
- 5.22 The Commission has reviewed the depreciation details as provided by the Petitioner and has also checked the audited accounts as submitted by the Petitioner for FY 2019-20.
- 5.23 The Commission accordingly approves depreciation as per the audited figures submitted for FY 2019-20, as mentioned in the table below:

Table 17 Depreciation expense (Rs Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	Depreciation (Rs.Cr)	0.11

Interest Expenses

Petitioners Submission

- 5.24 The Petitioner has submitted interest charges pertaining to interest on group saving scheme and interest on GPF. The values have been taken from the audited trial balance for the FY 2019-20.
- 5.25 The Petitioner has considered the same as interest on loan and has submitted details as mentioned in the table below:

Table 18 Interest on Loan(Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Interest on group saving scheme	0.00
2	Interest to GPF	0.04
3	Interest Cost (Rs.Cr)	0.04



Commissions Analysis

5.26 The Commission referring to clause 7.15 to clause 7.24 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2015 which is specified as below:

“Interest and Finance Charges

7.15 The loans arrived at in the manner indicated in clause 7.10 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.

7.16 The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.

7.17 The repayment for the year of the Tariff Period shall be deemed to be equal to the depreciation allowed for that year.

7.18 Notwithstanding any moratorium period availed by the Transmission Licensee, the repayment of loan shall be considered from the first year of commercial operation of the Project and shall be equal to the annual depreciation allowed.

7.19 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the Transmission System does not have actual loan, then the weighted average rate of interest of the Transmission Licensee as a whole shall be considered:

7.20 Provided further, in case of new licensee commencing its operation after the date of effectiveness of these Regulations, and which doesn't has actual loan portfolio, the rate of interest shall be considered on normative basis and shall be equal to the Base rate of State Bank of India plus 200 basis points as on the date on which the licensee is declared under commercial operation.

7.21 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.



7.22 The Transmission Licensee shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and the Transmission Licensee, in the ratio of 2:1.

7.23 The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

7.24 In case of dispute, any of the parties may make an application in accordance with the Conduct of Business Regulation:

Provided that the Beneficiaries shall not withhold any payment on account of the interest claimed by the Transmission Licensee during the pendency of any dispute arising out of re-financing of loan:”

5.27 The Commission upon scrutinizing the information's and submission made by the Petitioner, observes that the Petitioner does not have any outstanding loan for the FY 2019-20.

5.28 The Commission, considering the above clauses relating to interest and finance charges as mentioned in JSERC (Terms and conditions for determination of Transmission Tariff) Regulations,2015 finds that there is no provision for interest cost pertaining to group saving scheme and interest to GPF. Therefore the Commission does not find any rationale to consider the interest cost as submitted by the Petitioner.

5.29 Hence the Commission has not considered any amount pertaining to interest cost as submitted by the Petitioner.

Table 19 Interest and finance charges(Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	Interest on group saving scheme	0.00
2	Interest to GPF	0.00
3	Interest Cost (Rs.Cr)	0.00

Interest on Working Capital

Petitioner's Submission

5.30 The Petitioner has referred to clause 7.31 of the JSERC Transmission



Tariff Regulations,2015 which provides methodology for calculation of normative working capital as depicted 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 7.34-7.36 of these Regulations;

(b) Receivables equivalent to two months of annual fixed cost; and

(c) Operation and Maintenance expenses for one month

(d) Less: Interest on amount, if any, held as security deposits from Transmission system users.”

5.31 The Petitioner has also referred to clause 7.32 and clause 7.33 of the JSERC Transmission Tariff Regulation,2015 which provides methodology for calculation of interest rate for calculation of IoWC as depicted below:

“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 truing 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.”

5.32 The Petitioner has also submitted that it has arrived at the working capital requirement according to the applicable norms for Transmission function as provided in the JSERC Transmission Tariff Regulations,2015.

5.33 The Petitioner in line with the above mentioned regulations has considered actual SBI base rate prevailing on 30th September 2019(i.e. 8.95%) plus 350 basis points and has submitted interest on working capital as mentioned in the table below:



Table 20 IoWC (Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	O&M expenses for one month	0.43
2	15% of O&M expenses as Maintenance spares	0.773
3	2 months receivables of Annual Fixed Charges	0.91
4	Interest on Working Capital(Rs.Cr)	0.26

Commissions Analysis

5.34 The Commission referring to clause 7.32 and clause 7.33 of the JSERC (Terms and Conditions of Determination of Transmission Tariff) Regulations, 2015 which specifies as follows:

“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.”

5.35 Accordingly, the Commission after scrutinizing the information's and documents submitted by the Petitioner and after prudence check of the audited data and as per clauses mentioned in above para of Transmission Tariff Regulations 2015, has approved interest on working capital for the FY 2019-20 as per the below table:

Table 21 IoWC (Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	O&M expenses for one month	0.43
2	15% of O&M expenses as Maintenance spares	0.77
3	2 months receivables of Annual Fixed Charges	0.90



4	Total Working Capital Requirement	2.09
5	Interest Rate applicable	12.55%
6	Interest on Working Capital (Rs.Cr)	0.26

Non-Tariff Income

Petitioners Submission

5.36 The Petitioner has referred to clause 7.38 and clause 7.39 of the JSERC Transmission Tariff Regulations, 2015 which specifies that non-tariff income derived from disposal of assets, rent, DPS, miscellaneous receipts from the beneficiaries are to be deducted from the ARR. The Petitioner has highlighted the relevant extract from the said regulations as mentioned below:

“Non-Tariff Income

7.38 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, miscellaneous receipts from the Beneficiaries shall constitute Non-Tariff Income of the Licensee.

7.39 The amount received by the Licensee on account of Non-Tariff Income shall be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.”

5.37 In line with the above mentioned provisions of the regulation the Petitioner has claimed non-tariff income as per the trial balance and has requested the Honorable Commission to approve the non-tariff income as mentioned in the table below:

Table 22 Non –Tariff Income(Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Non-Tariff Income	0.08

Commissions Analysis

5.38 The Commission has scrutinized the non-tariff income of the Petitioner from the audited accounts submitted and has found that it has accrued



income through sources like interest from banks (other than F.D.) and miscellaneous receipts. The Commission referring to clause 7.38 and clause 7.39 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and considering the submission made by the Petitioner has considered and approved the Non-Tariff Income for FY 2019-20 as given in the table below:

Table 23 Non-Tariff Income(Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	FY 2019-20
1	Non-Tariff Income	0.08

Revenue from Operations

Petitioners Submission

5.39 The Petitioner has stated that as JUSNL is still running the operations of SLDC, hence no separate tariff has been notified by the Honourable Commission for SLDC for the FY 2019-20. Hence there is no revenue from operations for SLDC for FY 2019-20.

Commissions Analysis

5.40 The Commission has taken a note of the submission made by the Petitioner and hence no revenue from operations has been considered for the Petitioner for FY 2019-20.



Aggregate Revenue Requirement and Revenue Gap

Petitioners Submission

5.41 The Petitioner has submitted that the gross ARR for the SLDC consisted of O&M costs, depreciation, interest expense and interest on working capital which are then adjusted against non-tariff income to arrive at net aggregate revenue requirement for the year. The Petitioner has submitted net ARR for FY 2019-20 as shown in the table below:

Table 24 ARR (Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Operation and Maintenance Expense	5.10
2	Depreciation	0.11
3	Interest cost	0.04
4	Interest on Working Capital	0.26
5	Total ARR	5.51
6	Less: Non-Tariff Income	0.08
7	Net Annual Revenue Requirement(Rs.Cr)	5.43

5.42 The Petitioner has submitted the revenue gap/(surplus) for the year FY 2019-20 as shown in the table below:

Table 25 Revenue gap/(surplus)(Rs.Cr) as submitted by the Petitioner for FY 2019-20

S.No	Particulars	FY 2019-20
1	Annual Revenue Requirement	5.43
2	Revenue	0.00
3	Revenue Gap/(Surplus)	5.43

Commissions Analysis

5.43 The Commission after consideration of the various components of tariff as approved in the above paragraph hereby approves the ARR for SLDC for the year FY 2019-20 as given in the table below:



Table 26 ARR(Rs.Cr) as approved by the Commission for FY 2019-20

S.No	Particulars	Petition	Approved
1	Operation and Maintenance Expense	5.10	5.10
	(a)Employee Expense	4.33	4.33
	(b)Terminal Liability	0.16	0.16
	(b)A&G Expense	0.14	0.14
	(c)R&M Expense	0.47	0.47
2	Depreciation	0.11	0.11
3	Interest cost	0.04	0.00
4	Interest on Working Capital	0.26	0.26
5	Total ARR	5.51	5.47
6	Less: Non-Tariff Income	0.08	0.08
7	Net Annual Revenue Requirement(Rs.Cr)	5.43	5.39

5.44 As referred in para 5.40 above the Commission acknowledges the petitioner's assertion that no revenue was generated from the operation of the State Load Despatch Centre (SLDC) for the fiscal year 2019-2020. Nonetheless, the Commission has duly noted that the expenditures incurred for the SLDC have been previously accounted for in the True Up order for Jharkhand Urja Sancharan Nigam Limited (JUSNL) for the same fiscal year. Accordingly, the Commission does not sanction the approval of any revenue gap or surplus for the SLDC for the fiscal year 2019-2020.



Chapter 6 : Annual Performance Review (APR) for FY 2020-21

- 6.1 This section outlines the performance of SLDC for the FY 2020-21.
- 6.2 The Petitioner, in line with the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 has submitted the APR petition for FY 2020-21.
- 6.3 The Petitioner has submitted that the expenses of FY 2020-21 presented for APR are based on the projections made on the audited values of FY 2019-20.
- 6.4 The Petitioner has submitted that the values of the various components of ARR for FY 2020-21 are based on projections and as per relevant escalations made on the audited figures for FY 2019-20.
- 6.5 The Petitioner had submitted the Petition for APR of FY 2020-21 before the Commission dated 01/09/2023. The Commission had observed that this being the first time the Petitioner had filed a petition and also there has been delay in filing of APR petition of FY 2020-21. During the process of scrutiny of the petition by the Commission the actual figures for the FY 2020-21 were available at Petitioner's end hence the Commission had sought actual data (audited) from the Petitioner to which the Petitioner submitted vide letter no.26/SLDC/Ranchi dated 23.01.2024.
- 6.6 The Commission had considered the actual values for FY 2020-21 as submitted by the Petitioner for issuing APR for FY 2020-21.
- 6.7 The Commission based on the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 has carried out the APR taking into consideration the following:
- (a) Trial balance of the audited accounts of the Petitioner for FY 2020-21.
 - (b) Materials submitted before the Commission.
 - (c) JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015
- 6.8 The component-wise description of the Petitioner's submission and the Commission's analysis thereof is provided hereunder.



Gross Fixed Asset

Petitioners Submission

6.9 The Petitioner has considered closing GFA of FY 2019-20 as opening GFA of FY 2020-21. The following table shows the opening and closing balance of GFA for FY 2020-21 and estimated capitalization.

