BEFORE THE HON'BLE CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION, RAIPUR

IN THE MATTER OF: Reply to additional information communicated vide CSERC Letter No. P. No. 01 of 2025/136 dated 27.01.2025 in respect of Petition No.01 of 2025 regarding determination of Annual Revenue Requirement for FY 2025-26 along with Revised Estimate for FY 2024-25 and True-Up for FY 2023-24 for the licensed transmission business.

PETITIONER: Jindal Steel and Power Limited (JSPL-T)

Kharsia Raod, Raigarh, Chhattisgarh

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For, Jindal Steel & Power Limited

Authorised Signatory

Place: Raipur

Date: 15.02.2025

BEFORE THE

HON'BLE CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION

RAIPUR

IN THE MATTER OF:	Response to requirement of additional information communicated vide Letter No. P. No. 01 of 2025/136 dated 27.01.2025.
PETITIONER:	Jindal Steel and Power Limited (JSPL-T) Raigarh, Chhattisgarh.

JSPL-T has filed an application before Hon'ble CSERC for approval of Annual Revenue Requirement for FY 2025-26 along with revised estimate for FY 2024-25 and True-up for FY 2023-24 for the licensed transmission business which has been registered as Petition No. 01 of 2025.

The Hon'ble Commission has sought data gaps vide its letter dated 27.01.2025 and has directed the Petitioner to submit the additional information by 14.02.2025. The Petitioner is hereby submitting the replies as follows:

THE HUMBLE PETITIONER ABOVE NAMED MOST RESPECTFULLY SHEWETH:

The Petitioner humbly submits the following in response to the Hon'ble Commission's letter dated 27.01.2025.

A. True-Up for FY 2023-24

1. **JSPL-T should submit the SLDC certification for the actual transmission loss in its system for FY 2022-23.**

Reply:

The Petitioner cannot submit the SLDC certification for the actual transmission loss in its system for FY 2023-24 as JSP-D network is not connected with state grid and SLDC does not have accessibility to that network. Hon'ble commission is requested to consider the data submitted by the JSP-D.

2. **JSPL-T has considered employee expenses for calculation of 'Sharing of Gains or losses on account of Controllable Factors', however, as per Regulation 73.5.1 (e) of the MYT Regulations 2021, employee expenses have to be allowed at actuals in the true-up, without being subjected to gain/loss mechanism. Hence, JSPL-T should:**

For, Jindal Steel & Power Limited

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a. **submit the revised ARR by claiming actual employee expenses rather than normative employee expenses.**

b. **submit the revised computations of sharing of losses for M&G expenses in accordance with CSERC MYT Regulations, 2021 and also revise the ARR accordingly.**

Reply:

a. The Petitioner submits the revised ARR by claiming actual employee expense rather than normative employee in the revised ARR section of this response. The Petitioner submits the revised actual Employee expense as per Audited Account of JSPL-T is **Rs 209.99 Lakh**:

b. The Petitioner submits the revised computations of sharing of losses for M&G expense in accordance with CSERC MYT Regulations, 2021 as following:

Particulars	Normative	Actual	Gain (-) / Loss
Employee Expenses	209.99	209.99	0.00
A&G Expenses	53.87	56.10	2.23
R&M Expenses	42.14	66.36	24.22
Total	**306.00**	**332.45**	**26.45**

The Petitioner prays before the Hon'ble Commission to kindly approve the normative O&M expense and computed loss as provided in the table above. The Petitioner has considered 1/3rd of the above computed loss (**i.e. Rs. 26.45 Lakh x 33% = Rs. 8.73 Lakh**) for calculation of ARR to be passed on to the beneficiaries as per CSERC MYT Regulations, 2021.