Table 27 Gross Fixed Asset(Rs.Cr) as submitted by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03

Commissions Analysis

6.10 On scrutinizing the documents and information's submitted by the Petitioner, the Commission approves the Gross Fixed Asset of the Petitioner for FY 2020-21 as given in the table below:

Table 28 Gross Fixed Asset(Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03

Operation and Maintenance Expenses

Petitioners Submission

6.11 The Petitioner has submitted details of O&M expenses comprising of Employee Expense, A&G Expense and R&M Expense.

6.12 The Petitioner has referred to clause 2.1 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations,2015 which defines O&M expenses as follows:



“2.1 (33) “Operation and Maintenance Expenses” or “O&M Expenses” means the expenditure incurred on operation and maintenance of the project, or part thereof, and includes the expenditure on manpower, repairs, spares, consumables, insurance and overheads;

- 6.13 The Petitioner has submitted that the O&M costs include cost of employee expenses, administrative and general expense and repair and maintenance expenses.
- 6.14 In the Petition the Petitioner has projected the employee cost for FY 2020-21 by escalating the projected employee cost (excluding terminal benefits) for FY 2019-20 by the inflation factor of 6.10%.
- 6.15 The Petitioner has also submitted that the A&G cost for FY 2020-21 is being arrived at by escalating the A&G cost of FY 2019-20 by the inflation factor of 6.09%.
- 6.16 The Petitioner has submitted that the R&M cost for FY 2020-21 is computed by multiplying the “K” factor based in actual R&M expense for the FY 2019-20 and the average GFA for the FY 2019-20.
- 6.17 The Petitioner has submitted the O&M cost for FY 2020-21 considering the three heads as mentioned above as per details in the given table:

Table 29 O&M cost(Rs.Cr) as submitted by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Employee Expense	4.59
2	Terminal Benefits	0.16
3	A&G Expenses	0.15
4	R&M Expenses	0.41
Total Expense (Rs.Cr)		5.31

Commissions Analysis

- 6.18 The Commission has referred to clause 7.34 to clause 7.36 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 which defines and provides methodology for calculation of O&M expenses as described below:



Operation and Maintenance (O&M) expenses

7.34 Operation and Maintenance (O&M) expenses shall comprise of the following:

- (a) Salaries, wages, pension contribution and other employee costs;
- (b) Administrative and General costs;
- (c) Repairs and maintenance expenses; and
- (d) Other miscellaneous expenses, statutory levies and taxes (except corporate income tax).

7.35 The Applicant shall submit details on O&M expenses as required by the Commission. The O&M expenses for the Base Year shall be approved by the Commission taking into account the audited accounts, business plan filed by the Licensees, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.

7.36 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

$$(a) O\&M_n = (R\&M_n + EMP_n + A\&G_n) * (1 - X_n) + \text{Terminal liabilities}$$

Where, $R\&M_n = K * GFA$;

$$EMP_n + A\&G_n = (EMP_{n-1} + A\&G_{n-1}) * (INDX_n / INDX_{n-1}); \text{ and}$$

$$INDX = 0.55 * CPI + 0.45 * WPI$$

Where

- (b) $R\&M_n$ – Repair and Maintenance Costs of the Licensee for the nth year;
- (c) $A\&G_n$ – Administrative and General Costs of the Licensee for the nth year;
- (d) EMP_n – Employee Costs of the Licensee excluding terminal liabilities for the nth year;
- (e) X_n is an efficiency factor for nth year. Value of X_n shall be determined by the Commission in the MYT Tariff order based on Licensee’s filing, benchmarking, approved cost by the Commission in past and any other factor the Commission feels appropriate.
- (f) ‘K’ is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year;
- (g) ‘GFA’ is the opening value of the gross fixed asset of the nth year;
- (h) $INDX_n$ – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

Note 1: For the purpose of estimation, the same $INDX_n$ value shall be used for



all years of the control period. However, the Commission will consider the actual values in the INDEX at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period;

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

Note 3: Terminal Liabilities will be approved as per actual submitted by the Licensee or be established through actuarial studies.

6.19 The Commission referring to the above mentioned clauses of the Regulation and considering the facts mentioned in para 6.5 and para 6.6 of this order, hereby approves the O&M cost of the Petitioner as per actuals for FY 2020-21 as mentioned in the table below:

Table 30 O&M Cost(Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	Employee Expense	3.78
2	A&G Expense	0.11
3	R&M expense	0.32
Total O&M expense (Rs Cr)		4.21

Depreciation

Petitioners Submission

6.20 The Petitioner has stated that the Hon'ble Commission has notified the rates for asset-wise depreciation in the JSERC Transmission Tariff Regulations, 2015 and the Petitioner has considered the same for calculation of depreciation for the FY 2020-21.

6.21 The Petitioner has referred to clause 7.25 to clause 7.30 of the JSERC Transmission Regulations, 2015 which provides the method for calculation of the depreciation on gross fixed asset as quoted below:



“Depreciation

7.25 Depreciation shall be calculated for each year of the Tariff period, on the amount of Capital Cost of the assets admitted by the Commission; Provided that depreciation shall not be allowed on assets funded by any capital subsidy / grant:

7.26 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

7.27 Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset...”

6.22 The Petitioner has calculated depreciation on the projected GFA as per the above-mentioned provisions.

6.23 The Petitioner has projected depreciation for FY 2020-21 as provided in the table below:

Table 31 Depreciation (Rs.Cr) as projected by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Opening GFA	2.03
2	Addition during the year	0.00
3	Closing GFA	2.03
4	Average GFA	2.03
5	Depreciation for the year(Rs.Cr)	0.11

Commissions Analysis

6.24 The Commission referring to clause 7.25 to clause 7.20 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations,2015 which specifies as below:

“Depreciation

7.25 Depreciation shall be calculated for each year of the Tariff period, on the amount of Capital Cost of the assets admitted by the Commission; Provided that depreciation shall not be allowed on assets funded by any capital subsidy / grant:

7.26 The salvage value of the asset shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset.

7.27 Land other than land held under lease shall not be a depreciable asset and its cost shall be excluded from the capital cost while computing depreciable value of the asset.



7.28 Depreciation shall be calculated annually based on 'Straight Line Method' and at rates specified in Appendix-I to these Regulations for the assets of the Transmission System: Provided that, the remaining depreciable value as on 31st March of the Year closing after a period of 12 Years from the Date of Commercial operation shall be spread over the balance useful life of the assets.

7.29 In case of the Existing Projects, the balance depreciable value as on 1.4.2016 shall be worked out by deducting the cumulative depreciation as admitted by the Commission upto 31.3.2016 from the gross depreciable value of the assets.

The rate of depreciation shall be continued to be charged at the rate specified in Appendix-I till cumulative depreciation reaches 70%. Thereafter the remaining depreciable value shall be spread over the remaining life of the asset such that the maximum depreciation does not exceed 90%.

7.30 Depreciation shall be chargeable from the first Year of commercial operation. In case of commercial operation of the asset for part of the Year, depreciation shall be charged on pro rata basis.”

6.25 The Commission has also noted the fact that the Petitioner has not maintained fixed asset register and is in process of reconciling the same.

6.26 The Commission has reviewed the depreciation details as provided by the Petitioner and has also checked the trial balance from the audited accounts as submitted by the Petitioner for FY 2020-21.

6.27 The Commission accordingly approves depreciation considering the actual figures submitted for FY 2020-21 as mentioned in the table below:

Table 32 Depreciation (Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	Depreciation (Rs.Cr)	0.11

Interest Expense

Petitioners Submission

6.28 The Petitioner has submitted that the interest charges include interest on group saving scheme and interest on GPF which has been considered as per actual basis for FY 2020-21. The Petitioner has submitted interest charges as mentioned in the table below:



Table 33 Interest Charges(Rs.Cr) as projected by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Interest to group saving scheme	0.00
2	Interest to GPF	0.05
Total Interest Expenses(Rs.Cr)		0.05

Commissions Analysis

6.29 The Commission referring to clause 7.15 to clause 7.24 of the JSERC (Terms & Conditions for Determination of Transmission Tariff) Regulations, 2015 which is specified as below:

“Interest and Finance Charges

7.15 The loans arrived at in the manner indicated in clause 7.10 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.

7.16 The normative loan outstanding as on 1.4.2016 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to 31.3.2016 from the gross normative loan.

7.17 The repayment for the year of the Tariff Period shall be deemed to be equal to the depreciation allowed for that year.

7.18 Notwithstanding any moratorium period availed by the Transmission Licensee, the repayment of loan shall be considered from the first year of commercial operation of the Project and shall be equal to the annual depreciation allowed.

7.19 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each Year applicable to the Project:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, the last available weighted average rate of interest shall be considered:

Provided further that if the Transmission System does not have actual loan, then the weighted average rate of interest of the Transmission Licensee as a whole shall be considered:

7.20 Provided further, in case of new licensee commencing its operation after the date of effectiveness of these Regulations, and which doesn't has actual loan



portfolio, the rate of interest shall be considered on normative basis and shall be equal to the Base rate of State Bank of India plus 200 basis points as on the date on which the licensee is declared under commercial operation.

7.21 The interest on loan shall be calculated on the normative average loan of the year by applying the weighted average rate of interest.

7.22 The Transmission Licensee shall make every effort to re-finance the loan as long as it results in net savings on interest and in that event the costs associated with such refinancing shall be borne by the Beneficiaries and the net savings shall be shared between the Beneficiaries and the Transmission Licensee, in the ratio of 2:1.

7.23 The changes to the terms and conditions of the loans shall be reflected from the date of such re-financing.

7.24 In case of dispute, any of the parties may make an application in accordance with the Conduct of Business Regulation:

Provided that the Beneficiaries shall not withhold any payment on account of the interest claimed by the Transmission Licensee during the pendency of any dispute arising out of re-financing of loan.”

6.30 The Commission upon scrutinizing the information's and submission made by the Petitioner observes that the Petitioner does not have any outstanding loan for the FY 2020-21.

6.31 The Commission considering the above clauses relating to interest and finance charges as mentioned in JSERC (Terms and conditions for determination of Transmission Tariff) Regulations,2015 finds that there is no provision for interest cost pertaining to group saving scheme and interest to GPF. Therefore the Commission is not inclined to consider the interest cost as submitted by the Petitioner.

6.32 Hence the Commission has not considered any amount pertaining to interest cost as submitted by the Petitioner.

Table 34 Interest and Finance Charges(Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	Interest to group saving scheme	0.00
2	Interest to GPF	0.00
Total Interest Expenses(Rs.Cr)		0.00



Interest on Working Capital

Petitioners Submission

6.33 The Petitioner has referred to clause 7.31 of the JSERC Transmission Tariff Regulations, 2015 which provides methodology for calculation of normative working capital as depicted 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 7.34-7.36 of these Regulations;

(b) Receivables equivalent to two months of annual fixed cost; and

(c) Operation and Maintenance expenses for one month

(d) Less: Interest on amount, if any, held as security deposits from Transmission system users.”

6.34 The Petitioner has also referred to clause 7.32 and clause 7.33 of the JSERC Transmission Tariff Regulation, 2015 which provides methodology for calculation of interest rate for calculation of IoWC as described below:

“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 truing 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.”

6.35 The Petitioner has also submitted that it has arrived at the working capital requirement according to the applicable norms for Transmission function as provided in the JSERC Transmission Tariff Regulations, 2015.

6.36 The Petitioner in line with the above mentioned regulations has considered actual SBI base rate prevailing on 30th September 2020 (i.e.



7.40%) plus 350 basis points and has submitted interest on working capital as mentioned in the table below:

Table 35 IoWC(Rs.Cr) as projected by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	O&M Expenses for one Month	0.44
2	15% of O&M expense as Maintenance Spares	0.81
3	2 months receivables of Annual Fixed Charges	0.94
4	Total Working Capital Requirement	2.18
5	Interest on Working Capital (Rs.Cr)	0.24

Commissions Analysis

6.37 The Commission has referred to clause 7.31 of the JSERC Transmission Tariff Regulations, 2015 which provides methodology for calculation of normative working capital as depicted 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 7.34-7.36 of these Regulations;*
- (b) Receivables equivalent to two months of annual fixed cost; and*
- (c) Operation and Maintenance expenses for one month*
- (d) Less: Interest on amount, if any, held as security deposits from Transmission system users.”*

6.38 The Commission has also referred to clause 7.32 and clause 7.322 of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 which states as follows:

“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 truing 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.”.

6.39 Accordingly, the Commission, after scrutinizing the information’s and documents submitted by the Petitioner and after prudence check of the actual data and as per clauses mentioned in above para of Transmission Tariff Regulations 2015, has approved interest on working capital for the FY 2019-20 as per below table:

Table 36 IoWC(Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	O&M expenses for one month	0.35
2	15% of O&M expenses as Maintenance spares	0.63
3	2 months receivables of Annual Fixed Charges	0.74
4	Total Working Capital Requirement	1.72
5	Interest Rate applicable	10.95%
6	Interest on Working Capital (Rs.Cr)	0.19

Non-Tariff Income

Petitioners Submission

6.40 The Petitioner has referred to clause 7.38 and clause 7.39 of the JSERC Transmission Tariff Regulations,2015 which specifies that non-tariff income derived from disposal of assets, rent, DPS, miscellaneous receipts from the beneficiaries is to be deducted from the ARR. The Petitioner has highlighted the relevant extract from the said regulations as mentioned below:

“Non-Tariff Income

7.38 All incomes being incidental to electricity business and derived by the Licensee from sources, including but not limited to profit derived from disposal of assets, rents, delayed payment surcharge, miscellaneous receipts from the Beneficiaries shall constitute Non-Tariff Income of the Licensee.

7.39 The amount received by the Licensee on account of Non-Tariff Income shall



be deducted from the aggregate revenue requirement in calculating the net revenue requirement of such Licensee.”

- 6.41 The Petitioner has considered an escalation of 5% over the audited figure of FY 2019-20 to arrive at the Non-Tariff Income for FY 2020-21. The Non-Tariff Income projected by the Petitioner for FY 2020-21 is shown in the table below:

Table 37 Non-Tariff Income(Rs.Cr) as projected by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Non-Tariff Income	0.08

Commissions Analysis

- 6.42 The Commission has scrutinized the non-tariff income of the Petitioner from the actual figures submitted and has found that it has accrued income through sources like interest from banks (other than F.D.) and miscellaneous receipts. The Commission referring to clause 7.38 and clause 7.39 of JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015 and considering the submission made by the Petitioner has considered and approved the Non-Tariff Income for FY 2020-21 as given in the table below:

Table 38 Non-Tariff Income(Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	FY 2020-21
1	Non-Tariff Income	0.08

Revenue from Operations

Petitioners Submission

- 6.43 The Petitioner has stated that as JUSNL is still running the operations of SLDC hence no separate tariff has been notified by the Honorable Commission for SLDC for the FY 2020-21. Hence there is no revenue from operations for SLDC for FY 2020-21.

Commissions Analysis

- 6.44 The Commission has taken a note of the submission made by the Petitioner and hence no revenue from operations has been considered for



the Petitioner for FY 2020-21.

Aggregate Revenue Requirement and Revenue Gap

Petitioners Submission

6.45 The Petitioner has submitted that the gross ARR for the SLDC consisted of O&M costs, depreciation, interest expense and interest on working capital which are then adjusted against non-tariff income to arrive at net aggregate revenue requirement for the year. The Petitioner has submitted net ARR for FY 2020-21 as shown in the table below:

Table 39 ARR (Rs.Cr) as submitted by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Operation and Maintenance Expense	5.31
2	Depreciation	0.11
3	Interest cost	0.05
4	Interest on Working Capital	0.24
5	Total ARR	5.71
6	Less: Non-Tariff Income	0.08
7	Net Annual Revenue Requirement(Rs.Cr)	5.62

6.46 The Petitioner has submitted the revenue gap/(surplus) for the year FY 2020-21 as shown in the table below:

Table 40 Revenue gap/(surplus)(Rs.Cr) as submitted by the Petitioner for FY 2020-21

S.No	Particulars	FY 2020-21
1	Annual Revenue Requirement	5.62
2	Revenue	0.00
3	Revenue Gap/(Surplus)	5.62
4	Previous years Gap/(Surplus) carried over	5.43
5	Total Revenue Gap/(Surplus)	11.05



Commissions Analysis

6.47 The Commission after consideration of the various components of tariff as approved in above paragraph hereby approves the ARR for SLDC for the year FY 2020-21 as given in the table below:

Table 41 ARR (Rs.Cr) as approved by the Commission for FY 2020-21

S.No	Particulars	Petition	Approved
1	Operation and Maintenance Expense	5.31	4.21
	(a)Employee Expense	4.59	3.78
	(b)Terminal Liability	0.16	0.00
	(b)A&G Expense	0.15	0.11
	(c)R&M Expense	0.41	0.32
2	Depreciation	0.11	0.11
3	Interest cost	0.05	0.00
4	Interest on Working Capital	0.24	0.19
5	Total ARR	5.71	4.50
6	Less: Non-Tariff Income	0.08	0.08
7	Net Annual Revenue Requirement(Rs.Cr)	5.63	4.42

6.48 As referred in para 6.44 above the Commission has noted the fact that there is no revenue generated from operation of SLDC for the FY 2020-21 and hence considering the same the Commission approves the gap/(surplus) for the FY 2020-21 as referred in the table below:

Table 42 Gap/(surplus)(Rs.Cr) as approved by the Commission for the FY 2020-21

S.No	Particulars	FY 2020-21
1	Annual Revenue Requirement	4.42
2	Revenue	0.00
3	Revenue Gap/(Surplus)	4.42

6.49 The Commission has conducted the Annual Performance Review (APR) based on the actual audited figures submitted by the Petitioner for FY



2020-21 and the additional data presented by the Petitioner. However, the same shall be reviewed during submission of True-up for FY 2020-21 in accordance with the provisions of the JSERC (Terms and Conditions for Determination of Transmission Tariff) Regulations, 2015.



Chapter 7 : Business Plan and Multi Year Tariff for FY 2021-22 to FY 2025-26

Petitioners Submission

- 7.1 The Petitioner, in compliance with Section A6 of the JSERC (Levy and Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 has prepared the Business Plan for the five-year control period beginning FY 2021-22 to FY 2025-26. The objective of the business plan is to project the capital investments that are proposed to be done during the control period of FY 2021-22 to FY 2025-26.
- 7.2 The Business Plan is initiated based on a review of company's current operations, operational performance and organizational structure. The formulation of strategies is driven by the consideration of the vision, mission and values that the Company holds and cherishes. The existing profile of the Company, its strengths and weaknesses, its policies, and the changing legal and business environment.
- 7.3 The Business Plan has been developed keeping in view the current performance over the past performance with a view to develop targets that are realistic and achievable and that provide an impetus to improving performance. The Business Plan comprise of infrastructure required by SLDC to perform robust, scalable and dispute free scheduling, metering, accounting and settlement of transaction in electricity. The business plan has been developed considering the growing penetration of renewable energy sources and increasing transaction of electricity at intra-state and inter-state level. A rational approach has been followed for ascertaining various data points using practical assumptions wherever required.
- 7.4 Due to changing business environment and the regulations governing the business, it is submitted that the Hon'ble Commission should take cognizance of the fact that the business plan is a dynamic document which may need to be updated at various intervals to align the growth path of the company with the external business environment and internal factors affecting the business / operations of the company. Depending on the amount and complexity of the content that needs to be updated, one could distinguish two levels of update. On a lower level, there is detail and factual



updates that require changes within the business plan. Factual updates are relatively straight forward and mostly comprise minor changes of specific data, such as numerical or other factual informations. At the higher level, there is a conceptual update. Conceptual updates may be dictated by market shifts, changes in the competitive environment, legislative reforms, political influence and many other factors, and thus, require deeper analysis, and more profound changes in the business plan. Thus, updation of the Business Plan would be dependent on the management as they would have to decide which events and changes are important and how they need to be reflected in the business plan. SLDC is filing its Petition for submission of Business Plan for the MYT Control Period FY 2021-22 to FY 2025-26 for consideration of the Hon'ble Commission.

7.5 The Petitioner has submitted that the primary objectives for developing the Business Plan are as follows:

- a) Providing a tool for Strategic Planning: The Business Plan is intended to chart the Company's way forward. The key objective for developing the business plan is to analyze and anticipate the major requirements of infrastructure to operate the power market in an integrated manner. Business Plan has been envisaged to ensure Integrated Operation of power system in the state and to facilitate transfer of electric power within and across the regions with Reliability, Security and Economy.
- b) For the regulatory compliance of submission of Business Plan as mandated by JSERC MYT Regulations, 2020.
- c) Aid in Decision Making and better operational efficiency: The Business Plan may aid in decision making while planning and execution of the project. Business Plan may prove a help for the Management, all stakeholders, Hon'ble Commission and various government bodies.

7.6 In this Petition, the Petitioner has submitted that the baseline is based on the actual audited trial balance for FY 2019-20. Appropriate pro-rata projections and escalations have been taken over the previous year. The



ARR for the MYT Control Period FY 2021-22 to FY 2025-26 is based on projections and escalations over the previous year, keeping in mind the historical trends and key initiatives planned, in line with the guidelines provided by the Hon'ble Commission for determining the same. The capital expenditure plan is based on the expected projects envisaged to be implemented by the SLDC during the period FY 2021-22 to FY 2025-26.