3. **It is observed that JSPL-T, while computing normative A&G Expenses, has considered an escalation factor equal to the average inflation rate of the past five years instead of the actual inflation rate for the current year. JSPL-T should revise the same**

Reply:

The Petitioner submits the Normative A&G expense after considering the actual inflation rate for the current year is **Rs 53.87 Lakh.**

4. **As regards actual A&G expenses of Rs. 56.10 lakh for FY 2023-24, JSPL-T should:**

   a. **Submit head-wise details of 'Corporate Office Expenses' of Rs. 6.96 lakh, and justification for including the same in the ARR of JSPL-T:**

For, Jindal Steel & Power Limited

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b. **Submit head-wise details of 'Other Administrative & General Expenses' of Rs. 18.10 lakh, and justification for including the same in the ARR of JSPL-T:**

Reply:

a. The petitioner submits that, the corporate office expense includes the Certain expenses such as salary, legal and professional fees, and general expenses are incurred centrally by the Head Office to support various business units, including the Transmission Business. Centralizing certain expenses at the Head Office provides several benefits, including efficiency, consistency, cost allocation, risk management, and strategic decision-making. By leveraging centralized resources and expertise, the Head Office can better support various business units, including the Transmission Business, and contribute to the overall success of the organization. Therefore The petitioner booked the part of corporate expenses in Transmission Business.

b. The Petitioner submits the head -wise details of the "Other Administrative & General Expense" of INR 18.10 Lakh as following:

Particular	Value
R&M- Non-Plant Building	7.06
Security Expenses	10.51
Telephone Expenses	0.03
Printing And Stationery	0.01
R&M - Light Vehicle	0.04
R&M-Heavy Vehicle	0.18
Pooja Expenses	0.05
Office Expenses	0.04
Ineligible ITC CGST	0.08
Ineligible ITC SGST	0.08
Total	**18.10**

5. **It has been observed that JSPL-T has considered the Normative R&M expenses equal to 1.2% of GFA instead of escalating the Normative R&M expenses approved by the Commission for FY 2022-23 by actual inflation rate for FY 2023-24. JSPL-T should revise the same.:**

Reply:

The Petitioner submits the Normative R&M expense after considering the actual inflation rate for the current year is **Rs 42.14 Lakh.**

For, Jindal Steel & Power Limited

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6. **As regards Interest on Working Capital for FY 2023-24, JSPL-T should re-compute the Interest on Working Capital by considering Rate of interest for Working Capital as the "actual average sanctioned rate of interest for the year" in accordance with Regulation 26.4 of the MYT Regulations, 2021, rather than linking the same to the SBI 1-year MCLR.**

Reply:

The petitioner submits the revised Interest on Working Capital based on the actual average sanctioned rate of interest for the year is **Rs 7.77 Lakh** as follows:

Sl. No.	Particulars	Petition
1.	Operation and maintenance expenses for 15 days	12.58
2.	Maintenance spares @ 20% of Maintenance and General expenses (A&G + R&M)	19.20
3.	Receivables equivalent to one (1) month of fixed cost	54.54
	Total Working Capital	**86.32**
4	Actual Average sanctioned rate of Interest for the year	9.00%
	Interest on Working Capital	**7.77**

7. As regards the Revenue of Rs. 654.47 lakh considered in the Petition and reported in the Audited Accounts, JSPL-T should
   a. clarify the monthly transmission charges levied by JSPL-T for FY 2023-24
   b. reconcile the revenue of Rs. 654.47 lakh with the approved Transmission Charges of Rs.443.86 lakh approved in the Tariff Order for FY 2023-24, after adjusting the previous period Revenue Surplus.

Reply:

a. The petitioner submits that the approved transmission charges were based on the projection data of FY 23-24, which includes total cost-plus ROI and interest on Working Capital. How ever the actual transmission charges incurred amounting to Rs. 654.47 Lakhs. The monthly transmission charges levied by JSPL-T for FY 2023-24 as follows:

Month	Unit (kWH)	Rs/kWH	Amount (Rs)
Apr-23	12,57,71,866	0.05	62,88,593
May-23	13,08,68,958	0.05	65,43,448
Jun-23	12,92,19,671	0.05	64,60,984
Jul-23	13,46,49,443	0.05	67,32,472
Aug-23	10,79,61,598	0.05	53,98,080
Sep-23	8,93,63,503	0.05	44,68,175