7.7 The Petitioner has stated provisions for business plan for MYT Control Period FY 2021-22 to FY 2025-26 as provided in the JSERC (Levy and Collection of Fees and Charges by SLDC) Regulations, 2020 which are as follows:

“6.6 The Business Plan shall be for the entire Control Period and shall, inter alia, contain:

- a. Capital Investment Plan: This should be commensurate with infrastructure requirement and quality improvement proposed and to ensure efficient work and integrated operation of the power system in the State of Jharkhand. The Capital expenditure plan should also include corresponding capitalization schedule and financing plan;
SLDC shall also submit scheme-wise capital structure and cost of financing (interest on debt) and return on equity, Grant, Deposit Works along with terms of the existing loan agreements, etc., as a part of Capital Investment Plan;*
- b. The appropriate capital structure and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;*
- c. Human Resource Plan: This shall include, designation-wise existing man power, details of the estimated year wise manpower addition and retirements for the Control Period to meet its responsibilities and obligations as an SLDC;*
- d. A set of targets proposed for other controllable items such as return on equity, depreciation, working capital requirement, performance targets, Employee, R&M and A&G Expenses etc., along with detailed break up and any other information used for preparing projections of various performance parameters and other components during the Control Period.*
- e. Other Information: This shall include any other details considered appropriate by the SLDC for consideration during determination of fees and charges.”*

Capital Investment Plan

7.8 The Petitioner has stated few key challenges that SLDC is facing at present as mentioned below:



- SLDC relies on the real-time data for grid monitoring and decision making in day to day Grid Operation. Real-time data acquisition from various sources is a challenging task. SLDC needs to be equipped with latest tools to facilitate real time data acquisition and decisions making process.
- The complexity of power system has increased manifold and the business environment is changing rapidly. The challenge in front of SLDC is to adapt to the changing paradigm and to facilitate the functioning of the electricity market without compromising grid security and reliability.
- Increasing penetration of Renewable, expanding power system network, uneven loading of transmission lines, frequency fluctuations, etc. are the few other challenges that the SLDC is facing.
- The power market is evolving day by day and its complexity is increasing. Accordingly, there is a need to enhance the skill sets of the employees.

7.9 The Petitioner has prepared a detailed capital expenditure plan for the 3rd Control Period to ensure efficient work and integrated operation of the power system in the State of Jharkhand. As per clause 6.6 of the JSERC Regulations:

“The Business Plan shall be for the entire Control Period and shall, inter alia, contain:

a. Capital Investment Plan: This should be commensurate with infrastructure requirement and quality improvement proposed and to ensure efficient work and integrated operation of the power system in the State of Jharkhand. The Capital expenditure plan should also include corresponding capitalization schedule and financing plan;

SLDC shall also submit scheme-wise capital structure and cost of financing (interest on debt) and return on equity, Grant, Deposit Works along with terms of the existing loan agreements, etc., as a part of Capital Investment Plan;”

Keeping in view the above facts the Petitioner has prepared a capital investment plan as detailed in the table below:



Table 43 Capital Investment plan (in lacs) as projected by the Petitioner for FY 2021-22 to FY 2025-26

Sr. No.	Name of Scheme	Total Estimated amount	Proposed Expenditure(in lacs)				
			FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Building	500.00	0.00	0.00	500.00	0.00	0.00
2	Civil Works	290.00	0.00	50.00	60.00	80.00	100.00
3	Furniture & Fixtures	35.00	0.00	10.00	5.00	5.00	15.00
4	Office Equipment	50.00	0.00	15.00	10.00	10.00	15.00
5	Vehicles	11.00	0.00	2.00	2.50	3.00	3.50
6	Procurement of AC	55.00	0.00	15.00	10.00	15.00	15.00
7	Procurement of four wire telephone	3.00	0.00	0.50	0.50	1.00	1.00
8	Procurement of IP phone	6.00	0.00	1.00	1.00	2.00	2.00
9	Earth Pit (chemical type)	50.00	0.00	30.00	10.00	5.00	5.00
10	CCTV	27.00	0.00	4.00	10.00	5.00	8.00
11	Battery Bank	40.00	0.00	20.00	0.00	0.00	20.00
12	Router with firewall	10.00	0.00	0.00	10.00	0.00	0.00
13	SCADA server module with Software	20.00	0.00	20.00	0.00	0.00	0.00
14	Samast Software	1758.90	0.00	500.00	1258.90	0.00	0.00
15	Total (in lacs)	2855.90	0.00	667.50	1877.90	126.00	184.50

7.10 The capitalization schedule of the schemes envisaged to be implemented during the MYT Control Period as submitted by the Petitioner has been provided in the table given below:



Table 44 Capitalization schedule(in lacs) as projected by the Petitioner for FY 2021-22 to FY 2025-26

Sr. No	Name of Scheme	Total Estimated amount	Proposed Capitalization(in lacs)				
			FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Building	500.00	0.00	0.00	500.00	0.00	0.00
2	Civil Works	290.00	0.00	50.00	60.00	80.00	100.00
3	Furniture & Fixtures	35.00	0.00	10.00	5.00	5.00	15.00
4	Office Equipments	50.00	0.00	15.00	10.00	10.00	15.00
5	Vehicles	11.00	0.00	2.00	2.50	3.00	3.50
6	Procurement of AC	55.00	0.00	15.00	10.00	15.00	15.00
7	Procurement of four wire telephone	3.00	0.00	0.50	0.50	1.00	1.00
8	Procurement of IP phone	6.00	0.00	1.00	1.00	2.00	2.00
9	Earth Pit (chemical type)	50.00	0.00	30.00	10.00	5.00	5.00
10	CCTV	27.00	0.00	4.00	10.00	5.00	8.00
11	Battery Bank	40.00	0.00	20.00	0.00	0.00	20.00
12	Router with firewall	10.00	0.00	0.00	10.00	0.00	0.00
13	SCADA server module with Software	20.00	0.00	20.00	0.00	0.00	0.00
14	Samast Software	1758.90	0.00	0.00	1758.90	0.00	0.00
15	Total (in lacs)	2855.90	0.00	167.50	2377.90	126.00	184.50

7.11 The Petitioner has provided a detailed explanation of major capital expenditure works to be carried out during the control period as mentioned below:

A. Implementation of SAMAST (Scheduling, Accounting, Metering and Settlement of Transmission in Electricity)

The Petitioner has stated that as per CABIL Report, electricity is a fungible commodity and does not carry the owner's tag. Section 28 and 32 of the Electricity



Act 2003, mandate that the Load Despatch Centre shall schedule power in accordance with the contracts and keep an account of electricity transmitted through the transmission grid. This implies that a ledger of energy transactions have to be maintained, the physical flow of electricity across various notional seams in the electricity grid have to be measured and energy balance sheets have to be prepared. Thus, Scheduling, Accounting, Metering and Settlement of Transaction in electricity (SAMAST) is indispensable as it solves the puzzle – Who pays to whom and for what.

Benefits: SLDC will be equipped with the following software after implementation of SAMAST:

- i. Energy Scheduling Software
- ii. Meter data Management Software
- iii. Deviation Accounting Software
- iv. RTDA (Regional Transmission Deviation Account), Reactive, REA (Regional Energy Accounts) Accounting Software
- v. UI (Unscheduled Interchange) Disbursement management Software
- vi. Open Access Software

i. Basic Software Requirements and Specifications (SRS)

Implementation of the intra-State DSM at the State level requires scalable, agile, resilient and redundant software requirements. The software requirements range from scheduling, forecasting, energy accounting, open access, financial accounting and statutory compliance etc. Further, regulatory and user requirements bring in with itself the need for regular updates/changes to the software in order to adapt to the changes. Having realized the complexities involved in the software requirements, it is proposed to select IT partner for implementation of software.

ii. Broad Contours for Functional Requirement of Software Modules

The Software applications are particularly required for the following functions:

1. User Registration
2. Open Access Processing
3. Energy Scheduling
4. Energy Metering Design and Maintenance
5. Energy Meter Data Management- Collection, Validation, Processing



6. Energy Accounting
7. Active Energy Deviation Accounting
8. Reactive Energy Accounting
9. Transmission Usage Accounting
10. Certification of schedule, availability etc as per JSERC guideline
11. Billing and Settlement
12. Clearing and Pool Account Administration
13. Supervision and Compliance Monitoring
14. Information Dissemination.
15. Data Archiving and Retrieval
16. Fees and Charge Billing and Collection
17. Reconciliation
18. Reporting
19. Big Data Analysis
20. Tool for uploading and downloading of CMRI data and other data, if any
21. Facility for integration of data with the third party applications

Several activities including scheduling and open access processing require a web-based interface for facilitating simultaneous and continuous coordination with multiple users/stakeholders. Such activities require a web-based interface for the convenience of internal as well as external stakeholders.

The software applications need to be continuously aligned with the evolving regulations and evolving requirement of the stakeholders and users of the applications. It is suggested that functional requirements of the Software can be organized under the following modules. A brief description of the functional requirement under each module is covered in the table given below:

Table 45 Functional requirements of software modules as submitted by the Petitioner

S.No.	Software Modules	Brief Description of the Functional Requirement
1	Scheduling Software Module	i. Generation availability declarations and schedules ii. Load/Demand forecasts/schedules from DISCOMs and TOUs iii. Integration of RE generator forecasts/schedules through generators/ QCAs iv. Schedules of inter-State/bilateral transactions



S.No.	Software Modules	Brief Description of the Functional Requirement
		<ul style="list-style-type: none"> v. Load generation balancing through constraints (Merit order dispatch, technical minimum generation, ramping up/down rate of generators, hydro optimization etc.) vi. Target despatch and target drawal schedules vii. Schedule revision management iii. Management of schedules in cases of network contingencies and implementation of other Regulatory verdicts. ix. User interface with Web applications and back-end data
2	Open Access Software Module	<ul style="list-style-type: none"> i. Open access application registration and processing ii. Coordination with STU and DISCOMs and other nodal agencies iii. Open access schedules and congestion management iv. Open access contract management v. Open access charge computation, billing and Payment Gateway vi. OA transaction inventory and reports
3	Energy Accounting Module	<ul style="list-style-type: none"> i. Entity Management ii. Meter Data Acquisition iii. Interface with meter data processing for all interface points and configuration of these points iv. Transmission loss computation v. Entity wise injection, drawal, schedule and deviation vi. Pool deviation settlement account – volume and value vii. Reconciliation of State energy accounts – with regional, State pool members iii. Reactive energy pool account ix. EA report generation – weekly, monthly x. RE generator registrations and accounting for RECs xi. REC and RRF mechanism including its account processing
4	Billing and SLDC Report Module	<ul style="list-style-type: none"> i. Generator energy account, deviation (volume and value) ii. RE generator/QCA energy account, deviation (volume and value) iii. DISCOM energy account, deviation (volume and value) iv. OA user energy account, deviation (volume and value) v. Reactive energy charges accounting vi. Integration with Regional Energy Account vii. Weekly report/monthly reports/annual reports iii. Reconciliation, revisions management, discrepancy report



S.No.	Software Modules	Brief Description of the Functional Requirement
5	Financial Accounting and Statutory Compliance Module	i. Billing and payment registry management of deviation charges, penal charges ii. Financial Statements and reporting - weekly, monthly and annual reconciliation iii. Contract-wise accounting and reconciliation iv. Entity-wise reconciliation of TDS, Service Tax v. Statutory compliance reporting
6	Reporting Module	State Energy Account, Transmission Losses, Peak Load on Transformers and Lines, Drawls to DISCOMs, Billing for SLDC and Transmission Charges, Deviation Settlement Account, Schedule, Drawls, Real Time Revisions, Day Ahead Schedules, Implemented Schedule, Daily, Weekly, Monthly reports of DCs of generators, Entitlement of DISCOMs and Open Access consumers, Requisitions of Discoms, Injection and drawl schedule of generators, Estimated losses, Open Access Schedule (Intra/InterState), Open Access Approvals for STOA/MTOA/LTOA and reports, Issue of NOC, Web Interface for stakeholders for scheduling, Energy Accounting/analysis, Losses etc to feed data as well as generation of reports, User management as per authority level and assess of database shall be maintained in the software, any other reporting requirement as per the recommendations of SAMAST report.

B. Civil Works

The Petitioner has stated that SLDC will be shifted to a new location i.e. at Sarwal, Namkum where Government of Jharkhand has established a SLDC and vide resolution no. 2953 dated 15.09.2021, Government has approved to handover the SLDC to STU (JUSNL). Up-gradation/renovation is required to make SLDC workable and therefore an amount of Rs. 5.00 Crore has been proposed for the same.

Commissions Analysis

7.12 The Commission has referred to clause 6.6 to clause 6.9 of the JSERC (Levy and Collection of Fees and Charges by State Despatch Load Centre) Regulations, 2020 as described below:

“6.6 The Business Plan shall be for the entire Control Period and shall, inter alia, contain:

a. Capital Investment Plan: This should be commensurate with infrastructure requirement and quality improvement proposed and to ensure efficient work and



integrated operation of the power system in the State of Jharkhand. The Capital expenditure plan should also include corresponding capitalisation schedule and financing plan;

SLDC shall also submit scheme-wise capital structure and cost of financing (interest on debt) and return on equity, Grant, Deposit Works along with terms of the existing loan agreements, etc., as a part of Capital Investment Plan;

b. The appropriate capital structure and cost of financing (interest on debt) and return on equity, terms of the existing loan agreements, etc;

c. Human Resource Plan: This shall include, designation-wise existing man power, details of the estimated year wise manpower addition and retirements for the Control Period to meet its responsibilities and obligations as an SLDC;

d. A set of targets proposed for other controllable items such as return on equity, depreciation, working capital requirement, performance targets, Employee, R&M and A&G Expenses etc., along with detailed break up and any other information used for preparing projections of various performance parameters and other components during the Control Period.

e. Other Information: This shall include any other details considered appropriate by the SLDC for consideration during determination of fees and charges.

Capital Investment Plan

6.7 The Commission may approve the Capital Investment Plan after carrying out due Prudence Check of the plan submitted by the SLDC, based on the load growth forecast during the Control Period. The same would be considered for computation of ARR, wherein the amount of electricity handled by the SLDC shall be projected considering the estimated growth plan of its Beneficiaries and any plans of new transmission system, based on network expansion plans within the State. 6.8 Capital Investment plan submitted by the SLDC shall also provide details of ongoing projects that will spill into the Control Period and new projects that will commence during the Control Period but may extend beyond the Control Period.

6.9 The Capital Investment Plan shall be in conformity with the plans made by the STU and with the capital investment plans of the Distribution Licensees and the Generating Companies. The CAPEX plan shall inter-alia include:

a. Purpose of investment;

b. Approval of Competent Authority;



- c. *Detailed Project Report;*
- d. *Capital Structure;*
- e. *Capitalization Schedule;*
- f. *Implementation schedule including timelines;*
- g. *Financing Plan;*
- h. *Cost-benefit analysis and Rate reasonability;*
- i. *Improvement in operational efficiency envisaged in the Control Period.”*

7.13 The Commission has scrutinized the capital expenditure plan based on the provisions as mentioned in the above para of JSERC (Levy and Collection of Fees and Charges by State Dispatch Load Centre) Regulations, 2020 and has carried out the approval of Business Plan for the Control Period of FY 2021-22 to FY 2025-26.

7.14 The Commission upon scrutiny of the capital investment plan proposed by the Petitioner for the control period FY 2021-22 to FY 2025-26 has observed that the Petitioner has projected an investment plan of Rs.28.55 Cr for the period of which the major contributes to implementation of Samast Software (i.e.17.58 Cr), Building (5Cr) & Civil Works (2.9Cr) and the remaining amount (3.07Cr) for other schemes proposed by the Petitioner for establishment of working of SLDC.

7.15 The Commission has observed that the petitioner has provided a detailed explanation of the benefits for implementation of Samast software along with relevant approval documents supporting the scheme. The Commission has also taken a note of the fact that a grant of Rs.10.72 Cr would also be received by the Petitioner under PSDF scheme.

7.16 However, for the other heads of expenditure the Petitioner has not provided any detailed analysis and necessary approval/sanction as required under clause 6.9 of the regulations mentioned in para 7.12.

7.17 The Commission is also aware of the fact that SLDC plays a vital role in ensuring the stability, reliability, and security of the power system. It receives information from various sources, including power generators, transmission companies, distribution companies, and other stakeholders, to ensure that the grid is operating within safe and stable limits.



7.18 The Commission also reiterates that importance of upgradation and proper functioning of SLDC is essential for carrying out real time operations for grid control and despatch of electricity within the State through secure and economic operation of the State grid in accordance with the Grid Standards and the State Grid Code.

7.19 The Commission, based on the above facts, provisionally approves the capital expenditure as referred in the table below:

Table 46 Capital investment plan (in Rs.lacs) as approved by the Commission for FY 2021-22 to FY 2025-26

Sr. No	Name of Scheme	Approved Expenditure(in lacs)				
		FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
1	Building	0.00	0.00	0.00	0.00	0.00
2	Civil Works	0.00	0.00	0.00	0.00	0.00
3	Furniture & Fixtures	0.00	0.00	0.00	0.00	0.00
4	Office Equipment	0.00	0.00	0.00	0.00	0.00
5	Vehicles	0.00	0.00	0.00	0.00	0.00
6	Procurement of AC	0.00	0.00	0.00	0.00	0.00
7	Procurement of four wire telephone	0.00	0.00	0.00	0.00	0.00
8	Procurement of IP phone	0.00	0.00	0.00	0.00	0.00
9	Earth Pit (chemical type)	0.00	0.00	0.00	0.00	0.00
10	CCTV	0.00	0.00	0.00	0.00	0.00
11	Battery Bank	0.00	0.00	0.00	0.00	0.00
12	Router with firewall	0.00	0.00	0.00	0.00	0.00
13	SCADA server module with Software	0.00	20.00	0.00	0.00	0.00
14	Samast Software	0.00	500.00	1258.90	0.00	0.00
15	Total(in lacs)	0.00	520.00	1258.90	0.00	0.00



Table 47 Capitalization Schedule (Rs lacs) as approved by the Commission for FY 2021-22 to FY 2025-26

Sr No	Name of Scheme	Approved Capitalization(in lacs)				
		FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Building	0.00	0.00	0.00	0.00	0.00
2	Civil Works	0.00	0.00	0.00	0.00	0.00
3	Furniture & Fixtures	0.00	0.00	0.00	0.00	0.00
4	Office Equipments	0.00	0.00	0.00	0.00	0.00
5	Vehicles	0.00	0.00	0.00	0.00	0.00
6	Procurement of AC	0.00	0.00	0.00	0.00	0.00
7	Procurement of four wire telephone	0.00	0.00	0.00	0.00	0.00
8	Procurement of IP phone	0.00	0.00	0.00	0.00	0.00
9	Earth Pit (chemical type)	0.00	0.00	0.00	0.00	0.00
10	CCTV	0.00	0.00	0.00	0.00	0.00
11	Battery Bank	0.00	0.00	0.00	0.00	0.00
12	Router with firewall	0.00	0.00	0.00	0.00	0.00
13	SCADA server module with Software	0.00	20.00	0.00	0.00	0.00
14	Samast Software	0.00	0.00	1758.90	0.00	0.00
15	Total (in lacs)	0.00	20.00	1758.90	0.00	0.00

7.20 Nevertheless, the Commission grants the Petitioner the liberty to furnish comprehensive details of the incurred capital expenditure, accompanied by supporting documents, cost-benefit analysis, and any other relevant information, in conjunction with the True-up Petition for the respective years. Subsequently, the Commission will scrutinize the particulars of the capital expenditure and its capitalization in the accounts. Following a prudence check, a determination will be made regarding the approval of capital expenditure for the control period during True up.



Financing of Capital Expenditure Plan

Petitioners Submission

- 7.21 The Petitioner has stated that out of the total capital expenditure plan of Rs.28.55 Cr as projected in the above paragraph the capital expenditure for the MYT Control Period is proposed to be funded by loans availed from the State Government.
- 7.22 Moreover, for the SAMAST scheme to be implemented for which the Petitioner has projected an investment of Rs.17.58 Cr the Petitioner has stated that Appraisal Committee has accepted a project cost of Rs.11.91 Crores. Out of this cost, the total grant under PSDF recommended by the Appraisal Committee is Rs. 10.72 Crores. Hence, the balance amount of Rs. 6.87 Crores shall be availed from the State Government of Jharkhand as loan. The details of project cost for SAMAST is given in the table below:

Table 48 Project cost for SAMAST as submitted by the Petitioner (Rs.Cr)

S.No.	Particulars	Cost (Rs.Cr)
1	Project Cost estimate given by SLDC (a)	17.59
2	Project Cost estimate accepted by Appraisal Committee (b)	11.91
3	Total grant recommended by the Appraisal Committee under PSDF (c = 90% of b)	10.72
4	Balance funds to be availed by SLDC as loan (d = a-c)	6.87

- 7.23 The Petitioner has stated that the funding for the remaining projects shall be availed fully as loan from Government of Jharkhand at an interest rate of 13% and hence there shall be no funding of capital expenditures through equity.

Commissions Analysis

- 7.24 The Commission has taken a note of the part of financing of the schemes submitted by the Petitioner and has considered and approved the same.



Human Resource Plan

Petitioners Submission

7.25 The Petitioner has submitted the present organizational structure of SLDC with a comparison of sanctioned post wrt to existing strength of post.

7.26 The Petitioner has stated that the vital ingredient in the effective functioning of an organization is the adequacy and efficiency of its work force. By employing competent professionals, the organization can not only achieve higher levels of efficiency, but also bring down costs and make it more profitable.

7.27 The organizational structure of SLDC is provided in the table below:

Table 49 Organizational structure of SLDC as submitted by the Petitioner

S. No.	Sanctioned Post	Sanctioned Strength		Existing Strength
		Break-up	Total	
1	GM	GM - 1	1	1
2	DGM	OP - 01	3	2
		SCADA - 01		
		Market Op - 01		
3	SM	Shift In charge - 4	9	7
		Grid Op - 1		
		Commercial - 1		
		SCADA - 1		
		Accounts - 1		
		Market Op - 1		
4	Manager	Shift In charge - 4	19	9
		Grid Op - 4		
		Mis - 1		
		Commercial - 3		
		SCADA - 3		
		Accounts - 1		
		Personnel - 1		
		Accounts - 1		
5	JM			3
6	Total		32	22

7.28 The Petitioner has stated that as can be seen from the table given above, the total sanctioned strength of SLDC is 32, out of which currently 22 personnel have been deputed to carry out the various tasks for running of



day to day operations of SLDC.

Commissions Analysis

- 7.29 The Commission has taken a note of the submissions made by the Petitioner. From the above table, the Commission has observed that the existing strength of manpower is less than the sanctioned post.
- 7.30 The Commission is of the view that SLDC, in order to function effectively and to comply with the roles and functions as mentioned under section 32 of the Electricity act 2003, needs dedicated and skilled manpower. Hence the Commission is of the view that the Petitioner should initiate to fill up the vacant post against different heads so that operation of SLDC is not compromised and the purpose of establishment of SLDC is fulfilled.