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Month	Unit (kWH)	Rs/kWH	Amount (Rs)
Oct-23	8,61,47,506	0.05	43,07,375
Nov-23	8,19,11,525	0.05	40,95,576
Dec-23	9,07,34,773	0.05	45,36,739
Jan-24	10,41,35,753	0.05	52,06,788
Feb-24	11,68,65,955	0.05	58,43,298
Mar-24	11,13,09,120	0.05	55,65,456
Total	**1,30,89,39,671**		**6,54,46,984**

8. JSPL -T should submit the data on percentage (%) capacity of transmission system used in FY 2023-24.

Reply:

Regulation 75 of the CSERC MYT Regulations 2021 provides that the fixed cost of the transmission system shall be computed on annual basis, in accordance with norms contained in these regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the beneficiaries. The relevant extract from the Regulation is reproduced below for ready reference.

*"**75 SHARING OF CHARGES FOR INTRA.STATE TRANSMISSION NETWORK***

The fixed cost of the transmission system shall be computed on annual basis, in accordance with norms contained in these regulations, aggregated as appropriate, and recovered on monthly basis as transmission charge from the beneficiaries as per the methodology specified in the Open Access Regulation."

The said Regulation does not provide for sharing of transmission charges based on capacity utilization. It is to be noted that the transmission charges are fixed in nature and does not vary with capacity utilization. The Petitioner has also calculated the revenue gap by deducting the ARR eligible for recovery and revenue recovered during FY 2022-23. The detailed calculation of revenue gap is provided below:

Revenue Gap for FY 2023-24 (Rs. Lakh)

Sl. No.	Particulars	FY 2023-24
1	ARR eligible for recovery	616.40
2	Revenue recovered	654.47
3	**Revenue Gap**	**-38.07**

The Petitioner humbly prays before the Hon'ble Commission to kindly approve the above-mentioned revenue gap for FY 2023-24 and allow to recover the same from JSPL-D.

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However, for complying to the information sought by the Hon'ble Commission the transmission capacity utilisation for FY 2023-24 is provided below:

Particulars	**Unit**	**FY 2023-24**
Connected Load of JSPL-D	kVA	229767
Average Power Factor for JSPL-D consumers		0.98
Connected Load of JSPL-D	MW	225
Transmission Loss	%	0.59%
Distribution Loss	%	0.36%
Connected Load of JSPL-D (post Gross up with T-Loss)	MW	227
Connected Load of JSPL-D (post Gross up with D-Loss)	MW	227
Capacity of JSPL-T line	MW	400
Capacity Utilization	**%**	**56.83%**

The petitioner requests the Hon'ble Commission to consider the same.

B. Determination of ARR and Tariff for FY 2025-26

9. It has been observed that JSPL-T has considered the Normative R&M expenses equal to 1.26% of GFA instead of escalating the Normative R&M expenses approved by the Commission for FY 2024-25 in the MYT Order. JSPL-T should revise the same.

Reply:

The petitioner submits that the revised R&M expenses as **Rs. 43.14 Lakh for FY 2024-25**.

10. It is observed that JSPL-T, while computing normative A&G Expenses, has considered an escalation factor equal to the average inflation rate from FY 2016-17 to FY 2020-21 instead of the actual inflation rate of the previous year. JSPL-T should revise the same.

Reply:

The Petitioner submits that for FY 2025-26, A&G expenses has been calculated as per the clause no.73.5.2 of CSERC MYT Regulation 2021. The revised A&G expenses for FY 2024-25 & FY 2025-26 is **Rs 56.01 Lakh & Rs. 58.23 Lakh**.

11. Similarly, while computing normative Employee Expenses for FY 2025-26, JSPL-T has considered an escalation factor equal to the average inflation rate

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from FY 2016-17 to FY 2020-21 instead of the actual inflation rate of the previous year. JSPL-T should revise the same.