Annual Revenue Requirement for FY 2021-22 to FY 2025-26

- 7.31 This section outlines the projections made by the Petitioner for the control period FY 2021-22 to FY 2025-26 along with Commission's analysis and approval.
- 7.32 The Petitioner, in line with provisions of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 has submitted the projections against various components for the control period i.e. FY 2021-22 to FY 2025-26.
- 7.33 The Petitioner has submitted the actual/audited expense for FY 2021-22 and FY 2022-23.
- 7.34 The Commission has considered the actual/audited values for FY 2021-22 and FY 2022-23 as submitted by the Petitioner for issuing of ARR for the control period i.e. FY 2021-22 to FY 2025-26.
- 7.35 The Commission based on the provisions of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 has carried out the ARR for the FY 2021-22 to FY 2025-26 taking into considerations the following:
- (a) Trial balance of the audited accounts of the Petitioner for FY 2021-22 and FY 2022-23.



(b) Materials submitted before the Commission.

(c) JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020

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

Gross Fixed Asset

Petitioners Submission

7.37 The Petitioner has considered closing GFA for FY 2020-21 as opening GFA of FY 2021-22. Based on the capital expenditure and capitalization proposed for the MYT Control Period, Rs. 0.00 Crore, Rs. 1.68 Crore, Rs. 23.78 Crore, Rs. 1.26 Crore and Rs. 1.85 Crore is proposed to be capitalized during the FY 2021-22, FY 2022-23, FY 2023-24, FY 2024-25 and FY 2025-26 respectively.

7.38 The Petitioner has submitted a summary of the Opening and Closing GFA and capitalization for the period as summarized in table below:

Table 50 Gross Fixed Asset (Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Opening GFA	2.03	2.03	3.71	27.48	28.74
2	Addition during the year	0.00	1.68	23.78	1.26	1.85
3	Closing GFA	2.03	3.71	27.48	28.74	30.59

Commissions Analysis

7.39 The Commission has considered opening GFA for FY 2021-22 equal to closing GFA for FY 2020-21 as submitted by the Petitioner.

7.40 The Commission, based on the approval granted for capitalization as mentioned under para 7.19 for the control period i.e. FY 2021-22 to FY



2025-26, approves the GFA for the FY 2021-22 to FY 2025-26 as given in the table below:

Table 51 Gross Fixed Asset(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Opening GFA	2.03	2.03	2.23	19.82	19.82
2	Addition during the year	0.00	0.2	17.58	0.00	0.00
3	Closing GFA	2.03	2.23	19.82	19.82	19.82

Debt-Equity Ratio

Petitioners Submission

7.41 The Petitioner has estimated the debt equity requirement of the 3rd Control Period in accordance with the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020. The clause 9.8 and 9.9 of the Regulations states as follows:

“9.8 The Commission shall consider the normative debt equity ratio of the capital incurred as 70:30 for determination of tariff.

9.9 In case 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 actually deployed is less than 30% of the capital cost, the actual equity shall be considered for determination of charges:

Provided further that the equity invested in foreign currency shall be designated in Indian Rupees on the date of each investment.”

7.42 The Petitioner has stated that the capital expenditure for the MYT Control Period is proposed to be funded by loans availed from the State Government. Hence, there will be no funding of the capital expenditure schemes through equity. Year wise requirement of debt and equity is as follows:



Table 52 Debt and Equity portion as projected by the Petitioner for FY 2021-22 to FY 2025-26(Rs.Cr)

S.No	Particulars	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Debt	0.00	1.68	13.06	1.26	1.85
2	Equity	0.00	0.00	0.00	0.00	0.00
3	Total capital expenditure during the Control Period	0.00	1.68	13.06	1.26	1.85

Commissions Analysis

7.43 The Commission, after scrutiny and analysis of the documents submitted by the Petitioner, notes that the various projects to be initiated during the control period is to be funded entirely via loan from the State Govt at an interest rate of 13%.

7.44 The Commission referring to the capitalization allowed in the above para for the control period approves the debt and equity portion as given in the table below:

Table 53 Debt and equity portion as approved by the Commission for the control period i.e. FY 2021-22 to FY 2025-26(Rs.Cr)

S.No	Particulars	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
1	Debt	0.00	0.20	6.87	0.00	0.00
2	Equity	0.00	0.00	0.00	0.00	0.00
3	Total capital expenditure during the Control Period	0.00	0.20	6.87	0.00	0.00

Operation and Maintenance Expenses

Petitioners Submission

7.45 The Petitioner has submitted that the O&M expenses of SLDC for the 3rd MYT control period has been projected considering the historical expenses and the projections for the next five years in terms of capitalization etc. The O&M expenses estimated for FY 2019-20 are being used as base figures, which are escalated to arrive at the expenses for FY 2020-21, and then the expenses for FY 2020-21 are being escalated to arrive at the future projections for the 3rd control period.



7.46 The Petitioner has projected the employee cost for the MYT Control period by escalating the projected employee cost (excluding the terminal benefits) estimated for FY 2020-21 by the inflation factor of 6.10%.

7.47 The employee cost projected by the Petitioner for the MYT Control Period is summarized in the following table:

Table 54 Employee Expense(Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1	Employee Expense	4.87	5.17	5.49	5.82	6.18
2	Terminal Benefits	0.16	0.16	0.16	0.16	0.16
3	Total	5.03	5.33	5.65	5.98	6.34

7.48 The Petitioner has projected the A&G expenses for the MYT Control period by escalating the A&G expenses estimated for FY 2020-21 by the inflation factor of 6.10%. Further, a provision for the various consultancy works to be awarded by the petitioner during the MYT Control Period has also been considered while determining the A&G expenses for the MYT Control Period.

7.49 The A&G expenses projected by the Petitioner for the MYT control period is summarized in the table below:

Table 55 A&G expense(Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1	0.66	1.17	1.13	1.29	1.60

7.50 The Petitioner has submitted the R&M cost for the MYT control period by considering the historical trends and the capital investment works envisaged to be implemented during the MYT Control Period. Work wise



R&M expenses proposed for the MYT Control period is given in the following table:

Table 56 R&M expense (Rs.lacs) as projected by the Petitioner for FY 2021-22 to FY 2025-26

Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Plant and Machinery					
A					
AMC of SCADA	25.00	50.00	50.00	50.00	50.00
Cartridge	0.50	2.00	2.00	3.00	5.00
Maintenance of Printers	1.00	1.50	2.00	2.00	2.00
DG set (oil)	1.00	1.50	2.00	2.00	2.00
B-check Maint. Of DG Set	0.40	0.75	1.00	1.00	1.00
AMC of AC machine at SLDC	2.50	10.00	10.00	15.00	15.00
AMC of railway ABT hardware and software at SLDC	15.00	20.00	25.00	25.00	25.00
Cat 6 cable	0.05	0.15	0.00	0.00	0.00
Networking switches	0.00	0.00	5.00	0.00	0.00
Software updation	0.00	0.00	0.00	50.00	0.00
B – Miscellaneous	10.00	20.00	30.00	40.00	50.00
Total	55.45	105.90	127.00	188.00	150.00
Grand Total (Rs.Lacs)	55.45	105.90	127.00	188.00	150.00

7.51 The Petitioner has summarized the O&M expense projected for the MYT control period as given in the table below:

Table 57 O&M expense(Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 22	FY23	FY24	FY25	FY26
1	Employee Cost (including terminal liability)	5.03	5.33	5.65	5.98	6.34
2	R&M	0.55	1.06	1.27	1.88	1.50
3	A&G	0.66	1.17	1.13	1.29	1.60
3	Total	6.25	7.56	8.05	9.15	9.44



Commissions Analysis

7.52 The Commission has referred to JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 for determination of O&M expenses as mentioned below:

“Operation and Maintenance Expenses

10.23 Operation and Maintenance (O&M) expenses shall comprise of the following:

- a. Salaries, wages, pension contribution and other employee costs;
- b. Administrative and General costs;
- c. Repairs and maintenance expenses;

10.24 The SLDC shall submit details on O&M expenses as required by the Commission. The O&M expenses for the Base Year shall be approved by the Commission taking into account the audited accounts of FY 2015-16 to FY 2019-20, business plan filed by the SLDC, estimates of the actuals for the Base Year, prudence check and any other factor considered appropriate by the Commission.

10.25 O&M expenses permissible towards ARR for each year of the Control Period shall be determined using the formula detailed below:

$$O\&M_n = (R\&M_n + EMP_n + A\&G_n) + \text{Terminal liabilities}$$

Where, $R\&M_n$ – Repair and Maintenance Costs of the Licensee for the n th year;

EMP_n – Employee Costs of the Licensee for the n th year excluding terminal liabilities;

$A\&G_n$ – Administrative and General Costs of the Licensee for the n th year.

10.26 The above components shall be computed in the manner specified below:

a) $R\&M_n = K * GFA * (INDX_n / INDX_{n-1})$

Where,

‘K’ is a constant (expressed in %) governing the relationship between R&M costs and Gross Fixed Assets (GFA) and will be calculated based on the % of R&M to GFA of the preceding year of the Base Year after normalising any abnormal expenses;

‘GFA’ is the opening value of the gross fixed asset of the n th year;

b) $EMP_n + A\&G_n = [(EMP_{n-1}) * (1+G_n) + (A\&G_{n-1})] * (INDX_n / INDX_{n-1})$

Where, EMP_{n-1} – Employee Costs of the Licensee for the $(n-1)$ th year excluding terminal liabilities; $A\&G_{n-1}$ – Administrative and General Costs of the Licensee



for the (n-1)th year excluding legal/litigation expenses;

INDX_n – Inflation factor to be used for indexing the employee cost and A&G cost. This will be a combination of the Consumer Price Index (CPI) and the Wholesale Price Index (WPI) for immediately preceding year before the base year;

G_n – is a growth factor for the nth year and it can be greater than or lesser than zero based on the actual performance. Value of G_n shall be determined by the Commission in the MYT Order for meeting the additional manpower requirement based on the SLDC's Filing, benchmarking and any other factor that the Commission feels appropriate;

c) $INDX_n = 0.55 * CPI_n + 0.45 * WPI_n;$

Note 1: For the purpose of estimation, the same $INDX_n / INDX_{n-1}$ value shall be used for all years of the control period. However, the Commission will consider the actual values in the $INDX_n / INDX_{n-1}$ at the end of each year during the Annual Performance Review exercise and true up the employee cost and A&G expenses on account of this variation, for the Control Period;

Note 2: Any variation due to changes recommended by the Pay Commission, wage revision agreement, etc will be considered separately by the Commission.

Note 3: Terminal Liabilities will be approved as per actual submitted by the SLDC along with documentary evidence such as actuarial studies.”

- 7.53 The Commission, after scrutiny and analysis of the submission made by the Petitioner, observes that the Petitioner has considered base year as FY 2019-20 and has made the necessary projections for the control period by escalating with an inflation factor of 6.10% .
- 7.54 The Commission has also observed that the Petitioner, while projecting expenses for R&M has not followed the methodology as referred to under clause 10.26 of JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020.
- 7.55 The Commission while approving the O&M expense for the control period FY 2021-22 to FY 2025-26, has considered the actual values as submitted by the Petitioner for FY 2020-21, FY 2021-22 & FY 2022-23 and has accordingly made the necessary escalation (inflation factor:6.87%) upon the values of FY 2022-23 for the remaining years.



7.56 The Commission also notes that, this is the first time the Petitioner has filed petition for ARR after segregating its accounts from JUSNL although it is still being operated by JUSNL.

7.57 Considering the initial filing of the petitioner, the Commission has scrutinized the provided data and considered it to be insufficient for the calculation of a rational K factor. In light of these considerations, the commission in its discretion, opted to consider the K factor for JUSNL as approved by the Commission, for the specified control period at a fixed rate of 2.23%.

7.58 The Commission has accordingly approved the O&M Expenses with an escalation of 6.87% and a K factor of 2.23% as per the provisions of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020. The approved O&M expense for the control period i.e. FY 2021-22 to FY 2025-26 is given in the table below:

Table 58 O&M expense(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Employee Cost(excluding terminal liability)	4.41	4.80	5.13	5.49	5.82
2	R&M	0.14	0.22	0.05	0.47	0.47
3	A&G	0.10	0.11	0.12	0.13	0.14
3	Total	4.66	5.14	5.31	6.09	6.43

Depreciation

Petitioners Submission

7.59 The Petitioner has submitted that it has calculated depreciation based on the notification of the Commission and has considered the rates of asset wise depreciation as mentioned in JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020.



7.60 The Petitioner has referred to clause 10.15 to clause 10.19 of the JSERC MYT Regulations, 2020 for the method of calculation of the Depreciation on GFA as given below:

“Depreciation

10.15 Depreciation shall be calculated every year on the amount of original cost of the fixed assets as admitted by the Commission:

Provided that depreciation shall not be allowed on assets funded by any capital subsidy / grant.

10.16 Depreciation for each year shall be determined based on the methodology as specified in these Regulations along with the rates and other terms specified in these Regulations.

10.17 Depreciation shall be calculated annually based on ‘Straight Line Method’ and at rates as specified in Appendix-I to these Regulations.

Provided that the SLDC shall ensure that once the individual asset is depreciated to the extent of seventy (70) percent of the Book Value of that asset, remaining depreciable value as on March 31 of the year closing shall be spread over the balance useful life of the asset.

10.18 Depreciation shall be charged from the first year of commercial operation of the asset. In case, the operation of the asset is for a part of the year, depreciation shall be charged on a pro-rata basis.

10.19 The residual value of the asset (excluding IT equipment and Software) shall be considered as 10% and depreciation shall be allowed up to maximum of 90% of the capital cost of the asset. Land is not a depreciable asset and its cost shall be excluded while computing 90% of the original cost of the asset.....”

7.61 The Petitioner has calculated depreciation on the projected GFA as per the above-mentioned provisions and has considered following depreciation rates which are in line with the MYT Regulations, 2020 as provided in the table below:

Table 59 Depreciation rates considered by the Petitioner for FY 2021-22 to FY 2025-26

Particulars	Depreciation Rates
Plant & Machinery	4.22%
Buildings	2.67%
Vehicles	12.77%
Furniture & Fixtures	6.33%
Office Equipment	6.33%
Land	0.00%
IT and Software	15.00%



Particulars	Depreciation Rates
Communication Equipment	6.33%
Battery	12.77%
Others	4.22%

7.62 The Petitioner has projected depreciation for the control period i.e. FY 2021-22 to FY 2025-26 as given in the table below:

Table 60 Depreciation(Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
1	Opening GFA	2.03	2.03	3.71	27.48	28.74
2	Addition during the year	0.00	1.68	23.78	1.26	1.85
3	Closing GFA	2.03	3.71	27.48	28.74	30.59
4	Average GFA	2.03	2.87	15.60	28.11	29.67
5	Depreciation for the year(Rs.Cr)	0.09	0.14	0.80	1.42	1.49

Commissions Analysis

7.63 The Commission expresses concern over the Petitioner's delay in finalizing the fixed asset register (FAR) and notes that the petitioner has calculated depreciation using the average Gross Fixed Asset (GFA) with respect to depreciation rates. The Commission, having considered the Petitioner's circumstances and very few number of assets, opines that the preparation and maintenance of FAR should not pose significant challenges.

7.64 In light of these considerations, the Commission issues a directive to the Petitioner, instructing the Petitioner to promptly submit the Fixed Asset Register for the State Load Dispatch Center (SLDC).

7.65 The Commission, after scrutinizing the submission made by the Petitioner, approves the depreciation based on the depreciation schedule mentioned at Appendix-I of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 and the capitalization as approved earlier in this order. The depreciation as approved is given in the table below:



Table 61 Depreciation (Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Depreciation (Rs.Cr)	0.09	0.10	0.63	1.14	1.14

Interest on Loan Expense

Petitioners Submission

7.66 The Petitioner has submitted that the interest on loan expense has been computed based on the clauses 10.6 to 10.11 of the MYT Regulations 2020 as referred below:

“10.6 The loans arrived at in the manner indicated in Clauses 9.8 and 9.9 of these Regulations shall be considered as gross normative loan for calculation of interest on loan.

10.7 The normative loan outstanding as on April 01, 2021 shall be worked out by deducting the cumulative repayment as admitted by the Commission up to March 31, 2021 from the gross normative loan.

10.8 The repayment for the year of the Control Period shall be deemed to be equal to the depreciation allowed for that financial year.

10.9 In case of de-capitalization of assets, the repayment shall be adjusted by taking into account cumulative repayment on pro-rata basis and the adjustment should not exceed cumulative depreciation recovered up to the date of de-capitalization of such assets.

10.10 Notwithstanding any moratorium period availed by the SLDC, the repayment of loan shall be considered from the first year of operation of the scheme.

10.11 The rate of interest shall be the weighted average rate of interest calculated on the basis of the actual loan portfolio at the beginning of each year applicable to the SLDC:

Provided that if there is no actual loan for a particular year but normative loan is still outstanding, then the rate of interest shall be considered on normative basis and shall be equal to Bank Rate as on April 01 of the respective year of the Control Period plus 200 basis points.”

7.67 The Petitioner has submitted that the assets to be capitalized during the control period shall be funded by the State Govt Loan. The State Govt funds are being provided to the Petitioner in the form of loan at an interest rate of 13%.



7.68 The Petitioner has accordingly provided the interest on loan for the control period i.e. FY 2021-22 to FY 2025-26 as given in the table below:

Table 62 Interest on Loan (Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 22	FY23	FY24	FY25	FY26
1	Opening Loan	0.00	0.00	1.54	13.80	13.64
2	Loan for additional Capex	0.00	1.68	13.06	1.26	1.85
3	Loan Repayment	0.00	0.14	0.80	1.42	1.49
4	Closing Loan	0.00	1.54	13.80	13.64	13.99
5	Interest Cost Loan(Rs.Cr)	0.00	0.10	1.00	1.78	1.80

Commissions Analysis

7.69 The Commission observes that the schemes of the Petitioner during the control period will be entirely financed via loan by the State Govt at 13% rate of interest. The Commission is of the view that as the rate of interest is higher than the rates currently prevailing in the market hence the Petitioner should look for options to consider the cheapest source available.

7.70 The Commission has currently considered an interest rate of 13% for the calculation of interest on loans for the control period. However, the Petitioner should explore options for loans with lower interest rates.

7.71 The Commission has approved the repayment for the year which has been deemed to be equal to the depreciation allowed for that year in accordance with JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020.

7.72 The Commission has considered submissions of the Petitioner, and approved the Interest on Loan considering the capitalization approved in earlier para of this order and also considering the approved debt equity ratio for the control period in line with clause 10.6 to clause 10.14 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 as mentioned in the table below:



Table 63 Interest on Loan(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Opening Loan	0.00	0.00	0.10	6.34	5.19
2	Loan for additional capex	0.00	0.20	6.87	0.00	0.00
3	Loan Repayment	0.00	0.10	0.63	1.14	1.14
4	Closing Loan	0.00	0.10	6.34	5.19	4.05
5	Average Loan	0.00	0.05	3.22	5.77	4.62
6	Interest Rate	13.00%	13.00%	13.00%	13.00%	13.00%
7	Interest on Loan (Rs.Cr)	0.00	0.01	0.42	0.75	0.60

Interest on Working Capital

Petitioners Submission

7.73 The Petitioner has referred to clause 10.28 to clause 10.30 of JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which provides methodology for calculation of normative Working Capital which is referred below:

“Working Capital

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

- a. Operation and Maintenance expenses for one month;*
- b. Receivables equivalent to 45 days of annual fixed cost; and*
- c. Less: Interest on amount, if any, held as security deposits from the Users.”*

“Interest on Working Capital

10.29 Rate of interest on working capital shall be equal to the Bank Rate as on September 30 of the financial year in which the MYT 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 April 01 of the financial year for which true up exercise has been undertaken.

10.30 The interest on working capital shall be payable on normative basis notwithstanding that the SLDC has not taken working capital loan from any outside



agency.”

7.74 The Petitioner has submitted that it has arrived at the working capital requirement according to the applicable norms as provided in the JSERC MYT Regulations, 2020, the calculation for which has been shown in the following table. In line with the above Regulations actual MCLR rate prevailing on 30th September, 2021 i.e. 7.00% plus 350 basis points has been considered for calculation of interest on Working Capital for the MYT Control Period.

Table 64 IoWC (Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Operation and maintenance expenses for one month	0.52	0.63	0.67	0.76	0.79
2	Receivables equivalent to 45 days of Annual Fixed Cost	0.79	0.97	1.23	1.54	1.59
3	Less: Interest on amount, if any, held as security deposits from the Users.	0.00	0.00	0.00	0.00	0.00
4	Total Working Capital requirement	1.31	1.60	1.90	2.30	2.37
5	Interest on Working Capital (Rs.Cr)	0.14	0.17	0.20	0.24	0.25

Commissions Analysis

7.75 The Commission has referred to clause 10.28 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which describes the components for determining the working capital requirement as mentioned below:

“Interest on Working Capital

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

a. Operation and Maintenance expenses for one month;



- b. *Receivables equivalent to 45 days of annual fixed cost; and*
- c. *Less: Interest on amount, if any, held as security deposits from the Users.”*

7.76 The Commission accordingly has also referred to clause 10.29 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which provides methodology for calculation of rate of interest on working capital as given below:

“10.29 Rate of interest on working capital shall be equal to the Bank Rate as on September 30 of the financial year in which the MYT 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 April 01 of the financial year for which truing up exercise has been undertaken.

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

7.77 The Commission with reference to the clauses mentioned in the above para has calculated IoWC considering the rate of interest of working capital equal to MCLR rate of the State Bank of India as on September 30th of the year in which the Petition is filed plus 350 basis points (i.e. 10.50%) as per clause 10.29 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020.