Reply:

The Petitioner submits that for FY 2025-26, Employee expenses has been calculated as per the clause no.73.5.1 of CSERC MYT Regulation 2021. The revised Employee expenses for FY 2024-25 & FY 2025-26 is **Rs 220.57 Lakh & Rs. 231.69 Lakh**

12. **In Table 27, while computing the Revenue Gap and Carrying Cost, JSPL-T has also added the Revenue Gap of FY 2024-25 and FY 2025-26, which cannot be added. JSPL-T should submit the revised computation of Revenue Gap and Carrying Cost after considering only the Revenue Surplus of FY 2023-24.**

Reply:

The Petitioner submits the revised computation of Revenue Gap and Carrying Cost after considering only the Revenue Surplus of FY 2023-24 as follows:

Sl. No.	Particulars	FY 23-24	FY 24-25	FY 25-26
1	Opening revenue gap	0	-39.78	-44.14
2	Addition (Approved ARR – Estimated ARR)	-38.07	0.00	0.00
3	Closing revenue gap	-38.07	-39.78	-44.14
4	Average revenue Gap	-19.03	-39.78	-44.14
5	Carrying cost interest rate	9.00%	10.95%	10.95%
6	Carrying cost	-1.71	-4.36	-4.83
7	Closing revenue gap including carrying cost	-39.78	-44.14	-48.97

The Petitioner humbly requests the Hon'ble Commission to kindly allow recovery of above revenue gap along with carrying cost from the beneficiaries as monthly transmission charge in the ensuing year.

The revenue gap has been added to the ARR FY 2025-26 as shown in the table below:

Adjusted ARR for FY 2025-26

Particulars	Petition
ARR for FY 2025-26	637.11

For Jindal Steel & Power Limited

Authorised Signatory

Adjustment of Gap/(Surplus) of FY 2023-24 with carrying cost up to FY 2025-26	-48.97
Adjusted ARR for FY 2025-26	**588.14**

13. In Table 25, while computing the Working Capital requirement, JSPL-T has linked the Receivables to the standalone ARR of FY 2025-26, instead of the cumulative ARR claimed, after adjusting for Gap/(Surplus) after true-up for FY 2023-24. JSPL-T should submit the revised corrected computations of working capital requirement and IoWC for FY 2025-26, based on receivables linked to cumulative ARR claimed, after adjusting for Gap/(Surplus) after true-up for FY 2023-24.

Reply:

The Petitioner submits the revised corrected computations of working capital requirement and IoWC for FY 2025-26 as follows:

Sl. No.	Particulars	Petition
1.	O&M expenses for 15 days	13.73
2.	Maintenance spares @ 20% of Maintenance and General expenses (A&G + R&M)	20.48
3.	Receivables equivalent to one (1) month of fixed cost.	49.01
	Total Working Capital	**83.22**
4	Rate of Interest (SBI 1Yr MCLR + 200 Basis Point)	10.95%
	Interest on Working Capital	**9.11**

The Hon'ble Commission is requested to approve the interest on working capital as provided in the table above.

C. Determination of ARR and Tariff for FY 2025-26

14. JSPL-T should submit the maximum Demand projected in MW for FY 2025-26

It is humbly submitted that for FY 2025-26 JSPL-D has already concluded bid for medium term power purchase bid for 240 MW. Also, a contract demand of 230 MW has been projected in JSPL-D Petition for FY 2025-26. Currently, the consumers of JSPL-D have a contract demand of around 218 MW which is expected to rise further by 5% reaching a total demand of 230 MW by end of the year. The Petitioner intends to reserve for its consumer full capacity of its contracted demand keeping a margin for contingent capacity.

For, Jindal Steel & Power Limited
Y Chandan
Authorised Signatory

Revised ARR

The Petitioner submits the Revised ARR calculation/Annual Fixed Charge for FY 2023-24 to FY 2025-26 as follows: (Rs. In Lakh)

Sl. No.	Particulars	FY 2023-24	FY 2024-25	FY 2025-26
1	Return on Equity (ROE)	152.14	152.14	152.14
2	Interest and finance charges	0.00	0.00	0.00
3	Depreciation	141.77	141.77	141.77
4	Employee Expense	209.99	220.57	231.69
5	A&G Expense	53.87	56.01	58.23
6	R&M Expense	42.14	43.14	44.17
7	Interest on Working capital	7.77	9.29	9.11
8	Less: Non-Tariff Income	0	0.00	0.00
9	Sharing of Gains & Loss	8.73	0.00	0.00
	ARR/AFC	**616.40**	**622.92**	**637.11**