7.78 Accordingly, the Commission approves the Interest on Working capital for the Petitioner for the control period i.e. FY 2021-22 to FY 2025-26 as mentioned in the table below:

Table 65 IoWC(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY 22	FY23	FY24	FY25	FY26
1	O&M expense for one month	0.39	0.43	0.44	0.51	0.54
2	Receivables to 45 days AFC	0.59	0.65	0.78	0.99	1.03
3	Less: Interest on amount, if any, held as security deposits from users	0.00	0.00	0.00	0.00	0.00



4	Total Working Capital Requirement	0.97	1.08	1.23	1.50	1.56
5	Interest Rate	10.50%	10.50%	10.50%	10.50%	10.50%
6	Interest on Working Capital (Rs. Cr)	0.10	0.11	0.13	0.16	0.16

Non-Tariff Income

Petitioners Submission

7.79 The Petitioner has referred to clause 10.32 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which states as follows:

“10.32 The Non-Tariff Income shall include:

1. Income from rent of land or buildings;
2. Income from sale of scrap;
3. Income from investments;
4. Interest accrued on advances to suppliers/contractors;
5. Interest income on loans / advances to employees;
6. Income from rental of staff quarters;
7. Income by rental from contractors;
8. Income by hire charges from contractors and others;
9. Income by supervision charges, etc.;
10. Supervision charges for capital works;
11. Income from advertisements;
12. Income from sale of tender documents;
13. Income from Registration Fees;
14. Profit from sale of assets, i.e. difference of Sale value & Book value;
15. Any other Non-Tariff Income”

7.80 For projection of the non-tariff income for the MYT Control period, the Petitioner has considered a 5% increase over the actual non-tariff income of FY 2019-20. The Petitioner has submitted the Non-Tariff Income for the MYT control period as given in the table below:

Table 66 Non-Tariff Income(Rs.Cr) as projected by the Petitioner for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Non-Tariff Income(Rs.Cr)	0.09	0.09	0.10	0.10	0.11



Commissions Analysis

7.81 The Commission has referred to clause 10.31 to clause 10.32 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which is mentioned as below:

“Non-Tariff Income

10.31 The Commission in its MYT/Tariff Orders shall specify the manner in which non-tariff income shall be accounted. The Commission may either deduct the same from the ARR or consider such revenue to fund capitalization schemes. Provided that in case the Commission allocates such income towards funding of capex schemes, no cost of capital (i.e., Interest on Loan or RoE) and depreciation shall be allowed to SLDC on Assets funded from such funds. Provided further that the SLDC shall submit full details of its forecast of Non-Tariff Income to the Commission in such form as may be stipulated by the Commission.

10.32 The Non-Tariff Income shall include:

- 1. Income from rent of land or buildings;*
- 2. Income from sale of scrap;*
- 3. Income from investments;*
- 4. Interest accrued on advances to suppliers/contractors;*
- 5. Interest income on loans / advances to employees;*
- 6. Income from rental of staff quarters;*
- 7. Income by rental from contractors;*
- 8. Income by hire charges from contractors and others;*
- 9. Income by supervision charges, etc.;*
- 10. Supervision charges for capital works;*
- 11. Income from advertisements;*
- 12. Income from sale of tender documents;*
- 13. Income from Registration Fees;*
- 14. Profit from sale of assets, i.e. difference of Sale value & Book value;*
- 15. Any other Non-Tariff Income:*

Provided that the interest earned from investments made out of return on equity



corresponding to the Scheduling and System Operation Business of the SLDC shall not be included in Non-Tariff Income.

Provided that the onus to substantiate, to the satisfaction of the Commission, that such investments have been out of Return on Equity shall be on the SLDC.”

7.82 The Commission has noted that the Non-Tariff Income projected by the Petitioner mainly consists of Interest from bank (other than on F.D) and miscellaneous receipts. The Commission with reference to the above mentioned clauses accordingly approves the Non-Tariff income for the control period i.e. FY 2021-22 to FY 2025-26 as given in the table below:

Table 67 Non-Tariff Income(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

S.No	Particulars	FY22	FY23	FY24	FY25	FY26
1	Non-Tariff Income(Rs.Cr)	0.09	0.09	0.10	0.10	0.11

Summary of Aggregate Revenue Requirement approved by the Commission for the control period i.e. FY 2021-22 to FY 2025-26

7.83 The Summary of ARR as approved by Commission for the control period i.e. FY 2021-22 to FY 2025-26 is given in the table below:

Order on TU FY19-20, APR FY20-21 & ARR for MYT for FY21-22 to FY25-26 for State Load Despatch Centre, JUSNL



Table 68 ARR(Rs.Cr) as approved by the Commission for FY 2021-22 to FY 2025-26

Particulars	FY 2021-22		FY 2022-23		FY 2023-24		FY 2024-25		FY 2025-26	
	Petition	Approved	Petition	Approved	Petition	Approved	Petition	Approved	Petition	Approved
O&M Expense	6.24	4.66	7.56	5.14	8.05	5.31	9.15	6.09	9.44	6.43
Depreciation	0.09	0.09	0.14	0.10	0.80	0.63	1.42	1.14	1.49	1.14
Interest on loans	0.00	0.00	0.10	0.01	1.00	0.42	1.78	0.75	1.80	0.60
Interest on working capital	0.14	0.10	0.17	0.11	0.20	0.13	0.24	0.16	0.25	0.16
Total Fixed Cost	6.47	4.84	7.97	5.36	10.05	6.49	12.60	8.14	12.98	8.34
Non-Tariff Income	0.09	0.09	0.09	0.09	0.10	0.10	0.10	0.10	0.11	0.11
Annual Revenue Requirement (Rs.Cr)	6.38	4.76	7.87	5.27	9.94	6.38	12.49	8.04	12.87	8.23



Chapter 8 Determination of SLDC Charges for FY 2021-22

Petitioners Submission

- 8.1 The Petitioner has referred to clause 32(3) of the Electricity Act 2003 citing the requirement of SLDC charges which states as follows:

“The State Load Despatch Centre may levy and collect such fee and charges from the generating companies and licensees engaged in intra-State transmission of electricity as may be specified by the State Commission.”

- 8.2 The Petitioner has also referred to clause A 11 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 which states the following:

“11.1 The SLDC Fees and Charges shall comprise State Load Despatch Centre Fees to be recoverable by SLDC towards registration for commencement of grid access and scheduling and annual charges to be collected in the form of Annual LDC Charges from users.

11.2 The Annual SLDC Charges shall correspond to the expenditure proposed to be incurred by the SLDC and as approved by the Commission. The Annual LDC Charges (ALC) as approved by the Commission shall be recovered on monthly basis.

11.3 The Monthly SLDC Charges shall be collected from the users as per the norms given below:

Monthly LDC Charges=Annual LDC Charges/12/ (Total Contracted Capacity)

Where,

Monthly LDC Charges is in Rs./MW/month

Annual LDC Charges is in Rs. (as approved by the Commission)

Total Contracted Capacity is the sum of the Average Transmission Capacity Contracted by the users during the month (in MW).”

- 8.3 The Petitioner has stated that as no tariff has been fixed till date for SLDC hence no revenue has been generated by the Petitioner till date. The



Petitioner has considered summation of ARR for FY 2019-20, FY 2020-21 & FY 2021-22 and has arrived at the annual SLDC charge for FY 2021-22 as Rs.17.43 Cr.

- 8.4 The Petitioner has stated for FY 2021-22 that the contracted capacity of the system is being determined by considering the total power purchase capacity allocated to JBVNL and Railway in the state of Jharkhand. The total power purchase capacity allocated to JBVNL presently is 1991.24 MW and the total power purchase capacity allocated to Railway is 70 MW. Hence, the total contracted capacity of the system is 2061.24 MW.
- 8.5 The Petitioner based upon the projected capacity of the transmission capacity has calculated the monthly SLDC charges for FY 2021-22 as follows:

Table 69 SLDC charges as submitted by the Petitioner for FY 2021-22 (Rs/MW/Month)

S.No	Tariff Determination	FY 21-22
1	Aggregate Revenue Requirement (Rs. Crore)	17.43
2	Contracted Capacity (MW)	2061.24
3	Monthly SLDC Charges (Rs./MW/Month)	7048.56

Commissions Analysis

- 8.6 The Commission has referred to clause A11 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020 for determination of monthly SLDC charges as highlighted below:

“A 11. Levy and Collection of Fees and Charges

11.1 The SLDC Fees and Charges shall comprise State Load Despatch Centre Fees to be recoverable by SLDC towards registration for commencement of grid access and scheduling and annual charges to be collected in the form of Annual LDC Charges from users.

11.2 The Annual SLDC Charges shall correspond to the expenditure proposed to be incurred by the SLDC and as approved by the Commission. The Annual LDC Charges (ALC) as approved by the Commission shall be recovered on monthly basis.



11.3 The Monthly SLDC Charges shall be collected from the users as per the norms given below:

Monthly LDC Charges=Annual LDC Charges/12/(Total Contracted Capacity)

Where, Monthly LDC Charges is in Rs./MW/month

Annual LDC Charges is in Rs. (as approved by the Commission)

Total Contracted Capacity is the sum of the Average Transmission Capacity Contracted by the users during the month (in MW).”

- 8.7 The Commission is of the view that since FY 2021-22 has already elapsed hence there is no rational in providing SLDC charges for the said period however the Commission shall approve the SLDC charges for FY 2024-25 in the next petition to be submitted by the Petitioner. In this regard the Commission directs the petitioner to submit the petition at the earliest.



Chapter 9 Directives

Timeliness and Data Adequacy in the Next Tariff Petition

9.1 The Commission directs the Petitioner 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 26 of the JSERC (Levy of Collection of Fees and Charges by State Load Despatch Centre) Regulations, 2020. Failure to comply with the directions will make the Petitioner liable for appropriate action under the provisions of the Electricity Act, 2003.

Submission of Fixed Asset Register

9.2 The Commission directs the Petitioner to prepare Fixed Asset Register before filing of the next petition. 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.

Separate accounts/allocation statement

9.3 The Petitioner is directed to produce separate Audited Accounts/CA certified allocation statement along with Tariff Petitions for the Tariff proceedings of subsequent years.

Roadmap for upgradation

9.4 The Petitioner is directed to furnish a roadmap for the enhancement of the State Load Dispatch Center (SLDC), encompassing technological advancements, capacity building of employees, and recruitment of skilled manpower. This blueprint should outline detailed plans and strategies for each aspect including timelines enhancing the SLDC's capabilities to efficiently manage the state's power system network.



This Order is signed and issued by the Jharkhand State Electricity Regulatory Commission on 06th June, 2024

Date: 06.06.2024

Place: Ranchi

Sd/-

Atul Kumar

MEMBER (Technical)

Sd/-

Mahendra Prasad

MEMBER (Law)



Chapter 10 ANNEXURE

Table 70 List of members of public who participated in the Public Hearing

Sr. No.	Name	Address/Organization
1	Neyaz Ahmad Khan	Grasim Industries Limited
2	Akhilesh Mishra	JUSNL
3	Gaurav Lohani	Medhaj(Consultant,JUSNL)
4	Rimil Topno	SLDC,JUSNL
5	Shailesh Prakash	SLDC,JUSNL
6	Rajeev Ranjan	C&RA,JUSNL
7	Gaurav Kumar	C&RA,JUSNL
8	Avinash Alda	C&RA,JUSNL
9	Deepak Kumar	C&RA,JUSNL
10	Ranjan Kumar	SLDC,JUNSL
11	Arun Kumar	SLDC,JUNSL
12	Radha Krishna Tripathy	PWC(JBVNL Consultant)
13	Anita Prasad	JBVNL
14	Nutan Bharti	SLDC,JUNSL