Further The Petitioner submits the revenue gap & carrying cost as follows:

Sl. No.	Particulars	FY 23-24	FY 24-25	FY 25-26
1	Opening revenue gap	0	-39.78	-44.14
2	Addition (Approved ARR – Estimated ARR)	-38.07	0.00	0.00
3	Closing revenue gap	-38.07	-39.78	-44.14
4	Average revenue Gap	-19.03	-39.78	-44.14
5	Carrying cost interest rate	9.00%	10.95%	10.95%
6	Carrying cost	-1.71	-4.36	-4.83
7	Closing revenue gap including carrying cost	-39.78	-44.14	-48.97

The Petitioner humbly requests the Hon'ble Commission to kindly allow recovery of above revenue gap along with carrying cost from the beneficiaries as monthly transmission charge in the ensuing year.

The revenue gap has been added to the ARR FY 2025-26 as shown in the table below:

Adjusted ARR for FY 2025-26

Particulars	Petition
ARR for FY 2025-26	637.11
Adjustment of Gap/(Surplus) of FY 2023-24	-48.97

For, Jindal Steel & Power Limited

Authorised Signatory

with carrying cost up to FY 2025-26	
Adjusted ARR for FY 2025-26	**588.14**

The Hon'ble Commission is requested to kindly accept the above submissions of the Petitioner and condone any inadvertent omissions/ errors/ shortcomings/ delays and permit to make further submissions as may be required at a future date to support this Petition in terms of modification / clarification.

Yours Faithfully,

For, Jindal Steel & Power Limited

Authorised Signatory

Authorized Signatory

Place: Raigarh
Date: 15.02.2025

CANCELLED

CANCELLED

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BEFORE THE HON'BLE CHHATTISGARH STATE ELECTRICITY REGULATORY COMMISSION, RAIPUR

IN THE MATTER OF:

Reply to additional information communicated vide CSERC Letter No. P. No. 01 of 2025/136 dated 27.01.2025 in respect of Petition No.01 of 2025 regarding determination of Annual Revenue Requirement for FY 2025-26 along with Revised Estimate for FY 2024-25 and True-Up for FY 2023-24 for the licensed transmission business.

PETITIONER: Jindal Steel and Power Limited (JSPL- T)
Patrapali, Kharsia Road, Raigarh (C.G.)

AFFIDAVIT

I, Pradeep Tandon, S/o Late Dr. R.S. Tandon, aged about 62 years, Authorized Signatory of Jindal Steel and Power Limited, 9th Floor, Tower –C, CBD Complex, Sector 21, Nava Raipur, Chhattisgarh – 492101, do hereby solemnly affirm and state as follows:

1. That I am the Authorized Representative of the Petitioner in the abovementioned matter and am fully conversant with the facts of the case and able to depose to the facts of the case.

2. I have gone through the contents of the reply, and I say that the contents stated therein, and the documents annexed are based on the records of the petitioner maintained in the ordinary course of business and are believed to be true by the deponent.

For Jindal Steel & Power Limited

Authorised Signatory

DEPONENT

VERIFICATION

I, the deponent above named do hereby verify that the contents of the above affidavit are true to my knowledge, no part of it is false and nothing material has been concealed therefrom.

Verified at Raipur on this 15th day of February, 2025.

17 FEB 2025

SOLEMENLY AFFIRMED OR SWORN BEFORE ME BE THE WITHIN NAMED

C.L. MARKANDEY
NOTARY/ADVOCATE
RAIPUR (C.G.) INDIA

For Jindal Steel & Power Limited

Authorised Signatory

DEPONENT

पहचान कर्ता
नाम TARKESHWAR
पिता पति T.K. SAHU
पूर्ण पता RAIPUR
मो. नं. ....

17 FEB 2025